CITY OF SUSANVILLE
66 North Lassen Street ◆ Susanville CA
Kevin Stafford, Mayor
Joseph Franco, Mayor pro tem
Brian Moore * Mendy Schuster * Brian R. Wilson

SUSANVILLE COMMUNITY DEVELOPMENT AGENCY SUSANVILLE MUNICIPAL ENERGY CORPORATION
SUSANVILLE PUBLIC FINANCING AUTHORITY

Susanville City Council
Regular Meeting ◆ City Council Chambers
April 3, 2019 – 6:00 p.m.

Call meeting to order *Next Resolution No. 19-5633*
Roll call of Councilmembers present *Next Ordinance No. 19-1015*

1 **APPROVAL OF AGENDA**: (Additions and/or Deletions)

2 **PUBLIC COMMENT REGARDING CLOSED SESSION ITEMS** (if any): Any person may address the Council at this time upon any subject for discussion during Closed Session.

3 **CLOSED SESSION**:
- A CONFERENECE WITH LEGAL COUNSEL - Anticipated Litigation Pursuant to Government Code Section §54956.9: one (1) case
- B CONFERENCE WITH LEGAL COUNSEL – SIGNIFICANT EXPOSURE TO LITIGATION – pursuant to Government Code section §54956.9(b): one (1) potential case
- C PUBLIC EMPLOYMENT – Pursuant to Government Code Section §54957
  - 1 Police Chief – Performance Evaluation

4 **RETURN TO OPEN SESSION**: (recess if necessary)
- *Reconvene in open session at 7:00 p.m.*
- *Pledge of allegiance*
- *Report any changes to agenda*
- *Report any action out of Closed Session*
- *Moment of Silence or Thought for the Day: Deborah Savage*
- *Proclamations, awards or presentations by the City Council*
  Volunteer Recognition Week Proclamation

5 **BUSINESS FROM THE FLOOR**:
Any person may address the Council at this time upon any subject on the agenda or not on the agenda within the jurisdiction of the City Council. However, comments on items on the agenda may be reserved until the item is discussed and any matter not on the agenda that requires action will be referred to staff for a report and action at a subsequent meeting. Presentations are subject to a five-minute limit

6 **CONSENT CALENDAR**:
All matters listed under the Consent Calendar are considered to be routine by the City Council. There will be no separate discussion on these items. Any member of the public or the City Council may request removal of an item from the Consent Calendar to be considered separately.

A Approve minutes from the City Council's March 6, 2019 meeting
B Receive and file Golf Course Report
C Receive and file Public Affairs Update
D Approve **Resolution No. 19-5632** authorizing fire department employees to pay under CFAA agreement

7 **PUBLIC HEARINGS**: No business.

8 **COUNCIL DISCUSSION/ANNOUNCEMENTS**:
Commission/Committee Reports:

9 **NEW BUSINESS**:
A Consider proposal to refinance Water and Natural Gas Bonds Presentation
B Consider approval of request to co-sponsor Lassen Sportsmen's Club 30th Annual Jr. Fishing Derby
C Consider **Ordinance No. 19-1014** amending Chapter 8.28 Weed and Rubbish Abatement, Section 8.28.040 Abatement Procedure, of the Susanville Municipal Code; waive first reading and introduce
D Consider approval of Settlement Agreement with the Internal Revenue Service
E Consider approval of **Resolution 19-5629**, approving Agreement for use of Conservation Camp Program with the State of California
F Consider approval of **Resolution No. 19-5630** establishing meeting time for Susanville Airport Commission
G Consider approval of Federal Surplus Property Reutilization Program agreement
H Consider selection of Auditing Firm and authorize staff to draft agreement for services
I Approve **Resolution No. 19-5631** appointing loan committee members and authorizing loan committee chairperson to execute loan documents and rescinding Resolution No. 13-4921

10 **SUSANVILLE COMMUNITY DEVELOPMENT AGENCY**: No business.

11 **SUSANVILLE MUNICIPAL ENERGY CORPORATION**: No business.

12 **CONTINUING BUSINESS**:
A Consider approval of Skyline Multi-use Park Design and authorize the purchase of disc golf baskets and related equipment
B Consider approval of **Resolution No. 19-5628** accepting funds from the Susanville Police Officers Association (SPOA) to be used solely for the purpose of the SPD Canine program
C Consider Police Officer Trainee Update and provide direction

13 **CITY ADMINISTRATOR'S REPORTS**:
A City of Susanville Theme Discussion

14 **COUNCIL ITEMS**:
A AB1234 travel reports:

15 ADJOURNMENT:

- ***The next regular meeting of the Susanville City Council will be held on April 17, 2019 at 6:00 p.m.***

Reports and documents relating to each agenda item are on file in the Office of the City Clerk and are available for public inspection during normal business hours and at the meeting. These reports and documents are also available at the City's website www.cityofsusanville.org, unless there were systems problems posting to the website.

Accessibility: An interpreter for the hearing-impaired may be made available upon request to the City Clerk seventy-two hours prior to a meeting. A reader for the vision-impaired for purposes of reviewing the agenda may be made available upon request to the City Clerk. The location of this meeting is wheelchair-accessible.

I, Heidi Whitlock, certify that I caused to be posted notice of the regular meeting scheduled for April 3, 2019 in the areas designated on March 29, 2019.

Heidi Whitlock, Asst. to the City Administrator

Proclamation

National Volunteer Week

April 7 – 13, 2019

Volunteers are the Heart of Susanville

Whereas, the City of Susanville whole heartedly recognizes the importance of our volunteers; and

Whereas, volunteering is an important activity for millions of Americans throughout the U.S. The hundreds of individuals who volunteer in Susanville deserve special recognition during this week of celebration and awareness; and

Whereas, to honor our volunteers, a proclamation will make the second week of April, Susanville's Volunteer Appreciation week; and

Now, therefore, be it resolved that I, Kevin Stafford, Mayor of the City of Susanville, do hereby proclaim April 7 – 13, 2019 as Volunteer Week in the City of Susanville and encourage the support and participation of all citizens in learning more about and volunteering in our community.

Date: April 3, 2019

_____
Kevin Stafford, Mayor

_____
Gwenna MacDonald, City Clerk

AGENDA ITEM NO. 6A

Reviewed by: City Administrator

X Motion Only
____ Public Hearing
____ Resolution
____ Ordinance
____ Information

Submitted By: Gwenna MacDonald, City Clerk

Action Date: April 3, 2019

CITY COUNCIL AGENDA ITEM

SUBJECT: Minutes of the City Council's March 6, 2019 meeting.

PRESENTED BY: Gwenna MacDonald, City Clerk

SUMMARY: Attached for the Council's review are the minutes of the City Council's March 6, 2019 meeting.

FISCAL IMPACT: None.

ACTION REQUESTED: Motion to waive oral reading and approve minutes of City Council's March 6, 2019 meeting.

ATTACHMENTS: Minutes: March 6, 2019

SUSANVILLE CITY COUNCIL
Regular Meeting Minutes
March 6, 2019– 6:00 p.m.

Meeting was called to order at 6:00 p.m. by Mayor Stafford.

Roll call of Councilmembers present: Brian Wilson, Joseph Franco, Brian Moore, Mendy Schuster and Mayor Kevin Stafford.

Staff present: Mike Wilson, City Administrator; Jessica Ryan, City Attorney and Ruth McElrath, Building Permit Technician.

1 APPROVAL OF AGENDA:
Motion by Mayor pro tem Franco, second by Councilmember Schuster, to approve the agenda as submitted; motion carried unanimously. Ayes: Franco, Schuster, Wilson, Moore and Stafford.

2 PUBLIC COMMENT REGARDING CLOSED SESSION ITEMS: No comments.

3 CLOSED SESSION: At 6:01 p.m. the Council entered into Closed Session to discuss the following:
- A CONFERENCE WITH LEGAL COUNSEL – Significant exposure to litigation pursuant to Government Code Section 54956.9(b) – one potential case
- B PUBLIC EMPLOYMENT – Pursuant to Government Code Section §54957
  - 1 Approved Position List

4 RETURN TO OPEN SESSION:
At 7:00 p.m. the City Council reconvened in Open Session.

Staff present: Mike Wilson, City Administrator; Jessica Ryan, City Attorney; Dan Newton, Public Works Director; Kevin Jones, Police Chief; Daniel Gibbs, City Engineer; Deborah Savage, Finance Manager; and Ruth McElrath, Building Permit Technician.

Mr. Wilson reported that prior to Closed Session, the agenda was approved as submitted. The City Council met in Closed Session, and there was no reportable action taken.

Chief James Moore requested a moment of silence in observance of the passing of Dave Meserve. Mr. Meserve served as the public member for the Honey Lake Valley Recreation Authority Board.

Chief Jones conducted an administration of the oath of office and pinning ceremony for Sergeant Jake Stafford.

Mr. Newton presented a certificate of appreciation to Daniel Gibbs for his service as Acting Public Works Director.

Mayor Stafford introduced Mike Wilson, City Administrator, and welcomed him to the City of Susanville. Mayor Stafford read a Proclamation for Welcome Home Vietnam Veteran's Day.

5 BUSINESS FROM THE FLOOR:
Marcia McDonald expressed her frustration related to the requirements for opening a new business in the Historic Uptown District.

Councilmember Schuster requested that staff contact Ms. McDonald to address her concerns.

Sherria Pohl stated that her property is adjacent to McKinley School and is experiencing flooding that is causing damage to her garage.

6 CONSENT CALENDAR:

A Appointment to fill Planning Commission vacancy

B Appointment to fill Airport Commission vacancies

Councilmember Wilson requested separate discussion of Items 6A and 6B.

There was a general discussion regarding the letter of interest submitted by Melanie Westbrook for Planning Commission and whether her current role of President for the Historic Uptown Susanville Association would present a conflict of interest.

Motion by Mayor pro tem Franco, second by Councilmember Moore, to appoint Melanie Westbrook to fill the unexpired term of Vicki Lozano on the Susanville Planning Commission; motion carried unanimously. Ayes: Franco, Moore, Wilson, Schuster and Stafford.

Motion by Councilmember Wilson, second by Councilmember Schuster to approve the appointment of William Heyland and Paul Clark to fill the vacant positions on the Susanville Municipal Airport Commission; motion carried unanimously. Ayes: Wilson, Schuster, Moore, Franco and Stafford.

7 PUBLIC HEARINGS: No business.

8 COUNCIL DISCUSSION/ANNOUNCEMENTS: Commission/Committee reports:

9 NEW BUSINESS:

9A Consider approval of vendor warrants numbered 203272 through 203385 for a total of $732,052.04 including $270,789.66 in payroll warrants

Motion by Commissioner Moore, second by Councilmember Wilson, to approve the vendor warrants as submitted; motion carried unanimously. Ayes: Moore, Wilson, Franco, Schuster and Stafford.

9B Consider waiver of fees for Lassen County Chamber of Commerce Annual Main Cruise Classic Car Show N' Shine and authorize the service of alcohol at the event Mr. Wilson reported that the Lassen County Chamber of Commerce has requested a waiver of park fees for Memorial Park and use of the bandstand area for the Annual Main Cruise Classic Car Show N' Shine scheduled for June 29, 2019. The event has been held at the Park for the past three years, and staff will again work with the Chamber to flag areas of the park that need to be avoided when parking cars for display. In addition, the Chamber has requested authorization to serve alcoholic beverages for the event, and will be responsible for obtaining the ABC licensing.

Gary Felt, Lassen Chamber of Commerce, expressed his appreciation for the City's support of the event, and stated that it is growing in popularity each year.

Motion by Councilmember Wilson, second by Mayor pro tem Franco, to approve waiving Park Use fees and authorizing the sale of alcoholic beverages; motion carried unanimously. Ayes: Wilson, Franco, Schuster, Moore and Stafford.

9C Consider the purchase of Hangar #2 at the Susanville Municipal Airport Mr. Wilson explained that as part of the agreement that the City has with hangar owners at the Susanville Municipal Airport, the

City has right of first refusal when owners decide to sell their hangar, and David Burr, the owner of Hangar number two, has submitted the intent to sell for the price of $35,000.

Motion by Councilmember Wilson, second by Mayor pro tem Franco, to not exercise the right of first refusal and decline the purchase of Hangar No. 2 at the Susanville Municipal Airport; motion carried unanimously. Ayes: Wilson, Franco, Schuster, Moore and Stafford.

9D Consider approval of Resolution No. 19-5621 adopting Budget Process and Policies Ms. Savage reported that at its February 20, 2019 meeting, the Council directed staff to amend the Budget Process and Policies to include setting aside surplus funds from out of area fires to the Facilities and Equipment Reserve funds to be divided equally between police, fire and administrative services. The funds will be restricted and only expended with City Council authorization.

Motion by Mayor pro tem Franco, second by Councilmember Schuster, to approve Resolution No. 19-5621; motion carried unanimously. Ayes: Franco, Schuster, Wilson, Moore and Stafford.

9E Consider approval of Resolution No. 19-5622 approving purchase of Police Department vehicle Chief Jones reported that the Department has a 2012 Ford F-150 that was damaged and determined to be a total loss by the McClarens Company, a contractor of SCORE, the City's self-insurance group. In order to receive the settlement, the City must provide a purchase order or invoice for the replacement vehicle. Staff is proposing to purchase a police vehicle for $27,662.09, which is offset by the estimated settlement for the F-150 of $22,561.

There was a general discussion regarding the purchase of a police cruiser versus the four-wheel drive pickup. Chief Jones explained that the trucks the Department has are not police vehicles, and there are measures to take during inclement weather for the police vehicles.

Motion by Mayor pro tem Franco, second by Councilmember Schuster, to approve Resolution No. 19-5622; motion carried unanimously. Ayes: Franco, Schuster, Moore, Wilson and Stafford.

10 SUSANVILLE COMMUNITY DEVELOPMENT AGENCY: No business.

11 SUSANVILLE MUNICIPAL ENERGY CORPORATION: No business.

12 CONTINUING BUSINESS:

12A Consider authorizing expenditure of City Council Discretionary Funds in support of the City/SPOA K-9 Program Mr. Wilson explained that Councilmembers Moore, Schuster and Wilson have requested an item be placed on the agenda to support the City/SPOA K-9 Program by authorizing the donation of civic contribution funds in the amount of $2,100. The Civic Contribution adopted in September 2018 provides for discretionary funding to be used by the Council for donating to eligible activities that provide a community benefit. Police K-9 units have a proven benefit to the community through providing an extra layer of safety for the officers, improved public outreach, identifying drugs or explosives, and engaging the community's youth.

Motion by Councilmember Moore, second by Councilmember Wilson, to approve the civic contribution of discretionary funding to the City/SPOA K-9 Program in the amount of $2,100; motion carried unanimously. Ayes: Moore, Wilson, Schuster, Franco and Stafford.

13 CITY ADMINISTRATOR'S REPORTS:

13A Fire Department Update Chief Moore provided an update regarding the activities of the Susanville Fire Department for the period of October 25, 2018 through February 24, 2019. He reviewed staffing levels, noting that the Department has 26 volunteers, and he recommends limiting that to 30 total. The Department responded to 388 incidents for a total of 1,608 labor hours, and he reviewed the breakdown of responses to local and out of area incidents. Chief Moore provided an update regarding OES activities, various community outreach efforts, training, facility improvements and apparatus maintenance. He noted that the Department conducted a fund raising effort for the Camp Fire and raised $65,000 for the victims. There was a general discussion regarding Carroll Street flooding and efforts to prepare the community for possible spring flooding when the weather warms up.

14 COUNCIL ITEMS:

14A AB1234 travel reports:

Councilmember Wilson requested that a public outreach effort be made regarding the condition of Main Street and what the remedy is going to be this spring and summer. People are frustrated and the moisture this year has made the situation worse.

15 ADJOURNMENT:

Motion by Councilmember Schuster second by Councilmember Moore, to adjourn; motion carried unanimously. Ayes: Franco, Schuster, Moore, Wilson and Stafford.

Meeting adjourned at 7:55 p.m.

_____
Kevin Stafford, Mayor

Respectfully submitted by

_____
Ruth McElrath, Building Permit Technician

Approved on: _____

AGENDA ITEM NO. 6B

Reviewed by: City Administrator

___Motion only
___ Public Hearing
___ Resolution
___ Ordinance
_X_Information

Submitted By: Deborah Savage, Finance Manager

Action Date: April 3, 2019

CITY COUNCIL AGENDA ITEM

SUBJECT: Monthly Golf Course Update

PRESENTED BY: Deborah Savage, Finance Manager

SUMMARY: Attached for Council's review is the golf course corrected report of revenues, expenses and cash through February 28, 2019.

FISCAL IMPACT: None

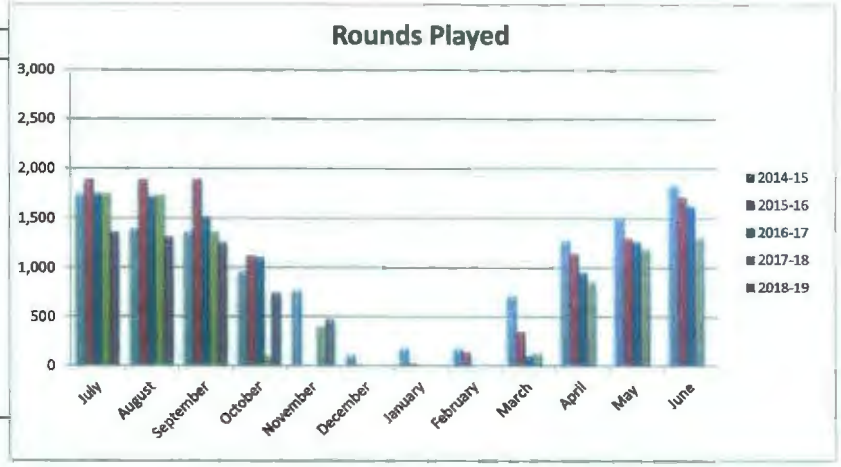
ACTION REQUESTED: Information only.

ATTACHMENTS: Monthly golf course report

GOLF COURSE

Rounds Played

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
July	1,862	1,738	1,888	1,740	1,748	1,359
August	1,609	1,398	1,880	1,715	1,734	1,308
September	1,277	1,363	1,886	1,516	1,368	1,255
October	1,163	965	1,117	1,106	105	748
November	697	777	0	0	408	477
December	66	106	15	0	0	
January	48	183	20	3	0	
February	41	182	134	0	0	
March	56	717	349	104	139	
April	1,599	1,275	1,138	958	871	
May	1,923	1,514	1,295	1,258	1,191	
June	1,613	1,831	1,714	1,621	1,302	
	11,954	12,049	11,436	10,021	8,866	5,147

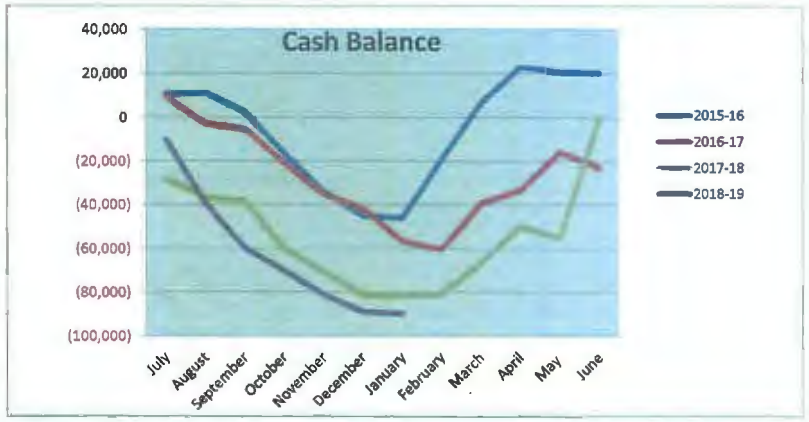


Winter Play does not include rounds played for annual members.

* Golf Course Manager unable to verify rounds played due to computer software malfunction.

Cash Balance ($) at month end

	2013-14		2014-15	2015-16	2016-17	2017-18	2018-19
July	46,316		40,244	10,656	9,468	(28,199)	(10,356)
August	21,223	2	3,187	11,290	(2,596)	(36,537)	(39,409)
September	20,658		(16,159)	2,908	(5,031)	(38,173)	(59,679)
October	(1,610)		(39,909)	(16,418)	(20,889)	(60,027)	(70,264)
November	(15,142)		(52,457)	(33,946)	(35,325)	(70,614)	(81,163)
December	(22,109)		(58,501)	(45,052)	(41,821)	(81,379)	(88,963)
January	18,530		(25,397)	(45,959)	(56,650)	(81,869)	(89,811)
February	31,973		(8,634)	(19,234)	(60,401)	(80,829)	
March	54,233		24,611	6,820	(39,487)	(66,530)	
April	63,514		26,858	22,910	(33,331)	(49,776)	
May	49,830		29,518	20,845	(15,976)	(54,943)	
June	47,143		52,336	20,526	(23,097)	0	
			3			4	



(1) - General Fund transferred $244,886 to remove negative cash

(2) Purchase Rough Mower $10,200

(3) Pump repair $22,206 ($34,980 in accounts payable booked in 2014-2015, cash out in 2015-2016)

(4) City transferred $48,692 to Golf Course to remove negative cash

GOLF COURSE

Revenue ($)

	2015-16 Revenues		2016-17 Revenues		2017-18 Revenues		2018-19 Revenues
July	$87,642	1	$56,462	1	$67,065	1	$53,062
August	$50,876		$28,757		$33,486		$25,976
September	$31,187		$29,301		$23,244		$23,555
October	$17,134		$12,538		$16,101		$15,712
November	$7,544		$7,274		$5,240		$9,717
December	$5		$9,569		$4,865		$1,893
January	$5,290		$387		$9,634		$6,897
February	$30,997		$2,207		$7,122		$7,586
March	$32,949		$27,148		$23,891		
April	$35,048		$27,502		$32,648		
May	$25,647		$39,797		$27,413		
June	$10,525	2	$5,740	2	$8,999	2	
General Fund					$48,692		
	$334,843		$246,681		$308,399		$144,398

Expenses ($)

		2015-16 Expenses	2016-17 Espenses	2017-18 Expenses	2018-19 Expenses
July		$37,725	$22,204	$21,978	$27,952
August		$54,836	$40,668	$42,313	$43,502
September		$43,223	$27,251	$25,149	$33,420
October		$38,482	$30,455	$40,557	$34,460
November		$27,487	$24,076	$18,643	$22,200
December		$15,081	$17,947	$15,669	$15,148
January		$7,588	$17,425	$12,698	$16,652
February		$6,376	$11,556	$7,847	$10,173
March		$8,322	$8,249	$10,583	
April		$21,600	$20,289	$17,756	
May		$28,715	$31,225	$34,431	
June	*	$64,840	$63,067	$51,564	
		$354,275	$314,413	$299,189	$203,508
Net Profit(Loss)		-$19,432	-$67,732	$9,210	-$59,110

* Expense higher due to pump maintenance.

(1) Revenue numbers changed for annual amounts due in this fiscal year.

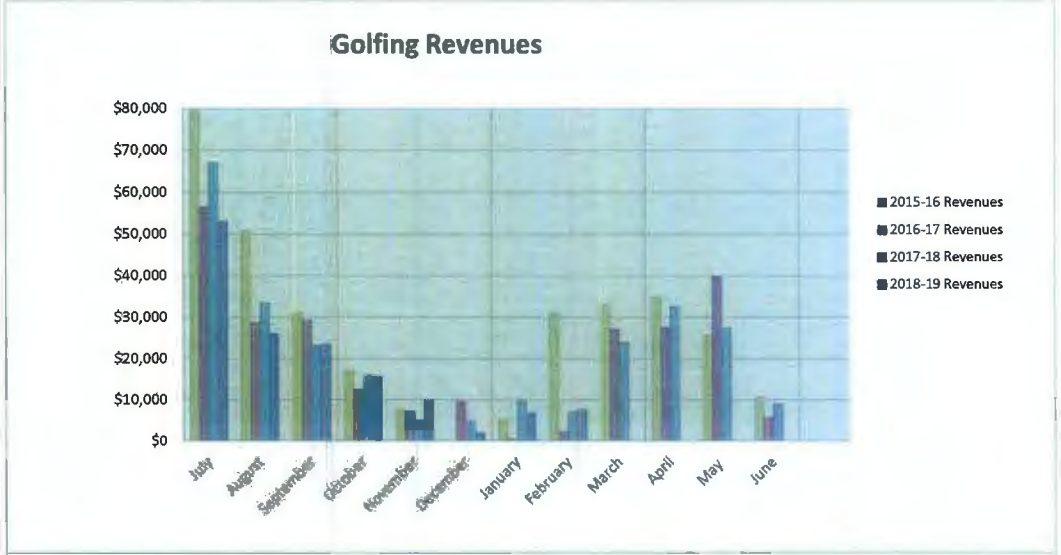
(2) Revenue numbers lower for accring annual revenues into correct period ($30,828)

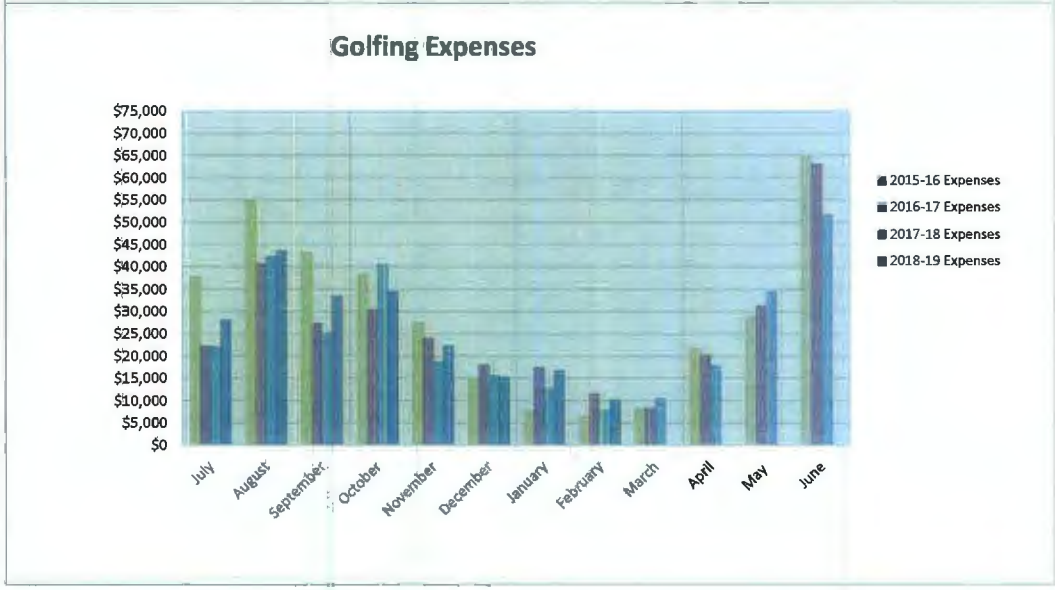
Annual Memberships received Jan-Mar that are booked in July as revenue

(Cash received Jan-Mar, revenue recognized in July)

July 2015	$42,929
July 2016	$31,704
July 2017	$42,714
July 2018	$28,071

Annual Memberships Sold		Punch Cards Sold
2015	61	127
2016	49	153
2017	51	123
2018	37	126





GOLF COURSE RESTAURANT

Revenues	2013-14 Revenues	2013-14 Expenses	2013-14 Net Profit(Loss)	2014-15 Revenues	2014-15 Expenses	2014-15 Net Profit(Loss)
July	$8,783	$9,078	(295)	$ 9,328	$ 10,493	(1,165)
August	$5,594	$13,999	(8,406)	$ 10,671	$ 19,642	(8,971)
September	$7,767	$5,924	1,843	$ 10,204	$ 18,853	(8,649)
October	$4,097	$7,101	(3,005)	$ 8,645	$ 11,004	(2,359)
November	$2,411	$3,261	(851)	$ 3,512	$ 5,218	(1,706)
December						
January						
February						
March		$600	(600)			
April	$5,183	$8,264	(3,082)	$ 3,757	$ 4,730	(972)
May	$8,453	$13,272	(4,819)	$ 10,754	$ 13,156	(2,402)
June	$17,708	$26,694	(8,987)	$ 16,253	$ 20,809	(4,555)
	$59,994	$88,194	(28,200)	$ 73,125	$ 103,904	(30,779)

	2015-16 Revenues	2015-16 Expenses	2015-16 Net Profit(Loss)
July	$10,644	$10,935	(291)
August	$16,198	$17,875	(1,677)
September	$7,628	$11,322	(3,694)
October	$126	$3,508	(3,383)
November			
December			
January			
February	CLOSED		
March			
April			
May			
June			
	$34,595	$43,640	(9,045)

AGENDA ITEM NO. 6C

Reviewed by: ____City Administrator

__X_Motion only
____Public Hearing
____Resolution
____Ordinance
____Information

Submitted by: Michael Wilson, City Administrator

Action Date: April 3, 2019

CITY COUNCIL AGENDA ITEM

SUBJECT: Public Affairs Update

PRESENTED BY: Michael Wilson, City Administrator

SUMMARY: The community has inquired through a variety of methods to determine the status of different projects happening within the City. One of those methods of inquiry include social media. Currently the Police, Fire and Public Works Departments operate and maintain Facebook Pages in order to provide updates on activities related to their departments.

City Hall has embarked on a project of creating a City Facebook page for City wide information updates. While we recognize the need for standard media activities including newspaper and radio PSA's (Public Service Announcements) we feel it is equally important to utilize the social media platform to communicate as well.

In addition, the City's webpage is currently undergoing a facelift to meet agenda posting compliance requirements. We believe the new webpage format will be more user friendly and informative for the public.

FISCAL IMPACT: Estimated cost for webpage design update is $2000.00.

ACTION REQUESTED: Information Only

ATTACHMENTS: None

AGENDA ITEM NO. 6D

Reviewed by: City Administrator

___Motion only
___Public Hearing
_X_Resolution
___Ordinance
___Information

Submitted by: Rebecca Sanchez, Administrative Assistant

Action Date: April 3, 2019

CITY COUNCIL AGENDA ITEM

SUBJECT: **Resolution No. 19-5632** authorizing fire department employees portal to portal pay when assigned to an emergency incident under the CFAA Agreement

PRESENTED BY: James M. Moore, Fire Chief

SUMMARY: In January of 2015 the California Fire Assistance Agreement (CFAA) was modified. As part of the modification it was necessary to file a Resolution with California Office of Emergency Services (OES) stating that the City of Susanville Fire Department compensates all staff, by rank, while on OES assignment from the time they leave to the time they return home. Due to a job title change to Assistant Chief, we need to update our resolution on file with OES.

FISCAL IMPACT: None

ACTION REQUESTED: Motion to approve Resolution No. 19-5632 authorizing fire department employees portal to portal pay when assigned to an emergency incident under the CFAA Agreement

ATTACHMENTS: Resolution No. 19-5632

RESOLUTION NO. 19-5632
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUSANVILLE AUTHORIZING FIRE DEPARTMENT EMPLOYEES OVERTIME AND PORTAL TO PORTAL PAY WHEN ASSIGNED TO AN EMERGENCY INCIDENT

WHEREAS, the City of Susanville Fire Department is a public agency located in the County of Lassen, State of California; and

WHEREAS, it is the City of Susanville Fire Department's desire to provide fair and legal payment to all its employees for time worked; and

WHEREAS, the City of Susanville Fire Department has in its employ, fire department response personnel include: Fire Chief, Assistant Chief, Fire Captain, Lieutenant, Apparatus Operator/Engineer, Firefighter; and

WHEREAS, the City of Susanville Fire Department will compensate its employees portal to portal while in the course of their employment and away from their official duty station on OES assignment, and assigned to an emergency incident, in support of an emergency incident, or pre-positioned for emergency response.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the City Council of the City of Susanville that:

1. Personnel shall be compensated according to Memorandum of Understanding (MOU), Personnel Rules and Regulations, and/or other directive that identifies personnel compensation in the workplace.

2. In the event a personnel classification does not have an assigned compensation rate, a "Base Rate" as set forth in an organizational policy, administrative directive or similar document will compensate such personnel.

3. The City of Susanville Fire Department will maintain a current salary survey or acknowledgment of acceptance of the "base rate" on file with the California Governor's Office of Emergency Services, Fire Rescue Division.

4. Personnel will be compensated (portal to portal) beginning at the time of dispatch to the return to jurisdiction when equipment and personnel are in service and available for agency response.

5. Fire Department response personnel include: Fire Chief, Assistant Chief, Fire Captain, Lieutenant, Apparatus Operator/Engineer and Firefighter.

APPROVED: _____
Kevin Stafford, Mayor

ATTEST: _____
Gwenna MacDonald, City Clerk

The foregoing Resolution No. 19-5632 was adopted at a regular meeting of the City Council of the City of Susanville, held on the 3rd day of April by the following vote:

AYES:
NOES:
ABSENT:
ABSTAINING:

_____
Gwenna MacDonald, City Clerk

APPROVED AS TO FORM: _____
Jessica Ryan, City Attorney

AGENDA ITEM NO. 9A

Reviewed by: City Administrator

X Motion only
___ Public Hearing
___ Resolution
___ Ordinance
___ Information

Submitted By: Deborah Savage, Finance Manager

Action Date: April 3, 2019

CITY COUNCIL AGENDA ITEM

SUBJECT: Refinancing of Water/Gas Bonds

PRESENTED BY: Deborah Savage, Finance Manager

SUMMARY: The City of Susanville issued $36 million in debt under the Series 2010 Refunding Revenue Bonds for the natural gas and water systems. When these bonds were issued, it was a blended issuance of gas and water with rate stabilization funds required for Series A (water) Senior Bond and Series B (natural gas) Subordinate Bond. When the bonds were issued, the natural gas system had not built any liquidity and was unrated by Standard & Poors or Fitch. The City agreed to place $3 million in a water rate stabilization fund that would be available to both the water and gas enterprise fund in the case of a shortfall in debt service payments to either the Series A bonds or the Series B bonds. As part of the bond covenant, this water rate stabilization fund must stay restricted until the gas bonds are defeased in 2045. The natural gas enterprise fund was rated by S&P (A) and Fitch (A-) in 2018. The City is exploring the possibility of removing the cross-collateralization between the funds as part of the possible refinancing. Staff has invited Mr. Mark Holmstedt of Westhoff, Cone & Holmstedt to present the possible savings to the City if we refinance the Series A & B bonds and options to separate the cross-collateralization. Mr. Holmstedt was the Managing Underwriter for the debt issuance in 2010.

FISCAL IMPACT: None at this time.

ACTION REQUESTED: Direction to staff

ATTACHMENTS: Refunding Proposal

March 11, 2019

Ms. Deborah Savage
Finance Manager, Administrative Services Department
City of Susanville
66 North Lassen Street
Susanville, CA 96130

Re: Refunding Proposal
SUSANVILLE PUBLIC FINANCE AUTHORITY
Series 2019 Refunding Revenue Bonds
(Utility Enterprises Project)

Dear Ms. Savage,

Per our recent correspondence, Westhoff, Cone & Holmstedt ("WCH") is pleased to submit this proposal to refinance the Susanville Public Finance Authority's outstanding Senior Series 2010A and Subordinate Series 2010B revenue bonds (the "Prior Bonds"). As you know, WCH was the Managing Underwriter for the issuance of the City's (Public Financing Authority) Prior Bonds in September 2010, which themselves created significant savings for the City by virtue of refinancing its Series 2000 and 2004 Water Revenue Bonds as well as the Series 2001A, 2001B, 2001C and 2003 Natural Gas Enterprise Certificates of Participation. At that time we created a financing structure that benefitted both the Water and Gas Enterprises, although it necessitated the cross-collateralization of each. At this time, while there is an opportunity to realize significant savings from the refunding of the Prior Bonds, we also have the opportunity to achieve savings <u>and</u> separate the two enterprise pledges.

Estimated Savings

Our preliminary analysis presented herein shows that the proposed 2019 Refunding Revenue Bonds (the "Refunding Bonds") could potentially produce Senior Bond savings of approximately $73,900 per year and Subordinate Bond savings of approximately $332,000 per year for a total annual savings of approximately $405,900 per year. We estimate the present value of the savings over the life of the financing is over $6.8 million or over 21% of the outstanding Prior Bonds.

Coordination with Financing Team and Rating Agencies to Achieve Greater Flexibility for the City

We understand that the City is interested in separating the pledge of the Water and Gas Enterprises via the refinancing, and we are exploring various options for achieving your goal. We have already had a preliminary discussion with Cameron Weist (Bond/Disclosure Counsel), regarding modifying the legal structure toward that end. Also, we have spoken with Fitch Ratings about the possibility of achieving stand-alone, investment grade ratings for each of the Water and Gas Enterprises. The material herein will present an overview of WCH; summarize our initial thoughts regarding the refinancing options we hope to explore further given approval by the City Council to work with you on this project; and, outline the Scope of Services we will provide as the City's Underwriter.

Overview of Westhoff, Cone & Holmstedt

Westhoff, Cone & Holmstedt is an Underwriter, Municipal Advisor, and Remarketing Agent with a mission to put our clients' interests first and consistently bring creative financing solutions to meet their needs.

1777 Botelho Drive, Suite 345
Walnut Creek, California 94596
Telephone: 925 472 8740

Established in 1989, Westhoff, Cone & Holmstedt has met the financing needs of our clients through hard work and innovation. Westhoff, Cone & Holmstedt, located in Walnut Creek, CA, is FINRA and SEC registered and owned and managed by Mark Holmstedt, who is supported by Peter Evans and Robert Martz, both long-term veterans of the municipal finance industry, as well as Andre Ospital-Cone. For more details about our personnel, please see our website: WCAH.com

Why Westhoff, Cone & Holmstedt?

- WCH's successful underwriting of $9,700,000 Senior Series 2010A Refunding Revenue Bonds and $25,160,000 Subordinate Series 2010B Refunding Revenue Bonds for the City and its Public Financing Authority in September 2010 reduced the average interest rate on the Water Enterprise's debt from 5.38% to 4.63% and also refinanced looming balloon principal payments totaling $24,240,000,000 which would have been due in May 2011.

- We think "outside the box", and we will use our creative debt structuring experience and long-term vision to help the City achieve its financial goals. WCH began working with the City's Finance Department in 2008 and labored for over two years in order to achieve the refinancing via the creative senior/subordinate bond structure. Since that time, we have consistently monitored the 2010 transaction and updated the City on the potential for debt service savings via refinancing.

- Since 1991, WCH ranks among the top municipal bond underwriters in California, having underwritten over 500 issues totaling in excess of $36 billion. Our professionals have combined experience in excess of 100 years providing tailored financial advice and solutions and market access in order to meet the capital needs of borrowers in the public finance sector.

Summary of Refinancing Options

In order to achieve greater flexibility for the City relative to its Water and Gas Enterprises while simultaneously maximizing debt service savings, WCH will explore four primary refinancing options:

1. ***Scenario 1: Base Case Refunding Using the Current Bond Structure***

   The estimated savings quoted earlier – $6.8 million total PV savings (21% of the outstanding Prior Bonds), or approximately $405,900 per year – reflect a "base case" refunding whereby the current Senior and Subordinate bonds are secured by installment payments of both the Water and Gas Enterprise as well as the Rate Stabilization Funds ("RSFs") of each Enterprise. The RSFs thus provide a measure of cross-collateralization. See the "Scenario 1" analysis on pages 5-9 herein.

2. ***Scenario 2: Separate the Two Enterprises and Remove Cross-Collateralization***

   One refunding series of bonds would refinance the Senior Series 2010A Bonds and be secured solely by the Water Enterprise, thus freeing the Water RSF from any encumbrance by the Gas Enterprise. The other refunding series would refinance the Subordinate Series 2010B bonds and be secured solely by the Gas Enterprise. This would be accomplished only if both series of bonds can achieve a minimum investment-grade rating – at least "BBB+" but ideally at least "A-" (equal to the current Fitch ratings on all Series 2010 Bonds). See the "Scenario 2" analysis on pages 10-14 herein, which show estimated PV savings of nearly $6.9 million (slightly higher than Scenario 1), or approximately $407,000 per year.

3. ***Scenario 3: Fully Insured Bonds***

If separation of the two enterprises cannot be achieved and the senior/subordinate structure must be retained in order to maintain investment grade ratings, the next best option would likely be one fully insured senior bond issuance. On behalf of the City, we will solicit Assured Guaranty (the insurer of the Senior 2010A Bonds) to determine the feasibility of fully insured bonds. (The analysis of Scenario 3 is excluded from this proposal pending further research.)

4. ***Scenario 4: Bank Direct Purchase Notes***

We understand the City has to some extent contemplated bank loans as a refinancing vehicle in the form of Direct Purchase Notes ("DPNs"). WCH has voluminous project finance experience assisting clients in structuring DPNs purchased by banks, having served as Municipal Advisor for 32 DPNs totaling approximately $900 million since 2013. We will utilize our considerable debt structuring capabilities and network of commercial banking contacts to explore the degree to which DPNs may be feasible and cost-effective compared to traditional, rated revenue bonds. (The analysis of Scenario 4 is excluded from this proposal pending further research.)

In any case, WCH will ensure that the ultimate refinancing for the City maximizes both the financial flexibility of its Water and Gas Enterprises and debt service savings. In doing so, we will provide a scope of services including but not necessarily limited to the following:

Scope of Services

Westhoff, Cone & Holmstedt will be responsible for (a) attending and participating in all meetings related to the financing, (b) structuring the City's (Financing Authority') bond issues to the best advantage of the City, (c) assisting counsel in preparing the preliminary and final official statements, and (d) providing ongoing information to City staff and the project team as to the activity and status of the issue.

This work would be done in close cooperation with Bond/Disclosure Counsel, rating agencies, bond insurer, and the rest of the City's financing team.

Westhoff, Cone & Holmstedt will provide the following specific services to the City:

Development of Debt Structure

- Prepare a proposed structure for the amortization of debt, including principal maturities and projected interest rates.
- Recommend terms and conditions of the proposed financing, including, but not limited to, reserve fund requirements, rate stabilization fund requirements, purchase price, options for prepayment, marketing strategy and serial issue strategy, if appropriate.
- Request ratings and solicit bond insurance bids. Determine the benefit of using insurance and recommend bond insurer, if appropriate
- Recommend legal covenants to strengthen the security of the debt, if necessary.
- Review and comment on the financing plan and particularly the ability of the Installment Payments to ensure the City's fiscal integrity.
- Develop a comprehensive schedule which sets forth starting and completion dates for the steps involved in the financing; consult with City staff and Bond/Disclosure Counsel to provide a coordinated financial and legal program for the project.

Preparation of Official Documents

- Assist the City and Bond/Disclosure Counsel in preparing official bond documents, with particular focus on the preliminary and final official statements, which should contain a state-of-the-art description of the bond issue(s).

Sale of Securities

- Obtain CUSIP numbers and arrange for full book–entry registration through the Depository Trust Company (DTC).
- Recommend date for sale of bonds based on market conditions, conflicts with offerings of other issuers and other relevant factors.
- Develop and implement a marketing plan to enhance investor interest in the financing.
- Conduct sale of the securities and negotiate their purchase.

Closing Services

- Coordinate the closing of the transaction, including preparation of wire transfers, completion of the closing documents and preparation and distribution of the final official statement.
- Ensure the expedient transfer of funds to the appropriate trust accounts.
- Compile a complete record of the transaction which includes details regarding the securities, including utilization of the proceeds for the transaction, preparation and delivery of a final schedule of principal and interest payments and report the composition of selling group participants, amounts underwritten and institutional sales component.

We look forward to the opportunity to work with the City again and assisting you in achieving the best possible refinancing. As we discussed, I am available to meet with you at your convenience and make a presentation to the City Council on April 3rd regarding our proposal. In the meantime, please do not hesitate contact me or my staff if you have any questions or if we can assist you in any way.

Sincerely,

Mark A. Holmstedt
Principal

Scenario 1

SUSANVILLE PUBLIC FINANCING AUTHORITY
2019 Refunding Revenue Bonds
(Utility Enterprises Project)

Term Sheet - Insured Senior Bonds / Uninsured Subordinate Bonds

Refunding Results (1):	**Senior Bonds**	**Subordinate Bonds**	**Total**
Principal Amount of Bonds	$6,385,000	$21,130,000	$27,515,000
Estimated Present Value (PV) of Savings	**$753,771**	**$6,125,408**	**$6,879,179**
PV Savings as % of Outstanding Bond Amount	9.48%	25.12%	21.27%
Estimated Average Annual Savings	$73,918	$332,056	$405,973
Refunding Bonds True Interest Cost (TIC)	2.99%	3.81%	3.66%
Prior Bonds TIC	4.69%	6.07%	5.75%

Ratings - Standard & Poor's & Fitch:

Senior Bonds	"AA" (S&P) / "A-" (Fitch) (2)
Subordinate Bonds	"A" (S&P) / "A-" (Fitch)

Payment Dates: Interest payments will be due each June 1 and December 1 commencing December 1, 2019. Principal payments will be due each June 1 beginning June 1, 2020.

Final Maturity: Senior Bonds: June 1, 2036 (17 Years - Matches 2010A Bonds)
Subordinate Bonds: June 1, 2045 (26 Years - Matches 2010B Bonds)

Bond Structure: The Senior Refunding Bonds will be sold as fixed rate bonds with annual principal payments beginning June 1 2020 through June 1, 2036.

The Subordinate Bonds will be sold as fixed rate bonds with annual principal payments beginning June 1, 2020 through June 1, 2045.

Security Pledge: There are two Series of Bonds: the Senior Bonds are secured by a pledge of Revenues derived from both the Natural Gas Bonds and the Water Bonds (collectively, the "Installment Payments"). The Subordinate Bonds are secured by the remaining Revenues after Senior Bond Debt Service is paid. The Natural Gas Installment Payments are secured by revenues derived from installment payments by the Natural Gas Enterprise. The Water Installment Payments are secured by revenues derived from installment payments by the Water Enterprise.

The Bonds are further be secured by amounts on deposit in Water Rate Stabilization Fund, the Gas Rate Stabilization Fund, and the Reserve Fund. If at any time there is a shortfall in either Enterprise's scheduled debt payments, a drawing may be made on either Rate Stabilization Fund.

(1) Based on estimated interest rates as of March 6, 2019.

(2) Assumes Assured Guaranty, which currently insures the Senior Bonds, renews its insurance for the Series 2019A Bonds.

Scenario 1

SUSANVILLE PUBLIC FINANCING AUTHORITY
2019 Refunding Revenue Bonds
(Utility Enterprises Project)

Estimated Sources & Uses of Funds

	Senior Series 2019A Bonds	Subordinate Series 2019B Bonds	Total
Sources of Funds			
Par Amount	$6,385,000.00	$21,130,000.00	$27,515,000.00
Original Issue Premium	1,088,354.15	3,030,621.30	4,118,975.45
Series 2010 Reserve Account	638,775.00	1,807,075.00	2,445,850.00
Total Sources of Funds	$8,112,129.15	$25,967,696.30	$34,079,825.45
Uses of Funds			
Deposit to Escrow	$7,384,694.67	$24,105,767.01	$31,490,461.68
Series 2019 Reserve Account	564,850.00	1,464,500.00	2,029,350.00
Cost of Issuance (1)	42,350.10	140,149.90	182,500.00
Underwriter's Discount (2)	51,080.00	252,503.50	303,583.50
Bond Insurance Premium (3)	66,930.57	---	66,930.57
Bond rounding factor	2,223.81	4,775.89	6,999.70
Total Uses of Funds	$8,112,129.15	$25,967,696.30	$34,079,825.45

(1) Estimated based upon the cost of issuance for the 2010 refunding bonds.
(2) Underwriter's Discount equals: 0.800% of the Senior Bond amount and
1.195% of the Subordinate Bond amount.
(3) Bond insurance premium equals: 0.70% of total debt service on the Senior Bonds, based upon the insurance premium charged for the Senior Series 2010A Bonds.

Scenario 1

SUSANVILLE PUBLIC FINANCING AUTHORITY
2019 Refunding Revenue Bonds

Estimated Combined Debt Service - Series 2019 Compared to Series 2010

Year	Estimated Series 2019 Debt Service	Prior Series 2010 Debt Service	Estimated Savings	Estimated Present Value of Savings
2020	2,024,190.28	2,352,375.00	328,184.72	321,685.63
2021	2,029,300.00	2,372,475.00	343,175.00	326,197.42
2022	2,025,300.00	2,388,962.50	363,662.50	335,436.18
2023	2,025,300.00	2,403,037.50	377,737.50	338,117.02
2024	2,024,100.00	2,423,537.50	399,437.50	346,918.83
2025	2,026,700.00	2,441,037.50	414,337.50	349,212.48
2026	2,024,750.00	2,440,062.50	415,312.50	339,760.80
2027	2,025,750.00	2,440,350.00	414,600.00	329,250.78
2028	2,024,500.00	2,443,037.50	418,537.50	322,626.38
2029	2,026,000.00	2,442,850.00	416,850.00	311,919.80
2030	2,025,000.00	2,444,787.50	419,787.50	304,901.89
2031	2,026,500.00	2,443,575.00	417,075.00	294,062.74
2032	2,025,250.00	2,440,175.00	414,925.00	283,956.92
2033	2,021,250.00	2,443,175.00	421,925.00	280,233.40
2034	2,024,500.00	2,441,987.50	417,487.50	269,140.22
2035	2,024,500.00	2,436,612.50	412,112.50	257,867.53
2036	2,026,250.00	2,442,050.00	415,800.00	252,499.43
2037	1,459,500.00	1,806,200.00	346,700.00	204,482.28
2038	1,462,500.00	1,802,000.00	339,500.00	194,339.04
2039	1,463,000.00	1,804,200.00	341,200.00	189,533.47
2040	1,461,000.00	1,802,200.00	341,200.00	183,922.91
2041	1,461,500.00	1,806,000.00	344,500.00	180,192.68
2042	1,464,250.00	1,805,000.00	340,750.00	172,946.63
2043	1,464,000.00	1,804,200.00	340,200.00	167,536.20
2044	1,460,750.00	1,803,300.00	342,550.00	163,670.53
2045	1,459,500.00	1,802,000.00	342,500.00	158,767.78
Total	$47,585,140.28	$57,475,187.50	$9,890,047.22	$6,879,178.96

(1) Based on estimated interest rates as of March 6, 2019.

Scenario 1

SUSANVILLE PUBLIC FINANCING AUTHORITY
2019 Refunding Revenue Bonds

Estimated Senior Debt Service - Series 2019A Compared to Series 2010A

Year	Estimated Senior Series 2019A Principal	Estimated Senior Series 2019A Interest	Estimated Senior Series 2019A Debt Service	Prior Senior Bonds Series 2010A Debt Service	Estimated Savings
2020	260,000.00	301,010.42	561,010.42	634,362.50	73,352.08
2021	270,000.00	294,850.00	564,850.00	635,662.50	70,812.50
2022	280,000.00	284,050.00	564,050.00	635,912.50	71,862.50
2023	290,000.00	272,850.00	562,850.00	635,412.50	72,562.50
2024	300,000.00	261,250.00	561,250.00	634,162.50	72,912.50
2025	315,000.00	249,250.00	564,250.00	637,162.50	72,912.50
2026	330,000.00	233,500.00	563,500.00	635,062.50	71,562.50
2027	345,000.00	217,000.00	562,000.00	637,250.00	75,250.00
2028	365,000.00	199,750.00	564,750.00	638,487.50	73,737.50
2029	380,000.00	181,500.00	561,500.00	638,775.00	77,275.00
2030	400,000.00	162,500.00	562,500.00	638,112.50	75,612.50
2031	420,000.00	142,500.00	562,500.00	636,500.00	74,000.00
2032	440,000.00	121,500.00	561,500.00	637,750.00	76,250.00
2033	460,000.00	99,500.00	559,500.00	637,750.00	78,250.00
2034	485,000.00	76,500.00	561,500.00	636,500.00	75,000.00
2035	510,000.00	52,250.00	562,250.00	634,000.00	71,750.00
2036	535,000.00	26,750.00	561,750.00	635,250.00	73,500.00
Total	$6,385,000.00	$3,176,510.42	$9,561,510.42	$10,818,112.50	$1,256,602.08

(1) Based on estimated interest rates as of March 6, 2019.

Scenario 1

SUSANVILLE PUBLIC FINANCING AUTHORITY
2019 Refunding Revenue Bonds

Estimated Subordinate Debt Service - Series 2019B Compared to Series 2010B

Year	Estimated Subordinate Series 2019B Principal	Estimated Subordinate Series 2019B Interest	Estimated Subordinate Series 2019B Debt Service	Prior Subordinate Series 2010B Debt Service	Estimated Savings
2020	450,000.00	1,013,179.86	1,463,179.86	1,718,012.50	254,832.64
2021	455,000.00	1,009,450.00	1,464,450.00	1,736,812.50	272,362.50
2022	470,000.00	991,250.00	1,461,250.00	1,753,050.00	291,800.00
2023	490,000.00	972,450.00	1,462,450.00	1,767,625.00	305,175.00
2024	510,000.00	952,850.00	1,462,850.00	1,789,375.00	326,525.00
2025	530,000.00	932,450.00	1,462,450.00	1,803,875.00	341,425.00
2026	550,000.00	911,250.00	1,461,250.00	1,805,000.00	343,750.00
2027	580,000.00	883,750.00	1,463,750.00	1,803,100.00	339,350.00
2028	605,000.00	854,750.00	1,459,750.00	1,804,550.00	344,800.00
2029	640,000.00	824,500.00	1,464,500.00	1,804,075.00	339,575.00
2030	670,000.00	792,500.00	1,462,500.00	1,806,675.00	344,175.00
2031	705,000.00	759,000.00	1,464,000.00	1,807,075.00	343,075.00
2032	740,000.00	723,750.00	1,463,750.00	1,802,425.00	338,675.00
2033	775,000.00	686,750.00	1,461,750.00	1,805,425.00	343,675.00
2034	815,000.00	648,000.00	1,463,000.00	1,805,487.50	342,487.50
2035	855,000.00	607,250.00	1,462,250.00	1,802,612.50	340,362.50
2036	900,000.00	564,500.00	1,464,500.00	1,806,800.00	342,300.00
2037	940,000.00	519,500.00	1,459,500.00	1,806,200.00	346,700.00
2038	990,000.00	472,500.00	1,462,500.00	1,802,000.00	339,500.00
2039	1,040,000.00	423,000.00	1,463,000.00	1,804,200.00	341,200.00
2040	1,090,000.00	371,000.00	1,461,000.00	1,802,200.00	341,200.00
2041	1,145,000.00	316,500.00	1,461,500.00	1,806,000.00	344,500.00
2042	1,205,000.00	259,250.00	1,464,250.00	1,805,000.00	340,750.00
2043	1,265,000.00	199,000.00	1,464,000.00	1,804,200.00	340,200.00
2044	1,325,000.00	135,750.00	1,460,750.00	1,803,300.00	342,550.00
2045	1,390,000.00	69,500.00	1,459,500.00	1,802,000.00	342,500.00
Total	$21,130,000.00	$16,893,629.86	$38,023,629.86	$46,657,075.00	$8,633,445.14

(1) Based on estimated interest rates as of March 6, 2019.

Scenario 2

SUSANVILLE PUBLIC FINANCING AUTHORITY
2019 Refunding Revenue Bonds
(Utility Enterprises Project)

Term Sheet - Uninsured Water & Gas Bonds

Refunding Results (1):	**Water Bonds**	**Gas Bonds**	**Total**
Principal Amount of Bonds	$6,370,000	$21,130,000	$27,500,000
Estimated Present Value (PV) of Savings	**$756,021**	**$6,143,694**	**$6,899,715**
PV Savings as % of Outstanding Bond Amount	9.51%	25.19%	21.34%
Estimated Average Annual Savings	$74,967	$332,056	$407,023
Refunding Bonds True Interest Cost (TIC)	3.08%	3.81%	3.68%
Prior Bonds TIC	4.69%	6.07%	5.75%

Ratings - Standard & Poor's & Fitch:

Water Bonds	"A+" (S&P) / "A-" (Fitch)
Gas Bonds	"A" (S&P) / "A-" (Fitch)

Payment Dates: Interest payments will be due each June 1 and December 1 commencing December 1, 2019. Principal payments will be due each June 1 beginning June 1, 2020.

Final Maturity: Water Bonds: June 1, 2036 (17 Years - Matches 2010A Bonds)
Gas Bonds: June 1, 2045 (26 Years - Matches 2010B Bonds)

Bond Structure: The Water Bonds will be sold as fixed rate bonds with annual principal payments beginning June 1 2020 through June 1, 2036.

The Gas Bonds will be sold as fixed rate bonds with annual principal payments beginning June 1, 2020 through June 1, 2045.

Security Pledge: Two Series of Bonds: the Water Bonds are secured by a pledge of Revenues from the Water Enterprise. The Gas Bonds are secured by a pledge of Revenues from the by a pledge of Revenues from the Gas Enterprise

The Bonds are further be secured by amounts on deposit in their respective Rate Stabilization Funds. Shortfalls in either Enterprise's scheduled debt payments shall NOT be made by the other Rate Stabilization Fund.

(1) Based on estimated interest rates as of March 6, 2019.

Scenario 2

SUSANVILLE PUBLIC FINANCING AUTHORITY
2019 Refunding Revenue Bonds
(Utility Enterprises Project)

Estimated Sources & Uses of Funds

	Water Series 2019A Bonds	Gas Series 2019B Bonds	Total
Sources of Funds			
Par Amount	$6,370,000.00	$21,130,000.00	$27,500,000.00
Original Issue Premium	1,033,880.65	3,030,621.30	4,064,501.95
Series 2010 Reserve Account	638,775.00	1,807,075.00	2,445,850.00
Total Sources of Funds	$8,042,655.65	$25,967,696.30	$34,010,351.95
Uses of Funds			
Deposit to Escrow	$7,384,694.67	$24,105,767.01	$31,490,461.68
Series 2019 Reserve Account	564,000.00	1,464,500.00	2,028,500.00
Cost of Issuance (1)	42,273.64	140,226.36	182,500.00
Underwriter's Discount (2)	50,960.00	252,503.50	303,463.50
Bond rounding factor	727.34	4,699.43	5,426.77
Total Uses of Funds	$8,042,655.65	$25,967,696.30	$34,010,351.95

(1) Estimated based upon the cost of issuance for the 2010 refunding bonds.
(2) Underwriter's Discount equals: 0.800% of the Water Bond amount and
1.195% of the Gas Bond amount.

Scenario 2

SUSANVILLE PUBLIC FINANCING AUTHORITY
2019 Refunding Revenue Bonds

Estimated Combined Debt Service - Series 2019 Compared to Series 2010

Year	Estimated Series 2019 Debt Service	Prior Series 2010 Debt Service	Estimated Savings	Estimated Present Value of Savings
2020	2,018,549.31	2,352,375.00	333,825.69	327,181.76
2021	2,023,850.00	2,372,475.00	348,625.00	331,372.36
2022	2,025,050.00	2,388,962.50	363,912.50	335,719.97
2023	2,025,050.00	2,403,037.50	377,987.50	338,414.45
2024	2,023,850.00	2,423,537.50	399,687.50	347,232.21
2025	2,026,450.00	2,441,037.50	414,587.50	349,540.78
2026	2,024,500.00	2,440,062.50	415,562.50	340,099.66
2027	2,025,500.00	2,440,350.00	414,850.00	329,598.74
2028	2,019,250.00	2,443,037.50	423,787.50	326,818.21
2029	2,026,000.00	2,442,850.00	416,850.00	312,097.47
2030	2,025,000.00	2,444,787.50	419,787.50	305,093.41
2031	2,026,500.00	2,443,575.00	417,075.00	294,264.61
2032	2,025,250.00	2,440,175.00	414,925.00	284,168.49
2033	2,021,250.00	2,443,175.00	421,925.00	280,458.68
2034	2,024,500.00	2,441,987.50	417,487.50	269,372.36
2035	2,024,500.00	2,436,612.50	412,112.50	258,105.06
2036	2,026,250.00	2,442,050.00	415,800.00	252,746.88
2037	1,459,500.00	1,806,200.00	346,700.00	204,694.40
2038	1,462,500.00	1,802,000.00	339,500.00	194,552.07
2039	1,463,000.00	1,804,200.00	341,200.00	189,752.42
2040	1,461,000.00	1,802,200.00	341,200.00	184,146.25
2041	1,461,500.00	1,806,000.00	344,500.00	180,422.15
2042	1,464,250.00	1,805,000.00	340,750.00	173,177.11
2043	1,464,000.00	1,804,200.00	340,200.00	167,769.42
2044	1,460,750.00	1,803,300.00	342,550.00	163,908.10
2045	1,459,500.00	1,802,000.00	342,500.00	159,007.68
Total	$47,567,299.31	$57,475,187.50	$9,907,888.19	$6,899,714.72

(1) Based on estimated interest rates as of March 6, 2019.

Scenario 2

SUSANVILLE PUBLIC FINANCING AUTHORITY
2019 Refunding Revenue Bonds

Estimated Water Bonds Debt Service - Series 2019A Compared to Series 2010A

Year	Estimated Water Series 2019A Principal	Estimated Water Series 2019A Interest	Estimated Water Series 2019A Debt Service	Prior Senior Bonds Series 2010A Debt Service	Estimated Savings
2020	255,000.00	300,369.44	555,369.44	634,362.50	78,993.06
2021	265,000.00	294,400.00	559,400.00	635,662.50	76,262.50
2022	280,000.00	283,800.00	563,800.00	635,912.50	72,112.50
2023	290,000.00	272,600.00	562,600.00	635,412.50	72,812.50
2024	300,000.00	261,000.00	561,000.00	634,162.50	73,162.50
2025	315,000.00	249,000.00	564,000.00	637,162.50	73,162.50
2026	330,000.00	233,250.00	563,250.00	635,062.50	71,812.50
2027	345,000.00	216,750.00	561,750.00	637,250.00	75,500.00
2028	360,000.00	199,500.00	559,500.00	638,487.50	78,987.50
2029	380,000.00	181,500.00	561,500.00	638,775.00	77,275.00
2030	400,000.00	162,500.00	562,500.00	638,112.50	75,612.50
2031	420,000.00	142,500.00	562,500.00	636,500.00	74,000.00
2032	440,000.00	121,500.00	561,500.00	637,750.00	76,250.00
2033	460,000.00	99,500.00	559,500.00	637,750.00	78,250.00
2034	485,000.00	76,500.00	561,500.00	636,500.00	75,000.00
2035	510,000.00	52,250.00	562,250.00	634,000.00	71,750.00
2036	535,000.00	26,750.00	561,750.00	635,250.00	73,500.00
Total	$6,370,000.00	$3,173,669.44	$9,543,669.44	$10,818,112.50	$1,274,443.06

(1) Based on estimated interest rates as of March 6, 2019.

Scenario 2

SUSANVILLE PUBLIC FINANCING AUTHORITY
2019 Refunding Revenue Bonds

Estimated Gas Bonds Debt Service - Series 2019B Compared to Series 2010B

Year	Estimated Gas Series 2019B Principal	Estimated Gas Series 2019B Interest	Estimated Gas Series 2019B Debt Service	Prior Subordinate Series 2010B Debt Service	Estimated Savings
2020	450,000.00	1,013,179.86	1,463,179.86	1,718,012.50	254,832.64
2021	455,000.00	1,009,450.00	1,464,450.00	1,736,812.50	272,362.50
2022	470,000.00	991,250.00	1,461,250.00	1,753,050.00	291,800.00
2023	490,000.00	972,450.00	1,462,450.00	1,767,625.00	305,175.00
2024	510,000.00	952,850.00	1,462,850.00	1,789,375.00	326,525.00
2025	530,000.00	932,450.00	1,462,450.00	1,803,875.00	341,425.00
2026	550,000.00	911,250.00	1,461,250.00	1,805,000.00	343,750.00
2027	580,000.00	883,750.00	1,463,750.00	1,803,100.00	339,350.00
2028	605,000.00	854,750.00	1,459,750.00	1,804,550.00	344,800.00
2029	640,000.00	824,500.00	1,464,500.00	1,804,075.00	339,575.00
2030	670,000.00	792,500.00	1,462,500.00	1,806,675.00	344,175.00
2031	705,000.00	759,000.00	1,464,000.00	1,807,075.00	343,075.00
2032	740,000.00	723,750.00	1,463,750.00	1,802,425.00	338,675.00
2033	775,000.00	686,750.00	1,461,750.00	1,805,425.00	343,675.00
2034	815,000.00	648,000.00	1,463,000.00	1,805,487.50	342,487.50
2035	855,000.00	607,250.00	1,462,250.00	1,802,612.50	340,362.50
2036	900,000.00	564,500.00	1,464,500.00	1,806,800.00	342,300.00
2037	940,000.00	519,500.00	1,459,500.00	1,806,200.00	346,700.00
2038	990,000.00	472,500.00	1,462,500.00	1,802,000.00	339,500.00
2039	1,040,000.00	423,000.00	1,463,000.00	1,804,200.00	341,200.00
2040	1,090,000.00	371,000.00	1,461,000.00	1,802,200.00	341,200.00
2041	1,145,000.00	316,500.00	1,461,500.00	1,806,000.00	344,500.00
2042	1,205,000.00	259,250.00	1,464,250.00	1,805,000.00	340,750.00
2043	1,265,000.00	199,000.00	1,464,000.00	1,804,200.00	340,200.00
2044	1,325,000.00	135,750.00	1,460,750.00	1,803,300.00	342,550.00
2045	1,390,000.00	69,500.00	1,459,500.00	1,802,000.00	342,500.00
Total	$21,130,000.00	$16,893,629.86	$38,023,629.86	$46,657,075.00	$8,633,445.14

(1) Based on estimated interest rates as of March 6, 2019.

AGENDA ITEM NO. 9B

Reviewed by: _____ City Administrator

X Motion only
___ Public Hearing
___ Resolution
___ Ordinance
___ Information

Submitted by: Heidi Whitlock, Assistant to the City Administrator

Action Date: April 3, 2019

CITY COUNCIL AGENDA ITEM

SUBJECT: Consider co-sponsorship of the 30th Annual Susan River Junior Fishing Derby to be held on April 20, 2019; waiving park fees and donating $1,000 for the event.

PRESENTED BY: Michael Wilson, City Administrator

SUMMARY: The Lassen Sportsmen's Club is hosting the 30th Annual Junior Fishing Derby at Memorial Park on April 20, 2019. The event can draw an average of 500 youth ages 2 to 15 each year.

The Lassen Sportsmen's Club is once again requesting the City of Susanville co-sponsor the Derby. As part of that sponsorship, they are asking that the City waive the use fees for Memorial Park, the deposits for the sound system and electrical panel, provide insurance coverage and allocate $1,000 for the event. Parks Superintendent Dow Davis will be working with the Sportsmen's Club to set up for the event and staff will be printing participant numbers and maps.

The Derby's budget is approximately $7,500 this year with approximately $6,200 of that amount going toward the purchase of 1,500 pounds of fish.

FISCAL IMPACT: Approximately $1,500 in staff time in support of the event, $212 in unearned revenue and, $1,000 from Civic Contributions fund 1000-466-33-4596.

ACTION REQUESTED: Approve co-sponsorship of the 30th Annual Susan River Junior Fishing Derby to be held on April 20, 2019; waiving park fees and donating $1,000 for the event.

ATTACHMENTS: Letter of request from Lassen Sportsmen's Club

Lassen Sportsmens Club

259 Maple Street • Susanville, CA 96127

March 15, 2019

Susanville Public Works
MAR 18 019
RECEIVED

Susanville City Council
Attn: Dan Newton, City Administrator
66 N Lassen St
Susanville, CA 96130

Dear Mr. Newton:

The Lassen Sportsmens Club will be holding the 30th Annual Junior Fishing Derby on Saturday, April 20th, 2019 at Memorial Park. The derby is the only one sanctioned by the California Fish & Wildlife Department to operate outside the normal fishing season.

We would like to again invite you and the County of Lassen to officially co-Sponsor this event, along with the S.I.R. Tribal Business Council. As part of that sponsorship we would request that the City waive the use fee at Memorial Park for the staging of the event, provide insurance coverage for the event, as well as allocate $1,000 towards the purchase of fish. Our budget is $7,500, with the purchase of fifteen hundred pounds of fish accounting for $6,200 of that amount.

The past few years we have averaged around 500 youngsters, ages 2 to 15, that participate in this event. Over the past 29 years we have had more than 15,000 young people locally and from Northern California develop the love of fishing. We are starting to see the grand children of some of our earliest participants now taking part in the Junior Fishing Derby.

For tax purposes, the Taxpayer ID Number (TIN) for the club is 81-1970187. The Lassen Sportsmens Club is a 501(c)(3) non-profit organization. If you any further questions, please contact our club president Don Spalding (530/339-2153) or the club treasurer Carla Dieter (530/257-9252).

Thank you for long term support the city has given this event the past 29 years and for your consideration.

Sincerely,

Don Spalding

DON SPALDING, President
Lassen Sportsmens Club

AGENDA ITEM NO. 9C

Reviewed by: City Administrator

____ Motion only
____ Public Hearing
____ Resolution
_X_ Ordinance
____ Information

Submitted by: James M. Moore, Fire Chief

Action Date: April 3, 2019

CITY COUNCIL AGENDA ITEM

SUBJECT: **Ordinance No. 19-1014** amending Chapter 8.28 Weed and Rubbish Abatement, Section 8.28.040 Abatement Procedure, of the Susanville Municipal Code

PRESENTED BY: James M. Moore, Fire Chief

SUMMARY: In an effort to enforce our Codes more consistently and efficiently, it has become necessary to modify the Susanville Municipal Code Section 8.28 (Weed and Rubbish Abatement). The modifications recommended will more accurately reflect current practices and bring congruency to Sections 8.28 (Weed and Rubbish Abatement) and 8.52 (Property Maintenance) with respect to the service requirements that we follow.

FISCAL IMPACT: None at this time

ACTION REQUESTED: Motion to waive first reading introduce Ordinance No. 19-1014 amending Chapter 8.28 Weed and Rubbish Abatement Section 8.28.040 Abatement Procedure, of the Susanville Municipal Code

ATTACHMENTS: Ordinance No. 19-1014
Susanville Municipal Code Section 8.28.040 Abatement procedure

ORDINANCE NO. 19-1014
AN ORDINANCE REPEALING AND REPLACING SECTION 8.28.040 ABATEMENT PROCEDURE OF THE SUSANVILLE MUNICIPAL CODE

WHEREAS, Susanville City Council has the authority, under its police power, to enact regulation for the public peace, safety, morals and welfare of the City of Susanville (hereinafter City), Cal. Const. art. XI, § 7; and

WHEREAS, the Susanville City Council finds that certain conditions constitute a threat to the public peace, safety and welfare of the City; and

WHEREAS, the Susanville City Council is committed to protecting the public peace, safety, morals and welfare by providing security and protection to the community from harms and wrongdoings that arise from the presence of weeds and rubbish; and

WHEREAS, the Susanville City Council has an interest in maintaining the City in an orderly and safe condition; and

WHEREAS, Pursuant to the authority of Government Code Section 39501 et seq., the Susanville City Council previously established Chapter 8.28 of the Municipal Code of the City of Susanville setting forth a procedure for the requiring of and providing for the removal of weeds and rubbish from sidewalks, parking areas or streets, and from private property; and

WHEREAS, The existing Chapter 8.28.040 of the Municipal Code of the City of Susanville needs some modifications to make it consistent to the service requirements of other sections of the Municipal Code of the City of Susanville; and

WHEREAS, The existing Chapter 8.28.040 of the Municipal Code of the City of Susanville needs some modifications to make it consistent with current practices of the City of Susanville; and

WHEREAS, the City of Susanville proposes amending Municipal Code section 8.28.040 as set forth below.

THE CITY COUNCIL OF THE CITY OF SUSANVILLE DOES ORDAIN AS FOLLOWS:

Section 1

Section 8.28.040 of the Susanville Municipal Code is hereby repealed in its entirely and amended to provide as follows:

8.28.040 Abatement procedure.

In the event of a violation of Section 8.28.030, the fire chief of the city or his or her designated representative shall proceed as follows:

A. Notice to Remove. The Fire Chief is authorized to give notice to the owner, agent, lessee or other person having charge or control of private property, and order the removal or destruction of weeds or rubbish from the property or abutting public property within ten (10) days. Hereinafter this notice shall be referred to as "Notice to Remove"

and the removal or destruction of weeds or rubbish shall be referred to as "weed or rubbish abatement". The Notice to Remove shall be served by posting in a conspicuous place on or in front of the property or personal service on such owner, agent, lessee or other person having charge or control of the premises as well as any of the following methods: i) by certified mail, return receipt requested, or ii) regular first class mail addressed to the owner, agent, lessee or other person having charge or control of the property, at his or her last known address. In the event the Notice to Remove is directed to one other than the owner of the property, a courtesy copy of the Notice to Remove shall be sent by regular first class mail to the owner at his or her last known address on file with the Lassen County Assessor's office.

B. Action Upon Noncompliance. Upon the failure, neglect or refusal of any owner, agent, lessee, or other person having charge or control, to properly perform weed or rubbish abatement on the property within ten (10) days of the Notice to Remove being served as required by this chapter, the Fire Chief is authorized to pay for the weed and rubbish abatement from the City code enforcement and abatement funds.

C. If the owner, agent, lessee or other person having control of the private real property in the City fails to perform weed or rubbish abatement in accordance with the Notice to Remove, within ten (10) days after service of the Notice to Remove it shall be the duty of the Fire Chief to abate the weeds and rubbish by destroying or causing to be destroyed, or removing or causing to be removed, the weeds and/or rubbish. Fire Chief and/or contracting agents of the City are expressly authorized to enter upon private property for the purpose of weed and rubbish abatement without prior consent of any owner, agent, lessee, or other person having charge or control or court permission and without a warrant, so long as the service requirements of this chapter are followed. It is unlawful for any person to interfere, hinder, or refuse to allow the Fire Chief and/or contracting agents of the City to enter upon private property for the purpose of weed and rubbish abatement in accordance with the provisions of this chapter. Any person owning, occupying, renting, managing, leasing, or controlling real property in the City shall have the right to destroy or remove weeds or rubbish or have the same destroyed or removed at his or her own expense at any time before the arrival of the Fire Chief or authorized representatives for such purpose.

D. The City Finance Director shall keep an account of the cost of weed and rubbish abatement to the City for each separate lot or parcel of land and the portions of adjoining public property to the same. The City Finance Director shall serve by first class mail, a bill for the weed and rubbish abatement on a lot or parcel of land or adjoining public property to each owner, agent, lessee or other person having control of the lot or parcel of land or adjoining public property. Each owner, agent, lessee or other person having control the lot or parcel of land or adjoining public property shall have 30 days from the date the bill was mailed, to pay the bill in full. The City Finance Director shall keep an account of the unpaid cost to the City for the weed and rubbish abatement for each separate lot or parcel of land and the portions of public property adjoining the same, and shall embody the account in a report and assessment list to the City Administrator. The City Administrator will present the report and assessment list to the City Council. The report shall refer to each separate lot or parcel of land and adjoining public property by description sufficiently reasonable to identify the same, together with the expense proposed to be assessed against it. The cost of the weed and rubbish abatement may include the actual cost to remove or destroy weeds and/or rubbish as well as incidental expenses, including, but not limited to, the expenses and costs to the City in the

inspection of lots, preparations of notices, specifications and contracts, and in inspecting work, the cost of printing, servicing and mailing required under this Chapter in an amount to be set by resolution of the City Council, per each occurrence of abatement.

E. The City Administrator shall post a copy of the report and assessment list on a bulletin board near the entrance to the City Hall, together with the notice of the filing thereof, and the time and place where and when it will be submitted to the City Council for hearing and confirmation. The Finance Director shall mail to the persons in the manner prescribed in Section 8.28.040 a notice in the format substantially as follows:

ASSESSMENT FOR DESTRUCTION OR
REMOVAL OF WEEDS AND RUBBISH AND NOTICE OF HEARING THEREON.

NOTICE IS HEREBY GIVEN that pursuant to the provisions of Susanville Municipal Code, Title 8, Chapter 8.28, the Fire Chief has performed weed or rubbish abatement by destroying or removing weeds or rubbish from the real property owned, occupied, rented, managed or controlled by you and from the portions of streets, alleys and sidewalks adjoining the same, which real property is described as follows:

(here insert description of real property sufficient for reasonable and ready identification)

The cost of said abatement proposed to be assessed against the said real property is $_____.

FURTHER NOTICE IS HERBY GIVEN that on _____, the ____ day of _____, 20___, at the hour of _____ p.m. in the Council Chambers of City Hall, of the City of Susanville, located at 66 North Lassen Street, Susanville, Lassen County, California, the report of the Finance Director on the cost of the weed or rubbish abatement and the assessment list thereof will be presented to the City Council for consideration, correction and confirmation and that at said time and place any and all persons interested in or having any objections to said report or list of proposed assessments, or to any matter or thing contained therein may appear and be heard. The failure to make any objection to said report and list shall be deemed a waiver of the same.

Upon confirmation of said assessment by the City Council, the amount thereof will be payable. In the event the same is not paid said assessment will be added to the tax bill for said property and thereafter shall become a lien on said property.

Dated: _____

_____
City Administrator of City of Susanville

Section 2. The City Clerk shall, within fifteen days after passage of this Ordinance, cause this Ordinance to be published at least once in the Lassen County Times, an adjudicated newspaper of general circulation, published and circulated within the City.

Section 3. If any section, subsection, sentence, clause or phrase of this Ordinance is, for any reason, held to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining portions of this Ordinance, it being expressly declared that this Ordinance and each section, subsection, clause and phrase hereof would have been prepared, proposed, adopted, approved and ratified irrespective of the fact that any one or more other sections, subsections, sentences, clause or phrases be declared invalid or unconstitutional.

Section 4. This Ordinance shall take effect upon the thirty-first day after its final passage.

APPROVED: _____
Kevin Stafford, Mayor

ATTEST: _____
Gwenna MacDonald, City Clerk

The foregoing Ordinance No. 19-1014 was adopted at a regular meeting of the City Council of the City of Susanville, held on the _____th day of _____, 2019 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAINING:

_____
Gwenna MacDonald, City Clerk

APPROVED AS TO FORM: _____
Jessica Ryan, City Attorney

8.28.040 Abatement procedure.

In the event of a violation of Section 8.28.030, the fire chief of the city or his or her designated representative shall proceed as follows:

A. Notice to Remove. The fire chief is authorized to give notice to the owner, agent, lessee or other person having charge or control of private property, to order the removal of weeds or rubbish from the property or abutting public property within ten (10) days. Such notice shall be by certified mail, return receipt requested (hereinafter referred to as "certified written notice" addressed to such owner, agent, lessee or other person having charge or control, at his or her last known address. In the event the notice by certified mail is directed to one other than the owner of the property, a courtesy copy of the notice shall be sent by regular first class mail to the owner at his or her last known address on file with the Lassen County assessor's office.

B. Action Upon Noncompliance. Upon the failure, neglect or refusal of any owner, agent, lessee, or other person having charge or control, to properly destroy weeds or remove rubbish within ten (10) days after receipt of the written certified notice, the fire chief is authorized to pay from the city code enforcement abatement budget for the destruction or removal of such weeds or rubbish. In the event that the written certified notice is returned to the post office because of inability to make delivery, the fire chief shall cause a written notice to be posted on the property, allowing ten (10) days, from the date of posting, for compliance with the order. Failure, neglect or refusal to take compliance action shall empower the fire chief to pay for the destruction or removal of such weeds or rubbish.

C. If the owner, agent, lessee or other person having control of the private real property in the city fails to remove or destroy weeds and rubbish in accordance with the notice given, within ten (10) days after the mailing of such notice, or within ten (10) days after the posting of such notice where that is the case, it shall be the duty of the fire chief to destroy or cause to be destroyed, or remove or cause to be removed, such weeds or rubbish, and the fire chief and/or contracting agents of the city are expressly authorized to enter upon private property for such purpose, and it is unlawful for any person to interfere, hinder, or refuse to allow them to enter upon private property for such purpose and to destroy or remove weeds or rubbish in accordance with the provisions of this chapter. Any person owning, occupying, renting, managing, leasing, or controlling real property in the city shall have the right to destroy or remove weeds or rubbish or have the same destroyed or removed at his or her own expense at any time prior to the arrival of the fire chief or authorized representatives for such purpose.

D. The city finance director shall keep an account of the cost to the city to destroy or remove weeds or rubbish as aforesaid for each separate lot or parcel of land and the portions of streets adjoining the same, and shall embody such account in a report and assessment list to the city administrator, who will present such report and assessment list to the city council. Such report shall refer to each separate lot or parcel of land by description sufficiently reasonable to identify the same, together with the expense proposed to be assessed against it. The cost of abatement may include incidental expenses, including, but not limited to, the expenses and costs to the city in the inspection of lots, preparations of notices, specifications and contracts, and in inspecting work, the cost of printing and mailing required under this article in an amount to be set by resolution of the city council, per each occurrence of abatement.

E. The city administrator shall post a copy of such report and assessment list on a bulletin board near the entrance to the city hall, together with the notice of the filing thereof, and the time and pace where and when it

will be submitted to the city council for hearing and confirmation. The finance director shall mail to the persons in the manner prescribed in Section 8.28.040 a notice in the format substantially as follows:

ASSESSMENT FOR DESTRUCTION OR REMOVAL OF WEEDS AND RUBBISH AND NOTICE OF HEARING THEREON.

NOTICE IS HEREBY GIVEN that pursuant to the provisions of Susanville Municipal Code, Title 8, Chapter 8.28, the Fire Chief has destroyed or removed weeds or rubbish from the real property owner, occupied, rented, managed or controlled by you and from the portions of streets, alleys and sidewalks adjoining the same, which real property is described as follows:

(here insert description of real property sufficient for reasonable and ready identification)

The cost of said destruction or removal proposed to be assessed against the said real property is $_____.

FURTHER NOTICE IS HERBY GIVEN that on _____, the ____ day of _____, 20___, at the hour of _____ p.m. in the Council chambers of City Hall, of the City of Susanville, located at 66 North Lassen Street, Susanville, Lassen County, California, the report of the Finance Director on the cost of destruction or removal of weeds or rubbish and the assessment list thereof will be presented to the City Council for consideration, correction and confirmation and that at said time and place any and all persons interested in or having any objections to said report or list of proposed assessments, or to any matter or thing contained therein may appear and be heard. The failure to make any objection to said report and list shall be deemed a waiver of the same.

Upon confirmation of said assessment by the City Council, the amount thereof will be payable. In the event the same is not paid said assessment will be added to the tax bill for said property and thereafter shall become a lien on said property.

Dated: _____

_____

City Administrator of City of Susanville

F. At the time and place fixed for receiving and considering the report, the city council shall hear the same together with any protests or objections which may be raised by any interested person. Upon such hearing, the city council shall make such corrections or modifications in any proposed assessment which it may deem to be excessive or otherwise incorrect, after which such assessment shall be confirmed by resolution of the city council and the amount thereof shall constitute a lien on the subject real property assessed until paid. The confirmation and assessment by the city council shall be final and conclusive.

G. Assessment Payment. Any person may pay the amount of such assessment for destruction of removal of weeds or rubbish on or before the fifteenth day of July following the date the confirmation of said assessment was made by the city council. If said assessment is not paid on or before said date, the total amount therefore shall be entered on the next county fiscal tax roll as a lien against the property and shall be subject to the same penalties and interest as are provided for other delinquent taxes or assessments of the city. (Ord. 06-928 § 1, 2006: prior code § 9.4)

AGENDA ITEM NO. 9D

Reviewed by: ___ City Administrator

X Motion Only
___ Public Hearing
___ Resolution
___ Ordinance
___ Information

Submitted By: Mike Wilson, City Administrator

Action Date: April 3, 2019

CITY COUNCIL AGENDA ITEM

SUBJECT: Internal Revenue Service Settlement Agreement

PRESENTED BY: Mike Wilson, City Administrator

SUMMARY: The Internal Revenue Service Conducted an Audit in 2015 for the tax quarters including 03/2013, 06/2013, 09/2013 and 12/2013. It was determined the City owed back taxes for those tax quarters.

The fiscally responsible City Council appealed the results of the audit and through a negotiated settlement agreement, the City of Susanville has been determined to owe the Internal Revenue Service back FICA and Income Tax Withholding in the amount of $2,056.00 for the Airport Manager Position for the 2013 tax season.

In addition, through the negotiated settlement agreement, the Internal Revenue Service agrees not to "disturb taxpayer's classification of such AIRPORTE MANAGER for federal employment tax purposes for any period from January 1, 2013 through March 31, 2019."

The City is currently mitigating the employee / contractor scenario with the Airport Manager position to avoid any potential future similar situation which led to the need for such a negotiated settlement agreement from 2013.

FISCAL IMPACT: $2,056.00

ACTION REQUESTED: Motion to authorize the Closing Agreement on Final Determination Covering Specific Matters Regarding Workers Classification with three separate 14491 Forms attached to this report.

ATTACHMENTS: Cover letter from Daniel F Frisch, Appeals Officer with schedule of adjustments and three copies of Form 2504-T and Form 14491.

Internal Revenue Service
Appeals Office
4330 Watt Avenue
SA 7890
Sacramento, CA 95821-7012

Date: March 5, 2019

CITY OF SUSANVILLE
66 N LASSEN STREET
SUSANVILLE CA 96130-3904

Department of the Treasury

Person to Contact:
Daniel F Frisch
Employee ID Number: 0507131
Tel: 916-974-5320
Fax: 855-241-4766
Contact Hours: 7:30-4:00PM
Refer Reply to:
AP:SEPR:SAC:DFF
In Re:
Employment
Tax Period(s) Ended:
03/2013 06/2013 09/2013 12/2013

Dear City of Susanville:

Enclosed with this letter you will find three Form 14491 Classification Settlement Agreements, three Form 2504-T agreement and employment tax computation worksheets. Please sign all three 14491 Form Classification Settlement Agreements and all three Form 2504-T agreements and return them with a check made out to the United States Treasury Department for $2,056. After the agreements have been approved by my Appeals Team Manager, we will return to you one of the approved agreements for your records. This agreement where the City must classify the Airport Manager as employee will be effective April 1, 2019 which is the beginning of the 2nd Form 941 Payroll Quarter for 2019. **This agreement only covers the Airport Manager Worker Classification.**

LAFCO County Executive

The LAFCO County Executive worker classification for all four quarters of 2013 is conceded because the work relationship is between Lassen County California and Executive and not between the City of Susanville and the Executive. Therefore Appeals is not providing any conclusions as to whether Section 530 applies.

Conclusion

By paying the agreed upon tax now upon returning the agreement forms, no interest will be charged. Please ensure that return the signed and dated agreements by Wednesday March 20, 2019.

Sincerely,

Daniel F Frisch
Appeals Officer

Enclosures:
Tax/Interest Computation
Explanation of Tax Changes
Agreement Form
Copy to Power of Attorney

cc: Christopher Onstott Esq.

Schedule of Adjustments

Issue No.	Description	Tax Period	Examiner's Adjustment	Appeals Change to Adjustment	Appeals Adjustment	Reason Code
1.	Payments subject to	201303	5,772	(956)	4,816	
	Worker Classification	201306	5,772	(956)	4,816	
	Airport Manager	201309	5,772	(956)	4,816	
		201312	5,772	(956)	4,816	
2.	FICA Taxes	201303	2,850.85	(1,643.85)	442.00	
	IRC §3509(a)	201306	2,850.85	(1,643.85)	442.00	
		201309	2,850.85	(1,643.85)	442.00	
		201312	2,850.85	(1,643.85)	442.00	
3.	Income Tax	201303	4,648.25	(4,576.25)	72.00	
	Withholding	201306	4,648.25	(4,576.25)	72.00	
	IRC §3509(a) ^	201309	4,648.25	(4,576.25)	72.00	
		201312	4,648.25	(4,576.25)	72.00	

Reason Codes (no narrative):

A	**taxpayer now agrees**	**C**	**taxpayer substantiated**
B	**accepted by examiner**	**D**	**computational adjustment**

City of Susanville Wage Schedule 03/2013-12/2013

Daniel Frisch Appeals Officer

Form **14491**
(May 2013)

Department of the Treasury - Internal Revenue Service

Closing Agreement On Final Determination Covering Specific Matters Regarding Worker Classification

Under section 7121 of the Internal Revenue Code ("IRC"), CITY OF SUSANVILLE, 66 N LASSEN STREET, SUSANVILLE, CA 96130-3904, Taxpayer Identification Number 94-6000439, ("taxpayer") and the Commissioner of Internal Revenue ("Commissioner") make the following closing agreement:

WHEREAS, there is a dispute between the parties as to whether certain workers classified by taxpayer as AIRPORT MANAGER are independent contractors or employees of taxpayer for purposes of federal income tax withholding, Federal Insurance Contributions Act (FICA) and Federal Unemployment Tax Act (FUTA) taxes ("federal employment tax");

WHEREAS, the taxpayer is presently treating the AIRPORT MANAGER as independent contractors;

WHEREAS, the taxpayer has timely filed Forms 1099 for each of its AIRPORT MANAGER for all applicable periods from through , in accordance with the provisions of paragraph 3.02 of Rev. Proc. 85-18, 1985-1 C.B. 518, and Rev. Rul. 81-224, 1981-2 C.B. 197; and

WHEREAS, the parties wish to resolve this dispute for all AIRPORT MANAGER engaged by the taxpayer on or after January 1, 2013.

NOW IT IS HEREBY DETERMINED AND AGREED for federal employment tax purposes that:

(1) The Internal Revenue Service will assess and the taxpayer will pay the following amounts to the United States Government in full discharge of any federal employment tax liability it may owe for the periods shown below resulting directly or indirectly from its failure to pay and/or withhold federal income tax, FICA, or FUTA taxes on the payments to its AIRPORT MANAGER:

Period	Type of Tax	Amount to be Assessed	
		Tax	Penalties
03/31/2013-12/31/2013	FICA	$1,768.00	$0.00
03/31/2013-12/31/2013	Income Tax Witholding	$288.00	$0.00

(2) The Internal Revenue Service will not disturb taxpayer's classification of such AIRPORT MANAGER for federal employment tax purposes for any period from January 1, 2013 through March 31, 2019.

(3) Beginning April 1, 2019, and for all periods thereafter, AIRPORT MANAGER and persons performing equivalent duties regardless of taxpayer's job titles will be treated as employees for all federal employment tax purposes.

Closing Agreement With CITY OF SUSANVILLE

(4) The taxpayer waives any right it may have to claim relief under section 530 of the Revenue Act of 1978.

(5) IRC Section 6205 shall apply to the amounts contained in paragraph (1) above, except FUTA tax.

This agreement is final and conclusive except:

(1) the matter it relates to may be reopened in the event of fraud, malfeasance, or misrepresentation of material facts;

(2) it is subject to the Internal Revenue Code sections that expressly provide that effect be given to their provisions (including any stated exception for Code section 7122) notwithstanding any other law or rule of law; and

(3) if it relates to a tax period ending after the date of this agreement, it is subject to any law, enacted after the agreement date, that applies to the tax period.

By signing, the above parties certify that they have read and agreed to the terms of this document.

Taxpayer

Taxpayer name CITY OF SUSANVILLE

By | Date signed

Title

Taxpayer's Representative

By | Date signed

Commissioner of Internal Revenue

By | Date signed

Title

SIGN & DATE

Form **14491**
(May 2013)

Department of the Treasury - Internal Revenue Service

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Form **14491**
(May 2013)

Department of the Treasury - Internal Revenue Service

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Taxpayer

Taxpayer name CITY OF SUSANVILLE

By | Date signed

Title

Taxpayer's Representative

By | Date signed

Commissioner of Internal Revenue

By | Date signed

Title

SIGN & DATE

Agreement to Assessment and Collection of Additional Tax and Acceptance of Overassessment

(Employment Tax Adjustments Subject to IRC 7436)

Date received by Internal Revenue Service

Taxpayer(s) name	D/B/A		SSN/EIN
City of Susanville			94-6000439
Address of taxpayer(s) *(number, street)*	**City/Town**	**State**	**ZIP code**
66 N. Lassan ST	Susanville	CA	96130

Adjustment to Tax, Credits and Penalties

Tax Period Ended	Return Form Number	Kind of Tax and Internal Revenue Code Section	Amount of Tax	Credit Increase *(Decrease)*	Penalty
3/31/13-12/31/13	941	FICA & IT W/H IRC 3101, IRC 3111 & IRC 3402, IRC 3509(a)	2,056.00		
		Total	2,056.00		

SIGN & DATE

I consent to the immediate assessment (increase in tax and penalties and /or decrease in credits) and collection of any such amounts. In addition, I accept any overassessment (decrease in tax and penalties and/or increase in credits) shown above, plus any interest provided by law. I understand that by signing this agreement, I am waiving the restrictions on assessment provided in section 7436(d) and 6213(a) of the Internal Revenue Code of 1986.

Sign Here ▶	By	Title	Date
Sign Here ▶			Date
Sign Here ▶			Date

Note:
If you consent to the assessment of the amounts shown in this agreement, your signature will expedite our adjustment to your account. Your consent will not prevent you from filing a claim for refund (after you have paid the tax) if you later believe you are entitled to a refund. It will not prevent us from later determining, if necessary, that you owe additional tax; nor extend the time provided by law for either action.

Who Must Sign
If you are making this agreement for a partnership, all partners must sign. However, one partner may sign with appropriate evidence of authorization to act for the partnership.

For a corporation, enter the name of the corporation followed by the signature and title of the officer(s) authorized to sign.

For an agent or attorney acting under a power of attorney, a power of attorney must be sent with this form if not previously filed with us.

Memo: Abatement amount under IRC 3402(d) and/or IRC 3102(f)(3) - See explanation on Form 4666

Tax Period Ended	Return Form Number	IRC Code	Credit for Abatement	Tax Period Ended	Return Form Number	IRC Code	Credit for Abatement

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(Employment Tax Adjustments Subject to IRC 7436)

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Tax Period Ended	Return Form Number	IRC Code	Credit for Abatement	Tax Period Ended	Return Form Number	IRC Code	Credit for Abatement

Employment Tax Examination Changes Report

Name of employer City of Susanville	Employer Identification Number 94-6000439	Return form number 941
Address of employer 66 N. Lassan ST Susanville, CA 96130	Total tax plus penalty or *(decrease)* in tax 2,056.00	Calendar year 2013
	Total increase or *(decrease)* in credits	Last quarter of this examination 12/31/2013
Examination discussed with *(name and title)*	☑ Agreed *(Subject to acceptance by the Director)* ☐ Unagreed	

This Form 4668 contains *(check only one box)*
☐ *Non-7436 adjustments* ☒ *7436 adjustments (worker classification issues)* ☐ 7436 adjustments *(wage issues)*

	(b) 1st Quarter	(c) 2nd Quarter	(d) 3rd Quarter	(e) 4th Quarter
1. Total Social Security and Medicare tax adjustment *(from Schedule of Adjustments, Line 10)*	442.00	442.00	442.00	442.00
2. Social Security and Medicare tax adjustment under IRC 3121(q) *(from Schedule of Adjustments, Line 11)*				
3. Increase *(decrease)* in tax exemption on exempt wages/tips *(From Schedule of Adjustments, Line 13)*				
4. Total income tax withholding *(from Schedule of Adjustments Line 20)*	72.00	72.00	72.00	72.00
5. Delinquent tax or increase *(decrease)* in tax *(Lines 1, 2 and 4 minus/plus Line 3)*	514.00	514.00	514.00	514.00
6. Net increase *(decrease)* in credits *(from Schedule of Adjustments, Line 26)*				
7. Penalty code section 6651(a)(1)				
8. Penalty code section 6651(a)(2)				
9. Penalty code section 6656				
10. Penalty code section _____				
11. Total penalty *(sum of Lines 7, 8, 9 and 10)*				
12. Maximum tax available for abatement under IRC 3402(d)	None	None	None	None
13. Maximum tax available for abatement under IRC 3102(f)(3)				

Furnish Form W-2 *(Wage and Tax Statement)* or Form W-2c *(Corrected Wage and Tax Statement)* on or before January 31, 2020 to each of the 1 employees whose wages are adjusted by this report.

File Forms W-2 with Form W-3 *(Transmittal of Wage and Tax Statements)* or Forms W-2c with Form W-3c *(Transmittal of Corrected Wage and Tax Statements)* on or before January 31, 2020 with the Social Security Administration (SSA).

IRC 6721 and 6722 provide penalties for failure to file and failure to furnish information returns. You must file the information returns electronically if you are required to file 250 or more returns. To obtain specifications for e-filing your returns, visit the SSA's website at www.ssa.gov/employer. If filing paper returns, file with the SSA at the appropriate address in the *General Instructions for Forms W-2 and W-3 (Including Forms W-2AS, W-2CM, W-2GU, W-2VI, W-3SS, W-2c and W-3c).*

Examiner's name	Group number	Area	Date
Daniel Frisch	Appeals		3/1/2019

Schedule of Adjustments

Name of employer	Employer Identification Number	Calendar year
City of Susanville	94-6000439	2013

Adjustment to FICA Wages and Tax

	IRS Ref	(a) Applicable Rate	(b) 1st Quarter	(c) 2nd Quarter	(d) 3rd Quarter	(e) 4th Quarter
1. Social Security and Medicare wage adjustment subject to tax under IRC 3101 and 3111	004	12.40%				
	073	2.90%				
2. Social Security and Medicare wage adjustment subject to tax under IRC 3509(a)	079	7.44%	4,816.00	4,816.00	4,816.00	4,816.00
	079	1.74%	4,816.00	4,816.00	4,816.00	4,816.00
3. Social Security and Medicare wage adjustment subject to tax under IRC 3509(b)	079	8.68%				
	079	2.03%				
4. Social Security and Medicare tip adjustment subject to tax under IRC 3101 and 3111	005					
	073					
5. Additional Medicare wage and/or tip adjustment subject to tax under IRC 3101(b)(2)	074	0.90%				
6. Additional Medicare wage and/or tip adjustment subject to tax under IRC 3101(b)(2) and 3509(a)	079	0.18%				
7. Additional Medicare wage and/or tip adjustment subject to tax under IRC 3101(b)(2) and 3509(b)	079	0.36%				
8. Other adjustments to Social Security, Medicare and Additional Medicare wages						
9. Other adjustments to Social Security, Medicare and Additional Medicare tax						
10. Total Social Security, Medicare and Additional Medicare tax adjustment *(Lines 1 through 8 x rates plus/minus Line 9)*	112		442.00	442.00	442.00	442.00
11. Social Security and Medicare tax adjustment under IRC 3121(q)	114					
12. Increase *(decrease)* in exempt wages and/or tips paid to qualified employees under IRC 3111(d)	115	6.20%				
13. Increase *(decrease)* in tax exemption on wages and/or tips on Line 12 *(Line 12 x rate)*	116					

Schedule of Adjustments (Continued)

Name of employer	Employer Identification Number	Calendar year
City of Susanville	94-6000439	2013

Adjustment to Wages and Tax for Income Tax Withholding

	IRS Ref	(a) Applicable Rate	(b) 1st Quarter	(c) 2nd Quarter	(d) 3rd Quarter	(e) 4th Quarter
14. Income tax withholding wage adjustment subject to tax under IRC 3402		25.00%				
		Actual				
15. Income tax withholding wage adjustment subject to rates under IRC 3509(a)	079	1.50%	4,816.00	4,816.00	4,816.00	4,816.00
16. Income tax withholding wage adjustment subject to rates under IRC 3509(b)	079	3.00%				
17. Other income tax withholding wage adjustment						
18. Actual income tax withheld but not previously reported						
19. Other adjustment to income tax withholding						
20. Total income tax *(Lines 14, 15, 16, 17 x rates plus Line 18 plus/minus Line 19)*	111		72.00	72.00	72.00	72.00

Adjustment to Credits Against the Tax

	IRS Ref	(a) Applicable Rate	(b) 1st Quarter	(c) 2nd Quarter	(d) 3rd Quarter	(e) 4th Quarter
21. Increase *(decrease)* in COBRA premium assistance payments under IRC 6432	299					
22. Increase *(decrease)* in Advance Earned Income Credit under IRC 3507	766/767					
23. Increase *(decrease)* in exempt wages/tips paid to qualified employees March 19-31, 2010 under IRC 3111(d)(5)	117	6.20%				
24. Increase *(decrease)* in credit for exempt wages/tips on Line 23 *(Line 23 x rate)*	296					
25. Increase *(decrease)* in other credits						
26. Net increase *(decrease)* in credits *(sum of Lines 21, 22, 24, and 25)*						

AGENDA ITEM NO. 9E

Reviewed by: City Administrator

____ Motion only
____ Public Hearing
X Resolution
____ Ordinance
____ Information

Submitted by: James M. Moore, Fire Chief

Action Date: April 3, 2019

CITY COUNCIL AGENDA ITEM

SUBJECT: **Resolution No. 19-5629** Agreement for use of Conservation Camp Program with the State of California

PRESENTED BY: James M. Moore, Fire Chief

SUMMARY: City departments have many ongoing maintenance tasks and project ideas which are difficult to accomplish with limited staffing. Some of these tasks and projects include weeds on City properties, River Trail and Skyline Park Trail maintenance, Susan River bank and vegetation maintenance just to name a few. Utilization of Cal Fire Conservation Camp crews for these tasks and projects require a current Project Request (FC-32) and MOU (FC-31), both of which have expired. Therefore, it is necessary to execute a Memorandum of Understanding with the State of California to continue utilizing these crews. The documents listed have a (2) two year term.

Cal Fire trains and maintains wildland fire crews at the California Correctional Center. These crews are available to the City for various uses on public properties. The cost for a sixteen person crew, with supervision, transportation, fuels, and equipment is $200 per day, plus a 12.5% administrative fee, or other in-kind methods of payment agreed upon by both agencies before work begins.

FISCAL IMPACT: Determined by project length

ACTION REQUESTED: Motion to approve Resolution No. 19-5629 and authorize the Mayor to sign FC-31, Memorandum of Understanding. Motion to authorize the City Administrator to sign FC-32, Conservation Camp Program Project Request, as necessary.

ATTACHMENTS: Resolution No. 19-5629
FC-31 Memorandum of Understanding

RESOLUTION NO. 19-5629
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUSANVILLE APPROVING AND AUTHORIZING MAYOR TO SIGN AGREEMENT FC-31, MEMORANDUM OF UNDERSTANDING AGREEMENT FOR USE OF CONSERVATION CAMP PROGRAM WITH THE STATE OF CALIFORNIA AND CITY ADMINISTRATOR TO SIGN FC-32, CONSERVATION CAMP PROJECT REQUEST, AS NECESSARY

WHEREAS, the City of Susanville has many ongoing maintenance tasks and proposed projects which are difficult to accomplish with existing staff levels; and

WHEREAS, Cal Fire trains and maintains wildland fire crews at the California Correctional Center which are available to the City for various uses on public property; and

WHEREAS, these crews are available at a cost per 16-person crew with supervision, transportation, fuels and equipment for $200/day plus 12.5% administrative fee, or other in-kind methods of payment agreed upon by both agencies before work begins.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Susanville authorizes the Mayor to sign Agreement FC-31 and the City Administrator to sign FC-32, Conservation Camp Project Request, as necessary.

APPROVED: _____
Kevin Stafford, Mayor

ATTEST: _____
Gwenna MacDonald, City Clerk

The foregoing Resolution No. 19-5629 was adopted at a regular meeting of the City Council of the City of Susanville, held on the 3rd day of April, 2019 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAINING:

_____
Gwenna MacDonald, City Clerk

APPROVED AS TO FORM: _____
Jessica Ryan, City Attorney

STATE OF CALIFORNIA, NATURAL RESOURCES AGENCY
DEPARTMENT OF FORESTRY AND FIRE PROTECTION

CONSERVATION CAMP PROGRAM PROJECT REQUEST AND RECORD

FC-32 (REV. 01/19)

MOU # 19-ATP-45

CAL FIRE USE ONLY	
PROJECT NAME	City of Susanville
DATE	7/1/2019
FC-79 CODING	PO

CALIFORNIA DEPARTMENT OF FORESTRY AND FIRE PROTECTION

CAL FIRE USE ONLY

NAME	Cal Fire Antelope Camp CC#25
ADDRESS	PO Box 908
CITY, STATE	Susanville, CA 96130
PHONE	530-257-2295
FAX	530-251-0682

CDCR/DJJ-CHECKLIST CUSTODIAL QUARTERLY REVIEW

INITIAL INSPECTION	FC Benninghoven		
SECURITY FORM PREPARED	YES		
SUPERVISION LEVEL	1	2	3 X
SECOND QUARTER			
THIRD QUARTER			
FOURTH QUARTER			

SPONSORING AGENCY

SPONSORING AGENCY

NAME	City of Susanville
ADDRESS	66 N. Lassen St.
CITY, STATE	Susanville, CA 96130
PHONE	530-252-5114
FAX	
PAGER	
COMMENTS:	Contacts: Fire Dept. James Moore 530-257-5152 jmoore@cityofsusanville.org Public Works ? 530-257-1057 Parks & Rec. Dow Davis 530-257-0103

CAL FIRE-CHECKLIST

CAL FIRE USE ONLY

INITIAL INSPECTION	FC Benninghoven
PROJECT NUMBER	19-45
IIPP-2 JOB HAZARD ANALYSIS	YES
IIPP-3 CODE OF SAFE PRACTICES	YES
IIPP-4 JOB SAFETY SURVEY	YES
IIPP-6 EMPLOYEE TRAINING	YES
CEQA/NEPA COMPLETED	
FC-31 ATTACHED AND SIGNED	YES
SLASH & PILE BURNING PROCEDURES	

PROPERTY OWNER

PRIVATE PROPERTY?	NON PROFIT ORGANIZATION	FORM CAL FIRE-719
☐ YES ☒ NO	☐ YES ☒ NO	☐ YES ☒ NO

PROPERTY OWNER	City of Susanville
ADDRESS	66 N. Lassen St.
CITY/STATE/ZIP	Susanville, CA 96130
PHONE	530-252-5114

DESCRIPTION OF PROJECT (Type of work to be performed, attached additional sheets if necessary)
Facility maintenance and upkeep as requested. Vegetation management on city properties. Work projects for city improvements.

STATE OF CALIFORNIA, NATURAL RESOURCES AGENCY
DEPARTMENT OF FORESTRY AND FIRE PROTECTION

CONSERVATION CAMP PROGRAM PROJECT REQUEST AND RECORD

FC-32 (REV. 01/19)

PERIOD WORK CAN BE PERFORMED		ESTIMATED CREW DAYS
When requested weather permitting		30 days spread out between Dept.
REQUESTED START DATE As requested by sponsor	REQUESTED FINISH DATE On Going	
PLANS ATTACHED ☐ YES ☒ NO		

PROJECT NAME	SPONSOR'S PRIORITY
City of Susanville	N/A
PROJECT LOCATION With in the Susanville City Limits. Many locations See Map. River side Park , Susanville River Walk, Memorial Park, Sky Line Rd. area.	
	GPS COORDINATES N40*25.057 W120*38.825 (Center of Susanville)

PROJECT BENEFIT ASSESSMENT (Estimate the benefits of the project including such items as; fire defense, public safety, watershed, recreation, wildlife habitat, property, vegetation, soil, water, air surface configuration, wildlife, people, economic benefits that include; reduced maintenance costs, reduced suppression costs, reduced damage, elimination of hazards, etc. attach additional sheets as necessary).

Due to limited staffing and funding, a crew would benefit sponsoring agency on certain projects that require extensive hour of commitment. With the assistance of the Cal Fire crew the city would benefit with recreation, wildlife habitat, fire defense, and public safety. The work that will be performs will help with the reduction of maintenance and upkeep costs. The work will also help with the elimination of hazards and improve the community.

PROJECT SLASH & PILE BURNING PROCEDURES

☐ YES ☐ NO **Predicted Fire Weather Watches or Warnings**
☐ YES ☐ NO **Hazard Reduction Pile Burning Checklist (8100)**
☐ YES ☐ NO **Sponsor has a valid burn permit on site.**
☐ YES ☐ NO **All slash & piles will be consumed or extinguished prior to crew leaving project site.**
☐ YES ☐ NO **Sponsor will provide suppression control capabilities and supervision of all slash & pile burning that continues beyond crew work day.**
☐ YES ☐ NO **Notification to agency with fire suppression responsibility for the project burn site.**

CAL FIRE USE ONLY

PROJECT SPONSOR RESPONSIBILITIES	DESCRIPTION	ESTIMATED DURATION OF NEED
MATERIALS AND SUPPLIES N/A	N/A	N/A
SPECIAL TOOLS N/A	N/A	N/A
VEHICLE OPERATIONS N/A	N/A	N/A
TECHNICAL SUPERVISION AND LABOR N/A	N/A	N/A
OTHER (DESCRIBE) Rest Room	The sponsor will supply a rest room facility for the crew.	N/A

OPERATIONAL COST RECOVERY FROM SPONSOR

CAL FIRE USE ONLY

		Sponsor will payment will be In Kind for products request by Antelope Camp
		PLEASE DO NOT SEND A CHECK Contact Antelope camp for payment
Total $200/day (plus current ENY administrative fee)		$200.00 Per Crew Day In Kind

CAL FIRE USE ONLY

Approved For Final Planning and Scheduling	
CAL FIRE DIVISION CHIEF	DATE
CDCR CAMP COMMANDER	DATE
UNIT CHIEF	DATE

Sponsors Signature	
NAME (PRINT)	
SIGNATURE	DATE
TITLE	

STATE OF CALIFORNIA
DEPARTMENT OF FORESTRY AND FIRE PROTECTION
CONSERVATION CAMP PROGRAM – MEMORANDUM OF UNDERSTANDING
FC-31 (Rev. 11/10)
MOU #____19-ATP-45_____ Master Agreement #

This Memorandum of Understanding (**MOU**) is made and entered into by and between the California Department of Forestry and Fire Protection (**CAL FIRE**) and ____**City of Susanville**_____.
WHEREAS, CAL FIRE is authorized under Public Resources and Penal Codes to utilize inmates, or wards, assigned to conservation camps to perform the work of CAL FIRE;

WHEREAS, through contracts or cooperative agreement CAL FIRE may permit inmates, or wards to be used in the performance of conservation projects, fuels management and or hazard reduction (which could include slash and pile burning) for a public agency (local, state, or federal) or a qualified nonprofit organization under policies established by the Prison Industries Authority; and

WHEREAS, the Sponsor has a need for assistance in performing such projects,

The parties agree as follows:

A. The Sponsor shall submit project proposals on a form approved by CAL FIRE (currently an FC-32). By doing so, with reference to any such proposals subsequently approved by the CAL FIRE, Sponsor agrees to:

   1. Pay for all costs directly related to and necessitated by such projects, except for wages, salaries, and other remuneration paid to CAL FIRE employees, inmates, or wards, and the cost of their support

   2. Demonstrate the availability of adequate plans and specifications, sufficient funds, materials, supplies, and equipment, adequate technical supervision and any special labor requirements to complete such projects.

   3. Obtain the approvals, notification, and permits required by any state, federal, or local agency necessary to commence construction, fuels management, or operation of such projects.

   4. Hold an orientation meeting with CAL FIRE at the commencement of such projects to explain the technical aspects, execution of, and need for such projects.

B. From proposals submitted by the Sponsor, CAL FIRE shall select those projects meeting the priorities and resources of CAL FIRE. CAL FIRE shall submit evaluations to Sponsor that set forth any special requirements or conditions related to the projects. By so doing, with reference to any such evaluations subsequently approved by Sponsor, CAL FIRE agrees to provide labor, crew, supervision, normal transportation, food, and such tools as CAL FIRE determines to be available. Upon receipt of Sponsor's acceptance of such evaluations, projects shall be assigned to a conservation camp where they will be scheduled in accordance with the priorities and resources of CAL FIRE.

C. Timing

   1. Sponsor recognizes that fire suppression and other emergency activities have priority over any other work for conservation camp crews.

   2. Sponsor further recognizes that the resources of CAL FIRE are limited and the public service conservation work of CAL FIRE may be altered in priority form time to time.

   3. Projects will be performed within the rules and regulations of CAL FIRE which may require temporary suspension or permanent cessation of projects due to emergency conditions as defined by such rules and regulations.

   4 The Parties agree that any justified delays by either party shall be excused and costs caused by such delays shall be borne by the party incurring such costs.

D. Work performed under this MOU will be under the immediate supervision of CAL FIRE officials. The Sponsor will provide such operation supervision, technical assistance, guidance, and inspection, as it considers necessary to properly complete the work.

E. Nothing herein shall be construed as obligating the Sponsor to expend or to obligate funds in excess of appropriations authorized by law.

F. All improvements constructed in whole or in part on lands owned or controlled by Sponsor will remain the property of Sponsor.

G. Permission to perform work on lands owned or controlled by Sponsor does not in any way convey to CAL FIRE, its staff or any persons working with CAL FIRE in the performance of said work, employee status that would extend to them the benefits afforded to permanent employees of Sponsor.

H. Upon completion of each project, or any phase thereof, permission is hereby granted to CAL FIRE to place upon the project site a sign or emblem consistent in size and design to its surroundings, indicating the participation of CAL FIRE and the year thereof.

I. Other than as indicated in Section H, neither party shall use the name of the other party in any form or manner in advertisements nor other information released to the public without the prior written approval of the other party. Sponsor may be, and CAL FIRE is, subject to the California Public Records Act. This Section I is not intended to prohibit either party from legally complying with the PRA.

J. Each party, to the extent permitted by law, agrees to indemnify and hold harmless the other party, its officers, agents and employees from all claims, demands, or liability arising out of the indemnifying party's performance under this MOU except where such injury or damage arose from the sole negligent or intentional acts or omissions of the other party.

K. Neither party may assign this MOU or any interest herein without the written consent of the other party.

L. Subject to the provisions herein, all remedies allowed by law are available to either party for enforcement of this MOU. Any waiver of rights by either party on any matter related to this MOU shall not be deemed to be a waiver on any other matter relating to the MOU.

M All provisions of this MOU constitute essential elements of the agreed exchange that is the subject matter of this MOU. Accordingly, if any of these provisions are determined to be invalid, illegal, or unenforceable in any material respect, the remainder of this MOU is not enforceable against either of the Parties except as may be necessary to effect payment for services already rendered.

N. This MOU may be modified by mutual written agreement of the parties.

O. This MOU takes effect shall remain in effect until **7/1/2020**____, unless terminated prior to that date by 60 days written notice from one party to the other.

IT IS AGREED:

CAL FIRE	SPONSOR _____
Date: _____	Date: _____
By _____	By: _____
Print Name:	Print Name:
Title:	Title:
Address:	Address:

Antelope Conservation Camp
Rules And Regulations
Pertaining To Inmate Crews Assigned To Work Projects

1. **DO NOT** assist any inmate to escape. (Section 4534, Penal Code)

2. **DO NOT** allow or assist any inmate to communicate in any manner with outsiders.

3. **DO NOT** accept from, or deliver to any inmate any letter, message or package.

4. **DO NOT** permit former inmates or persons of disreputable character to associate with inmates or interfere with inmate activity. Visitors must conform to rules stipulated by the officer in charge of custody.

5. **DO NOT** allow any inmate to use a telephone or other communication instrument.

6. **DO NOT** allow any person not associated with the inmate camp program or work program to associate with inmates or interfere with inmate activity. Visitors must conform to rules stipulated by the officer in charge of custody.

7. **DO NOT** give or promise to give, trade, barter, and do not accept from any inmate, any coin, gift, or personal services.

8. **DO NOT**, in any way, contact or communicate with families or known associates of inmates for any purpose.

9. **NO** individual shall strike or lay hands on an inmate, unless it be in self defense of himself, or unless it is necessary to prevent serious injury to person or property.

10. **NO** sponsoring agency personnel shall become involved in the personal affairs of inmates, or former inmates.

11. **NO** personally owned fire arms are permitted to be kept in the area where inmates are working.

12. **DO NOT** bring guns, explosives, or any object that may be obviously classed as a weapon.

13. **DO NOT** bring any drug, narcotic, tobacco or alcohol beverage to an area where inmates may be present.

14. **DO NOT** give anything to any inmate for services performed on a community work project. To do so may result in immediate termination of the project. The inmate crew is already being compensated for there work by the California Department of Corrections And Rehabilitation.

I have read the above rules, understand them, and will comply with them.

Signature:_____ _____ Date:_____ _____

AGENDA ITEM NO. 9F

Reviewed by: City Administrator

___ Motion Only
___ Public Hearing
X Resolution
___ Ordinance
___ Information

Submitted By: Quincy McCourt, Project Manager

Action Date: April 3, 2019

CITY COUNCIL AGENDA ITEM

SUBJECT: **Resolution No. 19-5530** approving the Susanville Municipal Airport Commission (SMAC) regular meeting schedule

PRESENTED BY: Quincy McCourt, Project Manager

SUMMARY: The Susanville Municipal Airport Commission is proposing to modify their regular meeting schedule to a monthly meeting on the second Thursday of each month at 3:00 p.m. With the concern of the integrity of the property fence line and the risk of livestock breaching the runway, the SMAC is requesting a higher frequency of meetings to topics such as additional funding sources to assist with the City project match.

FISCAL IMPACT: None.

ACTION REQUESTED: Motion to approve Resolution No. 19-5630 approving the Susanville Municipal Airport Commission regular meeting schedule.

ATTACHMENTS: Resolution No. 19-5630
Proposed meeting schedule

RESOLUTION NO. 19-5630
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUSANVILLE AMENDING THE MEETING SCHEDULE OF THE SUSANVILLE AIRPORT COMMISSION

WHEREAS, the City of Susanville has established a five-member Airport Commission pursuant to Susanville Municipal Code Title 2, Chapter 2.32; and

WHEREAS, the meeting schedule of the Airport Commission was established by Resolution No. 98-3069 and amended by Resolution Numbers 10-4620 and 16-5327; and

WHEREAS, it is the request of the Commission that the Airport Commission meetings be increased in frequency and moved to the second Thursday of other month at 3:00 p.m. with the exception of December and January; and

WHEREAS, the City Council supports this request.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Susanville that the Susanville Airport Commission will meet monthly on the second Thursday of the month at 3:00 p.m. commencing with the April 11, 2019 meeting.

APPROVED: _____
Kevin Stafford, Mayor

ATTEST: _____
Gwenna MacDonald, City Clerk

The foregoing Resolution was adopted at a regular meeting of the City Council of the City of Susanville, held on the 3rd day of April, 2019 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAINING:

_____
Gwenna MacDonald, City Clerk

APPROVED AS TO FORM. _____
Jessica Ryan, City Attorney

City of Susanville

(530) 257-1000 • 66 North Lassen Street • Susanville, CA 96130-3904

Susanville Municipal Airport Commission

Regular Meeting Schedule - 2019

Meeting	Date	Time
1	3/14/2019	3:00pm
2	4/11/2019	3:00pm
3	5/9/2019	3:00pm
4	6/13/2019	3:00pm
5	7/11/2019	3:00pm
6	8/8/2019	3:00pm
7	9/12/2019	3:00pm
8	10/10/2019	3:00pm
9	11/14/2019	3:00pm
10	2/13/2020	3:00pm
11	3/12/2020	3:00pm
12	4/9/2020	3:00pm
13	5/14/2020	3:00pm
14	6/11/2020	3:00pm

Mayor:
Kevin Stafford
Mayor Pro Tem:
Joseph Franco

www.cityofsusanville.org

Councilmembers:
Mendy Schuster
Brian Moore
Brian Wilson

AGENDA ITEM NO. 9G

Reviewed by: ____City Administrator

X Motion only
____Public Hearing
____Resolution
____Ordinance
____Information

Submitted by: James M. Moore, Fire Chief

Action Date: April 3, 2019

CITY COUNCIL AGENDA ITEM

SUBJECT: California Federal Surplus Property Acquisition

PRESENTED BY: James M. Moore, Fire Chief

SUMMARY: The California Federal Surplus Personal Property Program (CFSPP) oversees the reutilization of state and federal surplus property and facilitates obtaining federal surplus property for qualifying non-federal organizations for their business and operational needs. All public agencies are eligible to receive federal, state, and local government surplus property and the City has an opportunity to acquire surplus property and equipment from the Sierra Army Depot in Herlong.

In order to qualify, an application must be filed that names the authorized buyers for the agency, and establishes contact information for compliance reviews and eligibility renewals. In order to receive an item of federal surplus personal property, the recipient must agree to specific restrictions for its use and specific time periods for placing it in use. The restrictions are tied to the original acquisition cost of the item, or if the item is a motor vehicle, or if it is an item that the Federal Government has categorized as an "In Perpetuity Item."

A service and handling charge for each item of federal surplus personal property acquired is assessed, and amounts to either $100 or nine percent of an item's original cost, whichever is larger. Staff proposes designating the City Administrator and Finance Manager as authorized representatives for the City.

FISCAL IMPACT: Per-item charge of $100 or nine percent of an item's Original Acquisition Cost.

ACTION REQUESTED: Motion to approve application for eligibility and authorize City Administrator to and Mayor to sign application

ATTACHMENTS: Surplus Property Eligibility Application

Application Checklist

Government and Special Districts

State Agency
County
City
Public School / District (College's, Universities)
Special District (Water Districts, Cemetery's, Utilities)

Name of Organization: _____

Contact Name: _____

Contact Name: Phone Number/Email Address:

(_ _ _) _ _ _ - _ _ _ _ _____

Form 201 – Application	Yes ☐ No ☐
Form 202 – Resolution with Board Minutes (When Applicable)	Yes ☐ No ☐
Form 203 – Non-Discrimination Certification	Yes ☐ No ☐
Form 204 – Racial Demographic and National Origins of all Persons within your service Area (https://factfinder.census.gov)	Yes ☐ No ☐
Debarment Form	Yes ☐ No ☐
Sign and Date Terms and Conditions	Yes ☐ No ☐
Proof of State/Public Agency Status (Listing in State Directory etc.)	Yes ☐ No ☐
Current CBEDS or WASC (if applicable) (https://dq.cde.ca.gov/dataquest/)	Yes ☐ No ☐
Return Completed Original Application to: Federal Surplus Property Program 1700 National Drive Sacramento, CA 95834 **(Please maintain a copy for your records)**	Yes ☐ No ☐

- Eligibility is limited to the period covered by the certification. Certifications are generally issued on an annual basis; therefore, the provider must update annually or as required by the approval on their certification.

Notes: _____

_____

_____

Reviewed by:		Date:
Approved:	Yes ☐ No ☐ New ☐ Renewal ☐	Expires:
Donee Number:		Billing Code:

DGS CALIFORNIA DEPARTMENT OF GENERAL SERVICES
Governor Edmund G. Brown Jr

STATE OF CALIFORNIA
NEW APPLICATION FOR ELIGIBILITY
STATE & FEDERAL SURPLUS PROPERTY PROGRAM

In completing this form please print or type information.

A. Name of Organization _____ Telephone _____

Address _____ City _____ County _____ Zip _____

E-Mail Address _____ Fax Number _____

1. Application is being made as a (please check one) (a) Public agency ☐ or (b) qualified nonprofit and tax-exempt organization ☐. Check all spaces that apply and provide all requested data.

B. PUBLIC AGENCY: Check either state ☐ or local ☐

_____ Conservation
_____ Economic Development
_____ Education
Grade Level _____
(Preschool, K-12, college)
Enrollment _____
No. of faculty _____
No. of days in school year _____
_____ Parks & Recreation
_____ Public Health
_____ Public Safety
_____ Two or more of above
_____ Other (specify) _____

NONPROFIT AGENCY OR ORGANIZATION:

_____ Education
_____ Grade Level _____
(Preschool, K-12, college)
_____ School for the mentally or physically handicapped
Enrollment _____
No. of faculty _____
No. of days in school year _____
No. of school sites _____
_____ Educational radio or television station
_____ Museum
_____ Library
_____ Medical institution
_____ Hospital
_____ Health center
_____ Clinic
_____ Other (specify) _____

1. Are the applicant's services available to the public at large? _____. If only a specified group of people is served, please indicate who comprises this group. _____

2. Checklist of signed and completed documents submitted with this application:

___ SASP Form No. 202 "Resolution," properly signed and approved by the Governing Board designating representatives, including their signatures, authorized to bind the applicant organization to service fees submitted by the State of California.
___ SASP Form No. 203, nondiscrimination compliance assurance.
___ Certification Regarding Debarment, Suspension, Ineligibility, & Voluntary Exclusion as required by the General Services Administration of the U.S. Government.
___ Other statements or documentation required, as may be specified.

Printed Name and Title of Administrator or Director: _____

Date: _____ Signature of Adminstrator or Director: _____

FOR STATE SURPLUS AGENCY USE ONLY

Application approved _____ Application disapproved _____

Comments or additional information: _____

Date: _____ Signed: _____

Donee Number: _____ Billing Code: _____

STATE OF CALIFORNIA
DEPARTMENT OF GENERAL SERVICES
OFFICE OF FLEET AND ASSET MANAGEMENT
ELIGIBILITY APPLICATION (NEW)
SASP 202 (Rev 3/15)

DGS CALIFORNIA DEPARTMENT OF GENERAL SERVICES

Governor Edmund G. Brown Jr.

RESOLUTION

"BE IT RESOLVED by the Governing Board, and hereby ordered that the offical(s) and/or employee(s) whose name(s), title(s), and signature(s) are listed below shall be and is (are) hereby authorized as our representative(s) to acquire surplus property through the auspices of the California State Agency for Surplus Property and accept responsibility for payment of incidental fees by the surplus property agency under the Terms and Conditions accompanying this form or listed on the reverse side of this form."

	NAME (Print or Type)	TITLE	SIGNATURE*	E-MAIL ADDRESS
A.				

***Note: All signatures must be in original form. No copied or stamped signatures**

B. The above resolution was PASSED AND ADOPTED this _____ day of _____ ,20 ___, by the Governing Board of the:

_____ by the following vote: AYES: _____; NOES: ___; ABSENT:_____
Agency Name

I, _____ Clerk of the Governing Board known as _____

Do hereby certify that the foregoing is a full, true and correct resolution adopted by the governing board of the below named organization at the meeting thereof held at its regular place of meeting on this date and by the vote above stated, a copy of said resolution is on file in the principap office of the Governing Board.

Signed by: _____

_____
Name of Organization

_____
Mailing Address

_____
City / Zip Code / County

NOTE: ALL LOCAL GOVERNMENT & NON-PROFIT INCORPORATED ORGANIZATIONS HAVE A GOVERNING BOARD, THEREFORE COMPLETE ONLY SECTIONS "A" & "B". THE FOLLOWING SECTION "C" IS FOR STATE AGENCIES ONLY

C. AUTHORIZED this ____ day of _____ 20 _____, by: _____
Signature of Administrative Officer

_____
Printed Name of Chief Administrative Officer / Title

_____
Organization Name / Street Address

_____
City / ZIP Code / County

STATE OF CALIFORNIA AGENCIES ARE REQUIRED TO PROVIDE THEIR STATE BILLING CODE: _____

STATE OF CALIFORNIA
DEPARTMENT OF GENERAL SERVICES
OFFICE OF FLEET AND ASSET MANAGEMENT
SASP 203 (Rev 3/15)

ASSURANCE OF COMPLIANCE WITH GSA REGULATIONS UNDER TITLE VI OF THE CIVIL RIGHTS ACT OF 1964, SECTION 606 OF TITLE VI OF THE FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949, AS AMENDED, SECTION 504 OF THE REHABILITATION ACT OF 1973, AS AMENDED, TITLE IX OF THE EDUCATION AMENDMENTS OF 1972, AS AMENDED AND SECTION 303 OF THE AGE DISCRIMINATION ACT OF 1975

_____, (hereinafter called the "donee"),
(Name of donee organization)

HEREBY AGREES THAT the program for or in connection with which any property is donated to the donee will be conducted in compliance with, and the donee will comply with and will require any other person (any legal entity) who through contractual or other arrangements with the donee is authorized to provide services or benefits under said program to comply with, all requirements imposed by or pursuant to the regulations of the General Services Administration (41 CFR 101-6.2) issued under the provisions of Title VI of the Civil Rights Act of 1964, Section 606 of Title VI of the Federal Property and Administrative Services Act of 1949, as amended, Section 504 of the Rehabilitation Act of 1973, as amended, Title IX of the Education Amendments of 1972, as amended, and Section 303 of the Age Discrimination Act of 1975, to the end that no person in the United States shall on the ground of race, color, national origin, sex, or age, or that no otherwise qualified handicapped person shall solely by reason of the handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity for which the donee received Federal assistance from the General Services Administration; and HEREBY GIVES ASSURANCE THAT it will immediately take any measures necessary to effectuate this agreement.

The donee further agrees that this agreement shall be subject in all respects to the provisions of said regulations; that this agreement shall obligate the donee for the period during which it retains ownership or possession of any such property; that the United States shall have the right to seek judicial enforcement of this agreement; and, this agreement shall be binding upon any successor in interest of the donee and the word "donee" as used herein includes any such successor in interest.

Date _____ _____
Donee Organization

BY _____
(President/Chairman of the Board
or comparable authorized official)

_____

_____

_____
Donee Mailing Address

DGS GENERAL SERVICES
Governor Edmund G. Brown Jr.

STATE OF CALIFORNIA
NEW APPLICATION FOR ELIGIBILITY
STATE & FEDERAL SURPLUS PROPERTY PROGRAM

Pursuant to Federal Regulation 28 C.F.R. §§ 42.401 - 42.415, a recipient is mandated to report to the Federal Government the racial and national origins of all persons within your service area. You are therefore asked to supply the Office of Fleet and Asset Management with the race and national orgins of individuals you serve in your service area (it may be helpful to refer to the US Census to determine the racial makeup of your service area at www.factfinder.census.gov/). This form must be completed and returned with the rest of the eligibility packet in order to qualify for the Federal Surplus Property Program. Your answers on this form in no way affect your eligibility; however, not returning the form will delay the processing of your application.

American Indian or Alaskan Native %_____	Persons having origins in any of the tribal people of North America, and who maintain cultural identification through tribal affiliation or community recognition.
Asian / Pacific Islander %_____	Persons having origins in any of the original peoples of the far east, Southeast Asia, Pacific Islands, or the Indian Subcontinent. This includes China, Japan, Korea, The Philippines, and Samoa.
Black %_____	Persons having origins in any of the black racial groups of Africa.
Hispanic %_____	Persons of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish culture or origin, regardless of race.
White %_____	Person having origins in any of the original people of Europe, North Africa, or the Middle East.
Other %_____	(Specify) _____

Print Name _____ Title _____

Signature _____ Date _____

CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION – LOWER TIER COVERED TRANSACTIONS

This certification is required by the General Services Administration regulations implementing Executive Order 12549-41 CFR 105-68 – for all lower tier transactions meeting the requirements stated at 41 CFR 105-68.110.

Instructions for Certification

1. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.

2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department of agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

3. The prospective lower tier participant shall provide immediate written notice to the person to whom this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.

4. The terms "covered transaction," "debarred," suspended," ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage section of rule implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations.

5. The prospective lower tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.

6. The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitation for lower tier covered transactions.

7. A participant in a covered transaction my rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under CFR part 9, subpart 9.4, debarred, suspended, in eligible, or voluntarily excluded from covered transactions, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs.

8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

Certification

(1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in this transaction by any Federal department or agency.

(2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

NAME OF DONEE APPLICANT

NAME AND TITLE OF AUTHORIZED REPRESENTATIVE

SIGNATURE DATE

Certifications and Agreements including Terms, Conditions, Reservations and Restrictions to be included On Agency Issued or Distribution Documents

A) The Donee Certifies That:

1) It is a public agency; or an approved non-profit institution or organization, exempt from taxation under Section 501 of the Internal Revenue Code of 1986; within the meaning of Section 203(j) of the Federal Property and Administrative Services Act of 1949, as amended, and the regulations of the General Services Administration (GSA).
2) The property is needed and will be used by the recipient for carrying out for the residents of a given political area one or more public purposes, or, if a nonprofit tax-exempt institution or organization or 8(a) business, the property is needed for and will be used by the recipient for educational or public health purposes, or for programs for older individuals, or for business purposes. The property is not acquired for any other use or purpose, or for sale or other distribution; or for permanent use outside the State, except with prior approval of the CSASP.
3) Funds are available to pay any and all costs and charges incidental to the receipt of surplus property, and that property is not being acquired for any other use(s) or purpose(s), is not for sale. The fee schedule is available upon request from the CSASP.
4) Any transaction shall be subject to the nondiscrimination regulations governing the donation of federal surplus personal property issued under Title VI of the Civil Rights Act of 1964 (41 USC 2000d-2000d-4a), as amended, section 504 of the Rehabilitation Act of 1973, as amended, Title IX of the Education Amendments of 1972, as amended, section 303 of the Age Discrimination Act of 1975, and the Civil Rights Restoration Act of 1987.
5) If the Donee is designated by the Federal Small Business Administration 8(a) Program as a socially and economically disadvantaged small business and the SBA and CSASP have both determined the Donee is eligible to receive federal surplus property as a donation, the Donee certifies that the property acquired is needed and will be used solely for the conduct of the Donee's business enterprise: and the Donee certifies to A. (3), (4) and (5),

B) The Donee Agrees to the Following Federal Conditions:

1) All items of property, other than items with a unit acquisition cost of $5000 or more and passenger motor vehicles, regardless of acquisition cost, shall be placed in use for the purpose(s) for which it was acquired within one year or receipt, and shall be placed in continuous use for one year from the date the property was placed in use. In the event the Donee does not place the property in use, or continuous use, the Donee shall immediately notify the CSASP, and, at the Donee's expense, make the property available for transfer or other disposal as directed by the CSASP.
2) Special handling or use limitations as are imposed by Federal GSA on any item(s) under which the item(s) are being allocated to the Donee.
3) In the event the Donee does not use the property as required by *Sections C (1)* and *(2)* below, at the option of the GSA, title and right to the possession of such property shall revert to the United States of America and, upon demand, the Donee shall release such property to such person as GSA or its designee shall direct.

C) The Donee Agrees to the Following Conditions Applicable to Items with a Unit Acquisition Cost of $5,000 or More and Passenger Motor Vehicles, Regardless of Cost. Except Vessels 50 Feet or More in Length and Aircraft Regardless of Acquisition Cost:

1) The property shall be place in use within one year of receipt, and shall be used only for the purpose(s) for which it was acquired and for no other purpose(s).
2) There shall be a period of restriction which will expire after such property has been used for the purpose(s) for which it is acquired for a period of 18 months from the date the property is placed in use, except for such item(s) of major equipment for which the CSASP designates a further period of restriction.
3) In the event the property is not so used as required by *Sections C (1)* and *(2)*, at the option of the CSASP, title and right to the possession of such property shall, at the option of the CSASP, revert to the State of California, and the Donee shall release such property to such person as the CSASP shall direct.

D) The Donee Agrees to the Following Terms, Reservations and Restrictions:

1) From the date it receives the property and throughout the time period(s) imposed by Sections B and C (as applicable) remain in effect, the Donee shall not sell, trade, lease, lend, bail, cannibalize, encumber, or otherwise dispose of such property, or remove it permanently, for use outside the State of California, without the prior approval of GSA or the CSASP. The proceeds from any sale, trade, lease, loan, bailment, encumbrance or other disposal of the property, when the GSA or the CSASP authorizes such action, shall be remitted promptly by the Donee to GSA or the CSASP, as applicable. If the Donee takes action in ignoring or disregarding the foregoing restrictions after the date the Donee received the property and before expiration of the time periods imposed by Sections C or D as applicable, at the option of the GSA or the CSASP, the Donee shall pay to the GSA or the CSASP any proceeds derived from the disposal, and/or the fair market or rental value of the property at the time of such unauthorized disposal as determined by the GSA or the CSASP as applicable.
2) If at any time, from the date the Donee receives the property throughout the time periods by Sections B and C as applicable, the Donee determines that some or all of the property is no longer suitable, usable, or further needed for the purpose(s) for which it was acquired, the Donee shall promptly notify the CSASP and shall, as directed by the CSASP, return the property to the CSASP, or release the property to another Donee or another state agency, or a department or agency of the United States, or sell or otherwise dispose of the property. The Donee shall remit the proceeds from the sale promptly to the CSASP.
3) The Donee shall make reports to the CSASP which shall state the use, condition, and location of the property, and shall report on other pertinent matters as may be required from time to time by the CSASP.
4) At the option of the CSASP, the Donee may abrogate the conditions set forth in Section B and the terms, reservations and restrictions pertaining in Section D by payment of an amount as determined by the CSASP.

E) The donee Agrees to the Following Conditions, Applicable to all Items of Property:

1) The property acquired by the Donee is on an "As Is," "where is" basis, without warranty of any kind.
2) If the Donee carries insurance against damages to or loss of property due because of fire or other hazards, and the damage to, loss or destruction to donated property with unexpired terms, conditions, reservations or restrictions, occurs, the CSASP will be entitled to reimbursement from the Donee out of the insurance proceeds, in an amount equal to the unamortized portion of the fair value of the damaged or destroyed donated property.

F) Terms, conditions, reservations and restrictions set forth in the Conditional Transfer Document executed by the authorized Donee representative are applicable to the donation of Aircraft and Vessels of 50 Feet or more in length having an acquisition cost of $5,000 or more in length or more, regardless of the purpose for which acquired.

SIGNATURE: _____ _____ _____ _____ DATE: _____ ____

AGENDA ITEM NO. 9H

Reviewed by: City Administrator

X Motion only
___ Public Hearing
___ Resolution
___ Ordinance
___ Information

Submitted by: Deborah Savage, Finance Manager

Action Date: April 3, 2019

CITY COUNCIL AGENDA ITEM

SUBJECT: Selection of Auditing Firm

PRESENTED BY: Deborah Savage, Finance Manager

SUMMARY: At the January 16, 2019 City Council meeting, Council directed staff to advertise a Request for Proposal (RFP) for Professional Auditing Services. Staff published the RFP on the California Society of Municipal Finance Officers (CSMFO) website, the City's website and mailed the document to the listed auditing firms on the attachment to the staff report. The City's RFP requested proposals to be submitted for a three-year contract with a possible two-year extension.

The City received various email inquiries with requests to answer their attached questions. The City received two proposals within the scope of the RFP from Badawi & Associates and Van Lant & Fankhanel, LLP. Both firms submitted proposals in accordance with the RFP requirements and have the professional experience in governmental accounting and implementing new Governmental Accounting Standards Board (GASB) updates. On March 14th, staff interviewed Mr. Greg Fankhanel, CPA and Mr. Brett Van Lant, CPA from the firm of Van Lant & Fankhanel. Both auditing firms have the qualifications to perform the annual audit for the city and staff is submitting both proposals for City Council consideration. Staff will bring back a resolution and contract at the next meeting for the chosen firm.

FISCAL IMPACT: Costs associated with implementation.

ACTION REQUESTED: Direction to staff

ATTACHMENTS: Audit Proposal – Badawi & Associates
Audit Proposal – Van Lant & Fankhanel

City of Susanville

TECHNICAL PROPOSAL

For Professional Auditing Services

for City of Susanville

For fiscal years ending June 30, 2019 through 2021, with the option of auditing its financial statements for two subsequent fiscal years.

February 18, 2019

Contact Person:

Ahmed Badawi, CPA
Badawi & Associates
Certified Public Accountants
180 Grand Avenue, Suite 1500
Oakland, CA 94612
Phone: (510) 768-8244
Fax: (510) 768-8249
E-mail: abadawi@b-acpa.com

BADAWI & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

City of Susanville

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BADAWI & ASSOCIATES

February 18, 2019

Ms. Deborah Savage
Finance Manager
City of Susanville
66 North Lassen Street
Susanville, CA 96130

Dear Ms. Savage:

Badawi & Associates (B&A), Certified Public Accountants (the "Firm") is pleased to have the opportunity to respond to your request for a proposal to provide external audit services and to submit its qualifications to perform an independent audit of the financial statements of the City of Susanville (the "City") for the fiscal years ending June 30, 2019 through 2021, with the option of auditing its financial statements for two subsequent fiscal years. The objective of our audits is to issue opinions regarding the fairness of presentation of the financial position of the City in accordance with generally accepted accounting principles. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) Government Auditing Standards, the provisions of the federal Single Audit Act of 1984, as amended in 1996), and the Uniform Guidance, Audits of States, Local Governments and Non-Profit Organizations, Uniform Administrative Requirements, as well as any other applicable federal, state, local or programmatic audit requirements.

We will also perform the following as part of our audit:

- Single Audit (if required)
- Lassen County Air Pollution Control District Report

We will also apply limited audit procedures to Management's Discussion and Analysis (MD&A) and required supplementary information. In addition, we will prepare the management letter containing comments and recommendations regarding our review and evaluation of the systems of internal control and accounting procedures.

This proposal will highlight the background of the partners and staff assigned to the engagement, summarize our experience in the governmental area, and describe our approach to auditing the City.

This proposal demonstrates our ability to render the quality examination and to perform the necessary accounting and auditing services requested by the City on a timely basis.

As a partner of the Firm, I will be the primary contact for negotiation of the contract. Additionally, I have been authorized to legally bind the Firm. You may contact me at the following address and phone number:

Mr. Ahmed Badawi, CPA
Badawi & Associates
Certified Public Accountants
180 Grand Ave. Suite 1500
Oakland, CA 94612
Telephone: (510)768-8244
E-mail: abadawi@b-acpa.com

We are committed to performing the required work, completing the audit, and issuing the necessary auditors' reports.

We believe we are the best qualified to perform the audit because our audit staff includes individuals well versed in municipal auditing and reporting requirements. We have performed auditing and consulting engagements for numerous cities throughout California. We will be responsive to the needs of the City, we understand the City's operational environment, and pledge to you our complete commitment to providing a quality product that meets the City's requirements.

The approach to the audit has been designed to meet the audit requirements of the various authorities with the least disruption to the City's office operations. The foundation of the audit approach is based on communication coupled with a strong knowledge of City operations and detailed planning at the initial stages of the audit. Open communication lines with all parties of the Engagement Team and City Management and staff throughout the engagement eliminate "surprises". Initial planning and proper assignment of duties to experienced personnel provide for an effective and efficient audit process. Consequently, inefficiencies and disruptions are kept to a minimum. In addition, we perform almost half of the audit tasks during the interim phase to minimize any unforeseen delays during the year-end phase and to ensure a smooth and timely audit process.

The Firm maintains liability insurance coverage for professional liability, Workers' Compensation, Comprehensive General Liability and Auto as part of our comprehensive insurance policy.

The Firm is an Equal Opportunity employer and complies with all Federal and State hiring requirements. The Firm also supports Affirmative Action philosophies and works hard to provide disadvantaged groups with opportunities for self enhancement.

This proposal is a firm and irrevocable offer for 180 days.

We are confident that you will find our organization offers the required expertise, technical knowledge, and business understanding to perform an audit of the City. Our past experience provides us with a thorough understanding of the needs and requirements of the City, as well as the technical knowledge to perform such services in accordance with the accounting and auditing guidelines as published by the various authoritative entities.

We welcome your inquiries and look forward to further discussions with you.

Sincerely,

Ahmed Badawi
Partner
Badawi & Associates
Certified Public Accountants

Independence

Independence

The Firm is independent of the City of Susanville as defined by the GAO's Standards for Audit of Governmental Organizations, Programs, Activities and Functions, and the AICPA and California State Society of Certified Public Accountants as promulgated in various auditing and professional standards.

Firm Qualifications and Experience

Insurance

The Firm maintains professional liability insurance and other coverage as part of our comprehensive insurance policy. Upon selection as City's independent auditor, the Firm and our insurance provider will provide a certificate of insurance to City which shows the minimum requirements identified by City have been met.

License to Practice in California

The Firm and all key professional staff assigned to City's audit are properly licensed to practice as Certified Public Accountants in the State of California and comply with GAO *Government Auditing Standards*.

The Firm is registered with the California State Board of Accountancy. Its State number is COR6823.

The Firm has met all required State and local laws, rules, and regulations.

Firm Qualifications

Badawi & Associates was founded by Mr. Ahmed Badawi. Mr. Badawi has over 20 years of experience working with state and local government with a special focus on cities. Prior to founding B&A, Mr. Badawi was a partner with several local and national firms, where he headed their government practice in Northern California. Mr. Badawi founded Badawi & Associates to serve the fast-paced needs of California's local governments. The goal is to build a proactive, client-focused culture from the ground up and to eliminate the entrenched bureaucratic culture and intrinsic limitations of the big audit firms.

Located in Oakland, CA, the Firm serves a variety of cities throughout California as well as conducting financial related services for numerous special districts and authorities. Names and phone numbers of several of our current and past clients and other references are provided for your inquiries. We encourage you to contact these individuals to obtain information on the quality of the audit and the ability of the audit staff.

Our Oakland office will be the Engagement Office assigned to the City.

In addition to specific city financial statements, the Firm members have also audited numerous redevelopment agencies, public financing authorities, hospitals, housing authorities, transportation authorities, special districts, water districts, OCJP grants, self-insurance pools, joint power authorities and has also performed numerous compliance audits in accordance with the Single Audit Act, childcare regulations, TOT regulations, AQMD regulations, franchise requirements.

The Engagement Partner assigned to the City, Mr. Ahmed Badawi. Mr. Badawi has over 20 years of government audit experience. He is a member of various governmental committees, has actively participated in the development of accounting and audit guidelines for the governmental sector, and is an instructor for the California Society of Municipal Finance Officers.

The professional staffs assigned to the Engagement are qualified and experienced. Each individual of the Engagement Team has several years of experience and has conducted or participated in numerous municipal audits of various sizes. Their understanding of governmental operations and the various authoritative guidelines will provide the where-with-all to perform the audit in an efficient and effective manner with minimal disruption to the City's finance department.

Technical Approach

The approach to the audit has been designed to meet the audit requirements of the various authorities with the least disruption to the City's operations. The foundation of the audit approach is based on communication coupled with a strong knowledge of City operations and detailed planning at the initial stages of the audit. Open communication lines with all parties of the Engagement Team and City Management and staff throughout the engagement eliminate "surprises". Initial planning and proper assignment of duties to experienced personnel provide for an effective and efficient audit process. Consequently, inefficiencies, disruptions, and lack of understanding are kept to a minimum.

The audit approach will consist of four phases:

1) **Initial Planning Meeting:**
The Engagement Partner and Manager will meet with City Management to discuss the audit approach, identify specific needs of City Management, and familiarize themselves with City policies and practices.

2) **Interim:**
The Engagement Team members including the Engagement Team Partner will perform the internal control reviews, test transactions, evaluate compliance with Single Audit Act requirements, identify potential audit issues that need to be addressed, perform limited confirmation procedures, and develop a clear understanding between the Engagement Team and City Management of the year-end audit responsibilities and assignments. **In addition, we strive to complete many of the year-end audit tasks during the interim phase to ensure a smoother audit process. We will work with the City on providing a list of those tasks that we will target to complete during interim and work with the City on how to complete them to minimize the amount of effort and time needed at year-end which in turn will assist the City in meeting its goal of issuing the CAFR.**

3) **Year end:**
The Engagement Team members including the Engagement Team Partner will conduct validation procedures on general ledger account balances, complete confirmation procedures, perform analytical procedures on revenue and expenditures, perform search for unrecorded liabilities, complete compliance work on Federal Assistance, and wrap up audit field work.

4) **Reporting:**
Auditor's reports for all City reporting entities and compliance requirements will be finalized along with Single Audit Reports and Management Letter comments. The Partner and Manager will be available to make presentations to the City Council and/or designated bodies.

Firm Experience

The Firm is located in Oakland, and provides a full range of accounting services to governmental agencies throughout California, including audit, tax and accounting. The Firm's professional staff members provide the financial background and specific experience to meet the City's operational needs. Additionally, this situation provides the City with an auditing firm that has depth in capabilities to address any financial issue the City may need assistance with, and the quality audit approach that you expect.

Our Oakland office will be the Engagement Office assigned to the City.

Firm policy requires that the Engagement Partner, during the first year of the engagement, be actively involved in the daily fieldwork. This means to the City that Mr. Badawi will actually be on-site during the audit coordinating the audit process, supervising the audit staff, gaining a hands-on understanding of City processes, and benefiting the City with his broad municipal experience. We have found that this effort benefits the City and the Firm through developing a thorough knowledge of the City's practices and issues and establishing a close working relationship with the City's Management. Additionally, continuity of audit personnel is assured because of the hands on involvement of the Partner.

We are committed to providing appropriate and related experience, personal involvement, and a broad business perspective to produce a quality end product within the time frames required.

The Firm provides financial and compliance auditing services to governmental agencies throughout California. We are a governmental agency auditing firm and our professional staff members have been performing these services for many years. As a result, we have performed financial and compliance audits on most, if not all, types of governmental agencies and operations including:

- Cities
- Redevelopment Agencies
- Financing Authorities
- Housing Authorities
- Special Districts
- Water Districts
- Waste Management Authorities and Operations
- Pension Plans
- Child Care Operations
- Joint Power Authorities
- Investment Activities
- Landfills
- Enterprise Funds
- Airports
- Transportation Operations
- Federal and State Grants

Additional Activities

We offer a full range of accounting and finance services to the governmental sector. These services include:

- Financial audits
- Compliance audits
- Tax advice
- Development of financial and accounting policies and procedures
- Investment review and compliance evaluation
- Operational reviews
- Technical guidance on existing and upcoming accounting issues
- Training seminars
- Pension/profit-sharing plans
- Performance audits
- Business consulting

Consequently, Firm personnel are well qualified to perform the services expected by the City

Client Training Seminar

The Firm hosts an annual update on recent technical accounting and finance issues affecting the governmental area. This all day session reviews new and anticipated pronouncements from GASB, discusses future issues under consideration by GASB, reviews accounting treatment of various transactions where issues may arise, and provides a general overview of state and federal compliance issues. All of our clients are invited to attend, free of charge. The one day session qualifies for CPE under the rules of the State Board of Accountancy and is held in locations throughout the Bay Area.

CSMFO Training

The Firm provides a one-day training session entitled "Introduction to Governmental Accounting" to members of CSMFO. Firm personnel developed the class materials and teach the sessions. Approximately 10 sessions are held annually at various locations throughout the State. The Firm provides these sessions for only the cost of materials to CSMFO in keeping with its philosophy to support the industry in which it serves.

GASB 68 Firm Developed Tools and Assistance

The Firm has developed tools to assist our clients with preparation of GASB 68 journal entries for the CalPERS' Cost Sharing Plans (for which individualized actuarial valuations are no longer prepared) and the CalPERS' Agent Multiple Employer Plans. In addition to providing our clients with these tools and instructions on how to use them, we are available to answer any questions on how to prepare and complete the GASB 68 journal entries.

Quality Control Review

According to Government Auditing Standards, firms who perform audits under the Yellow Book are required to have a peer review once every three years. We received a report with a rating of pass with no deficiencies which we attached for your review.

John Leblas, CPA
Stephen C. Williams, CPA
Joseph O. Romero, CPA

System Review Report

Badawi & Associates
Oakland, California;
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Badawi & Associates (the firm) in effect for the year ended February 29, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*.

In our opinion, the system of quality control for the accounting and auditing practice of Badawi & Associates in effect for the year ended February 29, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass, pass with deficiency(ies)* or *fail*. Badawi & Associates has received a peer review rating of *pass*.

GYL Decauwer LLP
Ontario, California
May 20, 2016

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B&A has policies and procedures to ensure it hires only qualified people, that it properly supervises them and provides professional training, that it advances them to responsibilities they are capable of handling, and that it provides them with necessary technical resources. All members of B&A are very familiar with the stringent quality control standards established by the AICPA.

The Firm is a member of the AICPA Government Audit Quality Center.

The Firm is a member of the AICPA Private Companies Practice Section.

Federal or State Desk Reviews

The Firm has had no negative federal or state reviews in the past three (3) years.

Disciplinary Action

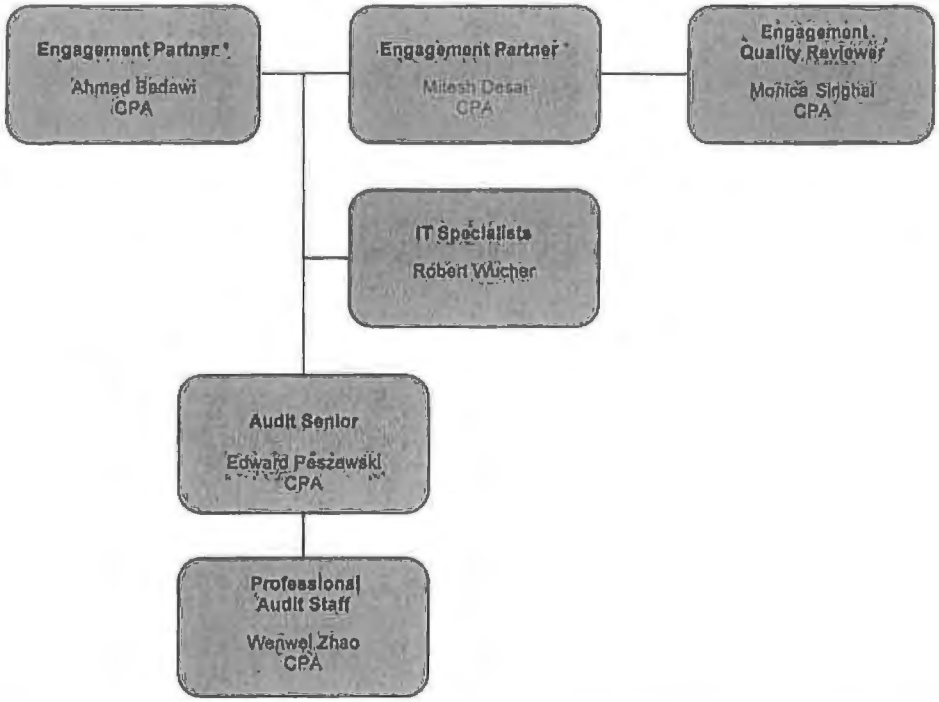
There has not been any state or federal disciplinary actions taken or pending against the Firm nor any findings to report.

Lost Clients and Pending Litigations:

The Firm has not experienced termination of any contracts before completion, and has not experienced any lawsuits or legal actions that have been resolved or are currently pending in the prior five years.

Partner, Supervisory, and Staff Qualifications and Experiences

The Engagement Team will normally consist of six individuals who provide a broad business perspective and significant experience in governmental auditing. This team will provide access to a wide range of technical capabilities which will provide the City with not only the technical support necessary to perform the audit, but also the broad business background to interpret findings and observations to offer effective solutions to issues, and the personal involvement of the Engagement and Compliance Partners of the Firm.



* Because of California Audit Partner rotation requirements, Ahmed Badawi will be the audit partner for the fiscal year 2019, and Mitesh Desai will serve as the audit partner for the remainder of the contract period.

The Engagement Team will be led by Ahmed Badawi, CPA. Mr. Badawi's background includes over eighteen years of municipal auditing experience with a special focus on cities. He is the instructor of the CSMFO "Introduction to Governmental Accounting" training classes. Mr. Badawi is a member of the Government Accounting and Auditing Committee, the Accounting Principles and Auditing Standards Committee and the State Technology Committee of the California Society of Certified Public Accountants. He has participated in the audits of numerous city, county and special district governments, as well as non-profit entities. His diversified background offers the technical qualities required of the governmental and non-profit areas and the necessary wherewithal to properly evaluate the entire accounting process, develop opportunities to improve the accounting process, and to offer practical business recommendations. He will serve as the Audit Partner for the fiscal year 2019.

The second member of the Engagement Team is Mitesh Desai, CPA. Mr. Desai's background includes ten years of experience in municipal auditing. Mr. Desai has participated in the audits of numerous governmental agencies, assisted in their efforts to publish their CAFRs in compliance with GASB 34, and a volunteer member of the GFOA Special Review Committee. Mr. Desai has also achieved the Advanced Single Audit Certificate offered by the AICPA. He will serve as the audit partner for the remaining of the contract period.

The third member of the Engagement Team is Edward Peszewski, CPA. Mr. Peszewski's background includes over seven years of auditing experience, including several city audits. Mr. Peszewski will be the senior of this engagement

The fourth member of the Engagement Team is Wenwei Zhao. Ms. Zhao's background includes four years of accounting and auditing experience. She has participated in the audits of numerous governmental entities and assisted in their efforts to publish their financial statements in compliance with various regulations. Ms. Zhao will serve as a Professional Staff of this engagement.

The fifth member of the Engagement Team is Robert Wucher. Mr. Wucher has 30 years of experience in the field of Information Technology (IT) at the senior and executive management level. He has worked extensively with government agencies, private organizations and public companies. Industry experience includes the public sector, banking, manufacturing, Internet, health care and not-for-profit organizations.

Each member of the Engagement Team participates in continuing education programs offered by the AICPA and California State Society of Certified Public Accountants, and each has met the continuing education requirements for municipalities. In addition, the firm offers at least 60 hours of in-house CPE annually focused mainly on municipal audits.

Professional Development:

The Firm maintains a comprehensive training program targeted at appropriate professional staff levels. It utilizes in-house developed educational programs, AICPA and California CPA Foundation educational programs, and on-the-job training.

The Firm's annual training schedule which officially begins in April for all professional staff and administrative staff includes comprehensive in-house training sessions on such topics as:

- Review of principles of accounting and financial reporting for state and local governments.
- Review of governmental fund types and account groups.
- Review of newly issued generally accepted auditing standards and GAO auditing standards.
- Review of Internal Control evaluation approaches including COSO principles.
- Updates on recent governmental accounting and reporting guidelines.
- Review of Single Audit requirements and approaches.
- Review of financial audit approaches.
- Overview of audit and internal control work paper techniques.
- Review of GASB reporting requirements.
- Review of current issues facing the governmental community.

During the year, professional staff members are sent to various educational sessions sponsored by the AICPA and California State Society of CPAs, as considered appropriate for the level and need of the individual. These classes include, among others:

- Governmental Financial Reporting Standards and Practices.
- Yellow Book: Government Auditing Standards.
- Financial Accounting Standards: Comprehensive Review.
- Single Audit.
- Governmental Auditing & Accounting Update.
- Governmental Accounting Principles.
- Comprehensive Review of Generally Accepted Auditing Standards

The result of the Firm's training program is the production of a highly educated and competent municipal audit group capable of performing an efficient and effective audit for the City.

The Team members will continue their professional development efforts.

Staff Retention and Continuity:

The Firm's policy on providing service to our clients includes a commitment to maintaining continuity of audit personnel. We cannot guarantee that our staff will remain with the Firm. However, to encourage our staff to remain with us, we pay competitive wage rates; offer promotional opportunities; provide state-of-the-art equipment and excellent working conditions; and offer various benefits, such as retirement plans, medical plans, profit sharing programs, educational benefits, and other such benefits. We can also guarantee that the partner will be involved in future years. Continuity of audit staff is of prime concern to us and because of the hands-on involvement of the partner; we can assure you that future years' audits will be conducted in an efficient and effective manner with qualified and experienced professionals.

The Firm is an Equal Opportunity employer and complies with all Federal and State hiring requirements. The Firm also supports Affirmative Action philosophies and works hard to provide disadvantaged groups with opportunities for self enhancement.

Resumes of each member of the Engagement Team follow.

Ahmed Badawi, Certified Public Accountant – Engagement Partner

Length of Career

- Twenty years' experience in municipal auditing and accounting with a special focus on cities.
- Certified Public Accountant for the State of California.

Professional Experience

- Partial listing of clients served:

	Services Provided					
	Financial Audit	Single Audit	RDA Audit	PFA Audit	Enterprise Fund	Other
Cities:						
Susanville	X					X
Albany	X	X	X			X
Antioch	X	X		X	X	X
Azusa	X	X			X	X
Barstow	X	X			X	X
Berkeley	X	X	X		X	X
Buena Park	X	X	X		X	X
Burlingame	X				X	X
Dublin	X	X				X
East Palo Alto	X	X			X	X
Foster City	X	X	X		X	X
Fremont	X	X	X			X
Menlo Park	X	X	X		X	X
Newark	X	X	X			X
Pittsburg	X	X	X		X	X
Pleasanton	X	X		X		X
Redwood City	X	X	X		X	X
Richmond	X	X	X	X	X	X
San Bruno	X	X	X		X	X
San Leandro	X	X	X			X
San Mateo	X	X	X		X	X
Turlock	X	X	X	X	X	X
Union City	X	X	X		X	X
Vacaville	X	X	X	X		X
Walnut Creek	X	X	X		X	X
Yountville	X	X			X	X
Yuba City	X	X	X		X	X
Counties:						
Santa Cruz County	X	X	X	X	X	X
Contra Costa County	X	X	X	X	X	X
County of Lassen	X	X			X	X
Special Districts and Other:						
Port of Redwood City	X	X				X
Marin Municipal Water District	X					X
Coastside Fire Protection District	X					X
Alameda County Water District	X				X	X
Cosumnes Community Services District	X					X
East Bay Regional Park District	X	X				X

- Has performed numerous financial audits, Single Audits, Transportation Development Act audits, housing audits, electrical utility audits, RDA audits, PFA audits, and Trust Fund audits, and has prepared numerous CAFRs.

Education

- BS Degree in Accounting from the University of Alexandria, Egypt.

Professional Activities

- Instructor, CSMFO's "Introduction to Governmental Accounting" training class.
- Member, CALCPA Government Accounting and Auditing Committee
- Member, American Institute of Certified Public Accountants.
- Member, California Society of Certified Public Accountants.
- Member, Government Finance Officers Association.
- Member, California Society of Municipal Finance Officers.
- Chair, Audit Committee, San Francisco SPCA, a CA nonprofit organization

Continuing Education

- Has met the current CPE educational requirements to perform audits on governmental agencies

Mitesh Desai, *Certified Public Accountant* – Engagement Partner

Length of Career

- Ten years' experience in municipal auditing with a special focus on cities.
- Certified Public Accountant for the State of California.

Professional Experience

- Has participated in several financial audits, Single Audits, RDA audits, PFA audits, Transportation Development Act audits, and housing audits

	Services Provided					
	Financial Audit	Single Audit	RDA Audit	PFA Audit	Enterprise Fund	Other
Cities:						
Susanville	X					
Antioch	X				X	X
Albany	X					
Azusa	X	X			X	X
Barstow	X	X			X	X
Berkeley	X	X	X		X	X
Buena Park	X	X			X	X
Foster City	X	X	X		X	X
Fremont	X	X	X		X	X
East Palo Alto	X	X			X	X
Lemon Grove	X				X	
Newark	X	X	X			X
Menlo Park	X				X	X
Oakdale	X	X			X	X
Pittsburg	X	X	X		X	X
Placerville,	X	X			X	X
Redwood City	X	X			X	X
Rio Vista	X		X		X	X
San Mateo	X	X	X		X	X
Turlock	X				X	X
Union City	X				X	X
Vacaville	X	X	X	X		X
Yountville	X				X	X
Yuba City	X	X			X	X
Counties:						
Contra Costa	X	X	X	X	X	X
Glenn		X				
Santa Cruz	X	X	X	X	X	X
Special Districts and Other:						
Alameda County Water District	X					X
Alameda County Medical Center	X	X				X
Castro Valley Sanitary District	X					
Cosumnes Community Services District	X					
Golden Valley Health Centers	X					X
Marin Municipal Water District	X					
West County Wastewater District	X					X
Contra Costa Child Development Programs	X					X

Education

- BS Degree in Business Economics with an emphasis in Accounting from University of California, Santa Barbara

Professional Activities

- Member, American Institute of Certified Public Accountants.
- Member, California Society of Certified Public Accountants.
- Volunteer Member, GFOA Special Review Committee.

Continuing Education

- Various municipal accounting courses offered by the California Society of CPAs and local universities including:
  - Governmental Financial Reporting Standards and Practices
  - Yellow Book: Government Auditing Standards
  - Municipal Accounting
  - Single Audit
- Has met the current CPE educational requirements to perform audits on governmental agencies

Edward Peszewski, *Certified Public Accountant* – Professional Audit Senior

Length of Career

- Seven years of experience in auditing.
- Certified Public Accountant for the State of California.

Professional Experience

- Partial listing of clients served:

	Services Provided					
	Financial Audit	SCO Report	RDA Audit	PFA Audit	Enterprise Fund	Other
Cities:						
Susanville	X				X	
Albany	X				X	X
Barstow	X				X	X
Berkeley	X				X	X
Buena Park		X				
Dublin	X				X	X
El Cerrito	X				X	X
Lindsay	X				X	X
Merced	X				X	X
Oakdale	X				X	X
Redwood City		X				
Sebastopol	X				X	X
Yuba City	X				X	X
Towns:						
Yountville	X				X	X
Special Districts:						
Aptos/La Selva Fire Protection District	X					
Cosumnes Community Services District	X					
Elk Grove Water District	X					
Hayward Area Recreation and Park District	X					
Marin County Parks						X
Monterey Bay Unified Air Pollution Control District	X					
Sutter Animal Services Authority						X
Sutter Butte Flood Control Agency						X
Non-profits:						
Building Industry Association of the Bay Area	X					
Girls Incorporated of Alameda County	X					

Education

- Certificate in Accounting from University of California, Berkeley - Extension
- BA Degree in History from University of California, Santa Barbara

Professional Activities

- Member, American Institute of Certified Public Accountants.

Continuing Education

- Various municipal accounting courses offered by the California Society of CPAs and local universities including:
  - Governmental Financial Reporting Standards and Practices
  - Yellow Book: Government Auditing Standards
  - Municipal Accounting
  - Single Audit
- Has met the current CPE educational requirements to perform audits on governmental agencies

Wenwei Zhao– Professional Audit Associate

Length of Career

- Four years' experience in auditing
- Certified Public Accountant Candidate for the State of California.

Professional Experience

- Has participated in several financial audits, Single Audits, RDA audits, PFA audits, Transportation Development Act audits, and housing audits

	Services Provided					
	Financial Audit	Single Audit	RDA Audit	PFA Audit	Enterprise Fund	Other
Cities:						
Susanville	X				X	
Redwood City	X	X		X	X	X
Menlo Park	X				X	X
San Mateo	X				X	
Union City	X	X			X	X
El Cerrito	X				X	
East Palo Alto	X	X			X	
Town of Yountville	X				X	
Crescent City	X	X			X	X
Special Districts:						
Contra Costa County Child Care	X					X
Alameda County Single Audit		X				
Marin Municipal Water District	X					
Elk Grove Water District	X					
San Mateo County Mosquito and Vector Control District	X					
Hayward Area Recreation and Park District	X					
Cosumnes Services District	X					
Resource Conservation District of Santa Cruz County	X					
Santa Cruz Regional 9-1-1	X					

Education

- Master of Accounting from University of Pittsburgh, PA

Continuing Education

- Various municipal accounting courses offered by the California Society of CPAs and local universities including:
  - Governmental Financial Reporting Standards and Practices
  - Yellow Book: Government Auditing Standards
  - Municipal Accounting
  - Single Audit
- Has met the current CPE educational requirements to perform audits on governmental agencies.

Robert Wucher – Information Technology Specialist

Length of Career

- Thirty years' experience in information technology (IT)
- Worked extensively with government agencies, private organizations and public companies
- Industry experience includes public sector, banking, manufacturing, internet, healthcare, and not-for profit organizations

Areas of Expertise

- Systems Auditing and Controls Review (SEC AU-314, SAS-109, SAS-94)
- Sarbanes-Oxley, Section 404 IT Compliance Consulting and Auditing
- Journal Entry Analysis in Support of SAS-99 using IDEA by Caseware
- SSAE-16 (SOC 1, 2 & 3), Type I & II Reporting (Formerly SAS-70)
- ERP/MRP System Reviews and Workflow Analysis
- Software as a Service (SaaS) Cloud Computing Technologies
- International and Multinational Company IT Audit Expertise
- Forensic Data Analysis and Litigation Support in Support of Fraud Auditing
- Systems Selection and Request-for-Proposal (RFP) Development
- Systems Programming and Data Conversion
- Systems Failure Analysis and Quality Improvement
- E-Commerce and EDI Systems
- Information Technology Strategic Planning
- System Process/Procedures Development and Implementation
- Disaster Recovery and Business Continuity Planning

Publications

- Author, The Top Five Tips Every Technology Executive Needs to Know About Sarbanes-Oxley, Published 2007, Aspatore Books
- Author, Winning Legal Strategies for Technology & E-Business, An Overview of IT Controls Under Sarbanes-Oxley Published 2005, Aspatore Books

Presentations

- IT Security Trends
- Data Privacy and Cloud Computing
- IT Trends and Red Flag Rule
- IT Controls for NFP Organizations

Education

- B.S. degree in Business Administration, Finance, Old Dominion University, Norfolk, VA.

Professional and Civic Associations

- Member, Information Systems Audit and Control Association (IASCA)
- MAS-90 Accounting Application Suite Qualified Installer, SAGE Systems
- Former Board Member, Pets are Wonderful Support (PAWS), San Francisco, CA

Similar Engagements with Other Governmental Entities

The tables below and on the following page are a partial listing of our clients similar to the City, and illustrates the many different types of components involved in each audit engagement that present very difficult and complex auditing and accounting challenges (in order of audit hours).

* Indicates cities with population over 50,000
** Indicates cities with governmental revenues over 100 million and population over 50,000

	City	Client Since	Hours	Engagement Partner	Principal Contact	CAFR	GFOA Award	RDA/Successor Agency	Single Audit	TDA	Water Fund	Sewer Fund	Child Care Audit	Housing Authority	Enterprise Funds	Pension Trust Fund
**	Berkeley	2008	1800	Ahmed Badawi	Mr. Henry Oyekanmi Finance Director (510)981-7300 hoyekanmi@ci.berkeley.ca.us	X	X	X	X	X		X			X	X
**	Redwood City	2006	600	Ahmed Badawi	Mr. Derek Rampone Financial Services Manager (650)780-7071 drampone@redwoodcity.org	X	X	X	X	X	X	X			X	
**	Vacaville	2008	600	Ahmed Badawi	Mr. Ken Matsumiya Accounting Manager (707)449-5104 ken.matsumiya@cityofvacaville.com	X	X	X	X	X	X	X		X	X	
*	Union City	2006	600	Ahmed Badawi	Mr. Mark Carlson Finance Director (510)675-5338 mcarlson@unioncity.org	X	X	X	X	X					X	
	Newark	2009	550	Ahmed Badawi	Mrs. Krysten Lee Director of Administrative Services (510)578-4804 krysten.lee@newark.org	X	X	X	X	X						
	Barstow	2012	550	Ahmed Badawi	Ms. Cindy Prothro Finance Director (760)255-5115 cprothro@barstowca.org	X	X	X	X			X			X	
	Azusa	2017	530	Ahmed Badawi	Ms. Talika Johnson Finance Director (626)812-5203 Tjohnson@ci.azusa.ca.us	X	X	X	X		X	X			X	
	Menlo Park	2014	514	Ahmed Badawi	Mr. Nick Pegueros Administrative Services Director (650)330-6640 nmpegueros@menlopark.org	X	X	X	X	X	X		X		X	
**	San Mateo	2004	500	Ahmed Badawi	Mr. Drew Corbett Finance Director (650)522-7104 dcorbett@cityofsanmateo.org	X	X	X	X	X		X			X	
*	Buena Park	2013	500	Ahmed Badawi	Mr. Sung Hyun Finance Director (714)562-3717 shuyn@buenapark.com	X	X	X	X		X	X			X	
*	Antioch	2005	470	Ahmed Badawi	Ms. Dawn Merchant Finance Director (925)779-6135 Dmerchant@ci.antioch.ca.us	X	X	X	X	X	X	X			X	

	City	Client Since	Hours	Engagement Partner	Principal Contact	CAFR	GFOA Award	RDA/Successor Agency	Single Audit	TDA	Water Fund	Sewer Fund	Child Care Audit	Housing Authority	Enterprise Funds	Pension Trust Fund
*	Yuba City	2017	450	Ahmed Badawi	Ms. Robin Bertagna Finance Director (530)822-4615 rbertagn@yubacity.net	X	X	X	X		X	X			X	
	Susanville	2013	450	Ahmed Badawi	Ms. Deborah Savage Finance Manager (530)252-5112 dsavage@cityofsusanville.org	X	X				X	X			X	
	East Palo Alto	2014	450	Ahmed Badawi	Ms. Brenda Olwin Finance Director (650)853-3122 bolwin@cityofepa.org	X	X	X	X		X				X	
	Millbrae	2015	400	Ahmed Badawi	Ms. DeAnna Hilbrants Finance Director (650)259-2350 dhilbrants@ci.millbrae.ca.us	X		X			X	X			X	
	Albany	2008	380	Ahmed Badawi	Ms. Heather Rowden Finance Director (510)528-5730 hrowden@albanyca.org	X	X	X		X		X			X	X
*	Merced	2016	360	Ahmed Badawi	Ms. Venus Rodriguez Finance Director rodriguezv@cityofmerced.org				X		X	X			X	
	Lindsay	2017	350	Ahmed Badawi	Mr. Bret Harmon Finance Director (559)562-7102 ext. 8020 bharmon@lindsay.ca.us						X	X			X	
	Calimesa	2013	350	Ahmed Badawi	Ms. Bonnie Johnson Finance Director (909)795-9801 ext 231 bjohnson@cityofcalimesa.net			X								
	Guadalupe	2017	300	Ahmed Badawi	Mrs. Carolyn Cooper Finance Director (805)356-3895 ccooper@ci.guadalupe.ca.us			X			X	X			X	
	Yountville	2015	300	Ahmed Badawi	Mrs Maria Ojeda Finance Director (707)944-8851 rarrow@yville.com	X	X		X	X	X	X			X	
	Crescent City	2014	300	Ahmed Badawi	Ms. Linda Leaver Finance Director (707)464-7483 x224 lleaver@crescentcity.org			X	X		X	X		X	X	
	Oakdale	2016	290	Ahmed Badawi	Mr. Albert Avila Finance Director (209)845-3584 aavila@ci.oakdale.ca.us			X	X	X	X	X			X	

The table below lists all special district engagements (in order of audit hours):

Special District	Client Since	Hours	Engagement Partner	Principal Contact	CAFR	GFOA Award	Single Audit	Enterprise Funds
Florin Resource Conservation District/ Elk Grove Water District	2015	350	Ahmed Badawi	Mr.Patrick Lee Finance Manager / Treasurer (916)685-3556 plee@egwd.org	Yes	Yes		X
Marin Municipal Water District	2010	350	Ahmed Badawi	Mrs. Mikyung Pustelnik Finance Manager (415)945-1410 mpustelnik@marinwater.org	Yes	Yes	X	X
Hayward Area Recreation and Park District	2017	350	Ahmed Badawi	Paul McCreary General Manager (510) 881-6710 mccp@haywardrec.org	No	No		
Cosumnes Community Services District	2008	350	Ahmed Badawi	Mr. Jeremy Edwards Finance Manager (916)405-7187 jeremyedwards@yourcsd.com	Yes	Yes		
Port of Redwood City	2006	200	Ahmed Badawi	Mr. Rajesh Sewak Manager of Finance & Admin. (650)306-4150 rsewak@redwoodcityport.com	No	N/A		X
Monterey Bay Unified Air Pollution Control District	2016	200	Ahmed Badawi	Ms. Joyce Giuffre Administrative Services Manager (831)-718-8019 jgiuffre@mbard.org	No	N/A		
Aptos La Selva Fire District	2016	150	Ahmed Badawi	Ms. Nancy Dannhauser Finance Director 6934 Soquel Drive Aptos, CA 95003 (831)-685-6690	No	N/A		
Central County Fire Department	2012	150	Ahmed Badawi	Ms. Jan Cooke Finance Director (650)375-7408 jcooke@hillsborough.net	Yes	Yes		
Zayante Fire Protection district	2017	150	Ahmed Badawi	John Stipes Fire Chief (831) 335-5100 chief2401@cwncast.net	No	No		
Santa Cruz Regional 9 - 1 - 1	2016	150	Ahmed Badawi	Tina Bisgaard Senior Administrative Assistant (831)471-1018 tina@scr911.org	No	No		
Resource Conservation District of santa Cruz County	2017	150	Ahmed Badawi	Ms. Sharon Corkrean Director of Finance scorkrean@rcdsantacruz.org	No	No		
Port of San Luis Harbor District	2017	150	Ahmed Badawi	Ms. Kristen Stout Business Manager (805)595-5413 kristens@portsanluis.com	Yes	Yes		

Understanding of Services to be Provided

The City desires an audit of the financial records for the City and an expression of an opinion in accordance with generally accepted accounting principles on the fairness of presentation of financial statements for the fiscal years ending June 30, 2019 through 2021, with the option of auditing its financial statements for two subsequent fiscal years.

The Firm will:

- Express an opinion on the fair presentation of its basic financial statement which includes but is not limited to the financial statements of governmental activities, the business-type activities, the aggregate remaining fund information, each major fund and all aggregate remaining fund information in conformity with generally accepted accounting principles in the United States of America.
- Express an opinion on the fair presentation of its combining and individual non-major and fiduciary fund financial statements and schedules in conformity with generally accepted accounting principles. The Firm will provide an "in-relation-to" report on the supporting schedules contained in the comprehensive annual financial report based on the auditing procedures applied during the audit of the basic financial statements and schedules.
- Provide an "in-relation-to" report on the schedule of federal financial assistance based on the auditing procedures applied during the audit of the financial statements.
- Perform the audit in accordance with generally accepted auditing standards accepted in the United States of America, applicable to the financial audit contained in the Government Auditing Standards issued by the Comptroller General of the United States and the provisions of the Uniform Guidance, Audits of States, Local Governments and Non-Profit Organizations.
- Perform limited procedures on supplementary information required by the Government Accounting Standards Board.
- Issue the following reports, following the completion of the audit of the fiscal year's financial statements:
    - Independent Auditor's Report on Financial Statements and Schedule of Expenditure of Federal awards
    - Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
    - Management Letter comments on Internal Controls
    - Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with the Uniform Guidance
    - Schedule of findings and questioned costs
    - Auditor's Communication with Those Charged with Governance
    - Comprehensive Annual Financial Report following the requirements and guidelines of the GFOA award program
    - Gann Report
    - Lassen County Air Pollution Control District Report
- Provide special assistance to the City as needed.
- Retain all working papers and reports at the audit firm's expense for a minimum of 7 years. In addition, make working papers available to the City and/or any government agency as appropriate.

Should any conditions be discovered requiring corrective action, the Firm will provide a detailed description of the findings and recommended actions as to their resolution.

The Firm will submit a report to the City Council and management detailing auditor's responsibility under generally accepted auditing standards, significant accounting policies, management judgments and accounting statements, significant audit adjustments, other information in documents containing audited financial statements, disagreements with management, management consultations with other accountants, major issues discussed with management prior to retention, difficulties encountered during the audit, and any significant deficiencies or material weaknesses found during the audit. Non-material instances of noncompliance will be reported in a separate management letter, if appropriate, along with any other observations or recommendations determined to be informative to City management.

The Firm will be available to provide advice and counsel regarding significant matters during the year.

The Firm's Partner and Staff welcome the opportunity to make presentations to the City Council and will be ready to respond to questions from the Council and citizens of the City.

Specific Audit Approach

Objectives of Our Services

The basic objective of our audit of the City is to conduct an examination of the financial statements in accordance with generally accepted auditing standards and to express our opinion on the fairness of presentation of such financial statements in conformity with generally accepted accounting principles.

Additionally, we believe that another real value of our audit lies in meeting other objectives at no additional cost. The following are other objectives of our services that have important benefits to the City:

- To offer substantive observations and recommendations relating to accounting and operating control policies and procedures.
- To identify opportunities for operating efficiencies and isolate candidate activities for cost reduction opportunities.
- To perform a professional audit in an efficient and effective way to minimize disruption to the office operations.
- To offer ongoing advisory services to assist in the running of the operation and implementation of improved operating procedures.

The engagement will be conducted within the framework of the Firm's quality control program which includes the use of audit programs, careful planning, use of computerized audit software and internal control evaluation & documentation software, and objective review procedures. On-site staff will use Firm supplied portable computers and printers.

Audit Approach

The specific audit approach has been designed to efficiently and effectively address the audit requirements of the City, to perform the audit of the City's financial records in a timely manner with minimal disruptions to office operations, and to meet the City's timeline.

The audit will be conducted in accordance with:

1) Generally accepted auditing standards established by the AICPA.
2) The standards contained in Government Auditing Standards issued by the GAO.
3) Provisions of the Single Audit Act and the Uniform Guidance.
4) Requirements issued by the California State Controller's office.
5) Other requirements as required.

We will conduct the necessary audit steps to perform:

- Planning of the engagement.
- Evaluation of the existing internal control environment to determine degree of risk of material misstatement.
- Determination of degree of compliance with laws, regulations, grant provisions, and City approved policies.
- Assessment of potential fraudulent issues.
- Validation of account balances.
- Verification of reasonableness of management estimates.

Technical Approach

We use an industry specific audit approach tailored to governmental entities. Our governmental audit approach addresses the special risks and circumstances of local governments. As a result, the audit is conducted efficiently and effectively with minimal disruption to your staff.

The core of our governmental technical audit approach can be summarized as follows:

1. **Planning, Understanding and Communication:**

   Based on our previous audit experience, using the budget, organizational charts, manuals and other financial information systems and our knowledge of how governments work, we will obtain an insight to the specific concerns and sensitivities of the City. Our understanding is updated continuously through our year-round contact and communication efforts. We will agree on common audit objectives and expectations with management before audit work begins and, throughout the audit, will meet regularly with management to discuss audit issues and to gather feedback.

2. **In-Depth Review of Systems and Controls:**

   We have developed diagnostic reviews which enable us to evaluate your systems and controls, and to provide management with constructive feedback. Combined with our knowledge of the City and understanding and experience with the City's accounting software, our control review will form the basis of our audit risk assessment. We will utilize the COSO approach in our evaluation of the City's internal processes to identify potential control deficiencies. In future years, we will update our understanding through similar procedures.

3. **Risk-Based Customized Testing Program:**

   Our audit approach is tailored to governmental applications. We will use audit programs specifically designed to address the operational environment of governmental entities. Our approach will identify potential control risks and the opportunities for risk of material misstatements and fraud. We will evaluate the various risk assessments and identify the potential risks relating to the:

   - Balance Sheets/ Statement of Net Position
   - Statement of Revenues and Expenditures / Statement of Activities
   - Presentation
   - Disclosure

   Our audit procedures will then be developed to address these risk areas.

4. **Expanded Interim Fieldwork:**

   Timeliness and audit efficiency is enhanced by performing extensive interim work. Partners, managers and senior staff work with City staff to identify and resolve potential audit issues early. Accordingly, the amount of audit work to perform at year end is minimized. Because our audit staff is familiar with the operations before year-end fieldwork begins, disruption of accounting staff is minimized.

5. **Smooth Transition:**

Our testing program focuses on audit risks identified by our understanding of the City's operations. We will work with the accounting staff to identify the most effective ways to address our objectives. Communication between the members of the audit engagement team and City staff will be fluid and continuous.

6. **Sample Size and Sampling Techniques:**

Our audit approach will include sampling activities. Population size and the level of assurance to be derived from a particular test will dictate the sample size. We use sampling in our audit approach to compliment skilled judgment and knowledge of the particular situation. Our sample size will range normally from 25 to 60 items.

7. **Automated Systems:**

We will evaluate controls over the IT functions to assess control risk. We intend to test controls for purposes of reliance. Our review procedures will evaluate controls over:

- Security Management
- Logical and Physical Access
- Configuration Management
- Segregation of Duties
- Contingency Planning

In addition, we will review controls over:

- Input, processing, output, master data
- Application interface
- Data management system interface

Our Information Technology Specialists Group will evaluate the IT operating control environment.

8. **Analytical Procedures:**

We use analytical procedures in several aspects of our audit. Extensive knowledge and industry background are required for effective analytics, and our staff possesses the appropriate experience and knowledge for the City to benefit from these procedures.

9. **Approach to be Taken in Determining Laws and Regulations Subject to Audit Test Work:**

We continuously refer to specific regulations, compliance supplements, state guidelines and contracts currently in force. We perform the procedures required related to laws and regulations, using inquiries, observations and sampling techniques. Some of the laws and regulations that we believe may be applicable to the City are the requirements of the California Public Utilities Commission, Single Audit Act and other applicable laws and regulations, including the California Government Code, provisions of applicable Grant guidelines, California Constitution GANN Limit requirements, requirements of local measures, Child Care Program compliance requirements, etc.

10. **Report Format:**

We will meet with City Management to review report formats. Any report format changes will be made in conjunction with approval from the City's management.

11. **Work Plans:**

The detailed work plans will be designed to efficiently and effectively address the audit requirements of the City in accordance with generally accepted auditing standards, to perform the audit of the City's financial records in a timely manner with minimal disruptions to office operations, and to meet the City's timeline.

12. **Adjusting Journal Entries:**

We will discuss and explain proposed audit adjusting entries with the City's designated Finance Department personnel prior to recording. Audit adjusting entries will be provided in a format showing the lowest level of posting detail needed for data entry on the City's general ledger system.

13. **Listing of Schedules and Tables (anticipated to be prepared by the City):**

Based on preliminary inquiries made with management and City staff and review of documents, we will tailor a list of schedules, tables, and other reconciliations required for the audit. We will take into account as much as possible reconciliations already prepared by the City for day to day operations and reporting, as well as any reports that are system generated to limit the need for additional City staff hours.

The following is a listing of some of the significant reconciliations that we would normally expect the City to provide to us in assisting us in conducting our fieldwork.

- Trial Balance
- CAFR and Account Roll Up Schedule
- Budget to Actual Reports
- Bank Reconciliations
- Listing of manually prepared journal entries posted
- Summary of Investments held by the City
- Capital Asset Schedules
- Long Term Debt Schedules
- Debt amortization schedules & Calculations of deferred amounts
- Calculations of any debt covenants amounts or percentages
- Schedule of Operating Leases
- Schedule of Expenditures of Federal Awards
- Analysis of Deferred Inflows of Resources an Deferred Outflows of Resources
- Reconciliation of Receivables to subsidiary ledgers
- Calculations for estimate of allowance for uncollectible accounts
- Loans Receivable Schedules
- Reconciliation of Significant Revenue Accounts
- Utility billing Registers and Fee schedules
- Compensated Absences and Early Retirement Obligation Schedules and Copies of Related Policies
- Claims Payable schedules
- Pension and OPEB Roll Forward & Supporting Schedules
- GASB 54 Fund Balance Roll Forward Schedule
- Interfund Transaction Schedules

14. **Computer Software:**

The firm maintains a variety of software packages in the audit and financial statement compilation process, which include MS Office (Word, Excel, etc.), Prosystem fx Engagement, PPC Checkpoint and Checkpoint Tools, and Single Audit SMART Tool. Our I.T. Specialist also has the ability to run reports using IDEA (data analysis software).

Our audit software enables us to link our audit trial balance to the financial statements, for efficient financial statement compilation. It also allows us to create various analytical reports easily (e.g. year to year comparisons, budget to actual comparisons, trend analysis, ratio analysis, etc.).

Our research tools are always kept up to date to ensure compliance with accounting and auditing standards, and are also a resource for us to provide guidance to our clients.

We also use Prosystem electronic portal, which allows our clients to easily upload requested audit schedules and testing selections. The portal is very helpful in the audit process as it reduces duplicated audit requests, and allows our engagement team to review uploaded schedules prior to beginning audit fieldwork.

Audit Schedule

2019 Period		Audit Tasks
		Interim Audit Procedures
April	-	**Planning and Administration**

- Review and obtain copies of key work papers of prior audit firm.
- The entrance conference shall be held with City staff. The purpose of this meeting will be to discuss prior audits and the interim work to be performed. This meeting will also be used to establish overall liaison for the audits and to make arrangements for work space and other needs.
- Review and evaluate the City's accounting and financial reporting. Prepare an overall memo of recommendations, potential issues, and suggestions for improvements.
- Prepare overall memo to City confirming audit procedures, timing, and assistance.
- Prepare detailed audit work plan and audit programs, audit budget and staffing schedule, and list of schedules to be prepared by City staff.

June - **Internal Control Evaluation**

- Meeting with key Finance Division personnel
- Obtain and document understanding of key internal control systems through walk-throughs, interviews of staff, and review of supporting documentation
  - General ledger system.
  - Budgeting system.
  - Revenue, utility billing, accounts receivable, and cash collections.
  - Purchasing, expenditures, accounts payable, and cash disbursements.
  - Payroll.
  - Federal Financial Assistance.
  - Other systems.
- Identify control risks.
- Evaluate IT control environment.
- Perform testing of the internal control system and evaluate the effectiveness of the City's systems. Select large dollar and random samples of transactions in key operating systems. Sample size to meet required level for determined degree of risk. Review supporting documentation of selected transactions, evaluate adequacy of support and approvals, and conclude on degree of adherence to accuracy and compliance with City policies.
- Conduct fraud assessment procedures.
- Assess degree of risk for material misstatement.
- Provide to the City's management a memo concerning management letter points and identify issues, if any

2019 Period		Audit Tasks
June	-	***Other Tasks***

- Review minutes of City Council meetings and other key committees.
- Preliminary testing, verify and validate account balances by reviewing supporting documentation including invoices, vouchers, council resolutions, minutes, and other documents, as required.
- Preliminary Single Audit and other compliance testing
- Coordinate with City staff and prepare of all appropriate confirmation requests including:
  - Bank accounts.
  - Investment pool accounts.
  - Accounts receivable.
  - Federal grants.
  - Revenue from governmental agencies.
  - Bond and other debts.
  - Pension plan.
  - Attorney letters.
  - Others, as required.
- Provide City with audit plan and list of year-end audit schedules.
- Hold progress conference with City Management.
- Hold exit conference with City Management.

August September - ***Final Field work***

- Entrance conference with City Management.
- Follow-up on all outstanding confirmations.
- Verify and validate account balances by reviewing supporting documentation including invoices, vouchers, council resolutions, minutes, and other documents, as required.
- Perform analytical review of revenue and expenditures. Determine reason for material differences between budget and actual.
- Perform a search for unrecorded liabilities by reviewing disbursements subsequent to June 30, testing terms of contractual obligations, and interviewing City staff.
- Perform review of subsequent events by discussions with City Management and update all minutes of City Council and key committees.

- ***Single Audit Compliance (if required)***

- Entrance conference with City Management.
- Obtain Federal Financial Assistance Schedule.
- Determine grants to be considered as major programs including clusters.
- Perform audit tests of major grant programs and compliance with Federal Law and Regulations.
- Review grant documents, select sufficient number of transactions to test for compliance of Federal Requirements
- Coordinate Single Audit efforts with the Financial Audit efforts.
- Communicate findings to City Management.
- Other Compliance

2019 Period		Audit Tasks
September – October	-	***Audit Reports*** ▶ Prepare drafts of City CAFR ▶ Prepare draft of Single Audit Reports concerning internal control structure, compliance with laws and regulations, and administering of federal financial assistance programs. ▶ Prepare other reports as required
October		▶ Provide revised final drafts of all required reports to the City for approval
October 28	-	***Final Audit Reports, Financial Statements, and Single Audit Reports delivered.***
December	-	***Audit Presentation to Council***

Discussion of Relevant Accounting Issues

Identification of Anticipated Potential Audit Problems

We do not anticipate that there will be any audit problems at the City. However, the following are some areas that we will carefully investigate and monitor during our audit procedures:

- Financial Reporting:
  - Review and evaluate that the City's Annual Financial Reports are in compliance with current reporting and disclosures requirements issued by the GASB and GFOA.
  - Review Annual Financial Reports for financial reporting conformance awards issued by CSMFO and GFOA.
  - Review and evaluate degree of compliance with the various GASBs in effect.
  - Review degree of compliance with infrastructure obligations and regulatory provisions.
- Internal Control Structure:
  - Review and evaluate the City's internal control functions and ascertain compliance with proper internal control philosophies.
  - Review computer system processes and controls and evaluate adequacy of the control environment.

Several new GASB pronouncements will become effective over the time period of this proposal. As such, specific attention will be provided to determine the proper implementation of these new pronouncements. A list of known new pronouncements with implementation dates that fall within this proposal period are as follows:

2019

- Statement 83 – Certain Asset Retirement Obligations

2020

- Statement 84 – Fiduciary Activities
- Statement 88 – Certain Disclosures Related To Debt, Including Direct Borrowings and Direct Placements
- Statement 90 – Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61

2021

- Statement 87 – Leases
- Statement 89 – Accounting for Interest Cost Incurred before the End of a Construction Period

Comprehensive Cost Bid

All-Inclusive maximum Price

Service	2019	2020	2021	2022 Optional Year	2023 Optional Year
City Audit	$ 23,845	$ 24,405	$ 24,995	$ 24,995	$ 24,995
Lassen County Air Pollution Control District Audit	1,950	1,975	2,075	2,075	2,075
Single Audit	2,980	2,970	3,120	3,120	3,120
Total	$ 28,775	$ 29,350	$ 30,190	$ 30,190	$ 30,190

Schedule of professional Fees and Expenses to Support the Total All-Inclusive Maximum Price

Position	Hours	Quoted Hourly Rates	Quoted Fee
Partner	30	$ 150	$ 4,500
Audit Manager	60	120	7,200
Audit Senior	92	85	7,820
Professional Audit Staff	113	75	8,475
IT Specialist	1	120	120
Administrative Assistant	11	60	660
Total	307		$ 28,775

Rates for Additional Professional Services:

Any services outside the scope of our engagement will be promptly identified before the services are rendered. Upon mutual agreement, the out-of-scope services will be separately billed at our standard hourly rates. While it can be difficult to simply state hourly rates, as often times the needs of the client and the specific tasks directly impact the billing rates for our services, we want to provide the following information regarding our published billing rates:

Position	Rate
Partner	$ 200
EQR	200
Manager	150
Senior	125
Staff	100
IT	150
Admin.	75

Conclusion

A client relationship with the City will be of great value to our Firm and we welcome the opportunity to develop a long-term relationship with the City. We are committed to:

- Rendering the highest standard of service.
- Developing a long-term working relationship dedicated to meeting the needs of the City.
- Assisting the City in operational issues.
- Producing a quality end-product.

We have the technical qualifications and experience to provide the level of service desired and expected by the City and stand ready to provide our knowledge and experience for the benefit of your organization.

We would like to express our appreciation to the City and to its Staff for allowing us the opportunity to submit a proposal to perform professional auditing services. We are available, at your convenience, to discuss any aspects of our proposal.

Thank you for allowing us to present our Firm to you.

****

Appendix A

References

1) City of Berkeley
   - Scope of Work: Comprehensive Annual Financial Report, Gann Limit, SAS114, Measure B (Alameda County), Vehicle Registration Fee Audit (Alameda County), Due Diligence Reviews for the RDA Successor Agency
   - Contract Amount: $188,000
   - Engagement Partner: Ahmed Badawi
   - Principal Contact:
     Mr. Henry Oyekanmi
     Finance Director
     (510)981-7332
     hoyekanmi@ci.berkeley.ca.us

2) City of San Mateo
   - Scope of Work: Comprehensive Annual Financial Report, Gann Limit, SAS114, Measure A (San Mateo County), Due Diligence Reviews for the RDA Successor Agency
   - Contract Amount: $60,000
   - Engagement Partner: Ahmed Badawi
   - Address: 330 W 20th Avenue, San Mateo, CA 94403
   - Principal Contact:
     Mr. Drew Corbett
     Director of Finance
     Phone: (650)522-7102
     dcorbett@cityofsanmateo.org

3) City of Redwood City
   - Scope of Work: Comprehensive Annual Financial Report, Single Audit, Gann Limit, SAS 114, Measure A, UUT, Street Report, State Controller's Report.
   - Contract Amount: $79,000
   - Engagement Partner: Ahmed Badawi
   - Address: 1017 Middlefield Road, Redwood City, CA 94063
   - Principal Contact:
     Mr. Derek Rampone
     Financial Services Manager
     Phone: (650)780-7071
   - drampone@redwoodcity.org

4) City of Buena Park
   - Scope of Work: Comprehensive Annual Financial Report, Single Audit, Gann Limit, SAS 114, Buena Park Foundation
   - Contract Amount: $30,735
   - Engagement Partner: Ahmed Badawi
   - Address: 6650 Beach Boulevard, 1st Floor, Buena Park, CA 90622
   - Principal Contact:
     Mr. Sung Hyun
     Finance Director
     Phone: (714)562-3713
     shyun@buenapark.com

5) City of East Palo Alto
   - Scope of Work: Comprehensive Annual Financial Report, Single Audit, Gann Limit, SAS114, Measure C, Measure A Report (San Mateo County),
   - Contract Amount: $60,000
   - Engagement Partner: Ahmed Badawi
   - Address: 2415 University Avenue, East Palo Alto, CA 94303
   - Principal Contact:
     Mrs. Brenda Olwin
     Finance Director
     Phone: (650) 853-3122
     bolwin@cityofepa.org

Proposal to Perform Professional Audit Services

City of Susanville

Van Lant & Fankhanel, LLP

Greg Fankhanel, CPA, CFE
Managing Partner
25901 Kellogg Street
Loma Linda, CA 92354
Phone: (909) 856-6879
Fax: (909) 912-8378
Email: gfankhanel@vlfcpa.com

California License No.: 7535

Van Lant & Fankhanel, LLP

Proposal to Perform Audit Services for the

Submitted by:

California License No. PAR 7535

Contact Information:
Greg Fankhanel, CPA, CFE
Brett Van Lant, CPA
25901 Kellogg Street
Loma Linda, CA 92354

Telephone: (909) 856-6879

E-mail: gfankhanel@vlfcpa.com
bvanlant@vlfcpa.com

February 18, 2019

CITY OF SUSANVILLE

PROPOSAL TO PERFORM ANNUAL AUDIT SERVICES

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Van Lant & Fankhanel, LLP

Certified Public Accountants

February 18, 2019

Dan Newton, Interim City Administrator
City of Susanville
66 North Lassen Street
Susanville, CA 96130

Dear Mr. Newton,

Van Lant & Fankhanel, LLP (VLF) is pleased to submit our proposal to perform professional audit services for the City of Susanville (City). We hope this proposal conveys our strong desire and qualifications to fulfill your requirements. We understand this proposal is to audit the City's financial statements for three fiscal years beginning with the fiscal year ending June 30, 2019, with the option to extend for two additional years.

VLF is a local firm of Certified Public Accountants with offices located in Loma Linda and Murrieta, California. The principals of the firm (Mr. Brett Van Lant and Mr. Greg Fankhanel) have been providing governmental accounting and auditing services to California cities and special districts for 40 years combined. VLF is dedicated to providing the highest level of experience and expertise in governmental accounting knowledge to ensure a smooth audit process that causes minimal disruption to the City's ongoing daily administrative operations.

VLF is the best choice to provide annual audit services to the City of Susanville for the following significant reasons:

- We have extensive experience auditing California cities and special districts that offer similar services as the City.
- Significant Partner involvement throughout the audit engagement. Audit Partners will be performing fieldwork and reports with the assistance of senior and staff level accountants. Having the Audit Partners involved in all aspects of the audit assures continuity of the audit team each year.
- A complete understanding of the City's reporting requirements and deadlines. In addition, we assist a number of cities and special districts each year in obtaining the GFOA award for excellence in financial reporting.
- Mr. Fankhanel is also a Certified Fraud Examiner which adds another level of expertise to the audit process. We have assisted many California cities in strengthening internal controls, and establishing effective policies and procedures.

Van Lant & Fankhanel, LLP
25901 Kellogg Street
Loma Linda, CA 92354

909.858.6979

What sets us apart from other audit firms? You are not just a number to us – every audit client is unique and important to us. As a smaller firm, we believe the **personal service and attention** we will provide cannot be duplicated at larger firms. While many firms have knowledgeable and experienced individuals on staff, the quality of each audit ultimately depends on the audit personnel involved in the daily audit process, including fieldwork and report preparation. With VLF, you will be dealing with Partner level personnel throughout the audit process, including fieldwork.

We are passionate about providing the highest level of service. We believe one the best services we can provide is to be available throughout the year to assist our clients with questions and keep them apprised of new accounting and financial reporting requirements. We encourage our clients to communicate questions or concerns, not only during the audit process, but as they arise at any time during the year. You will have access to the audit partners on a daily basis, throughout each audit and each fiscal year.

We certify that VLF and the audit partners are properly licensed to practice in California. We agree to perform all of the work outlined in the RFP within the time periods established by the City. Greg Fankhanel is authorized to represent VLF, empowered to submit this proposal, and authorized to sign a contract with the City. This proposal is a firm and irrevocable offer for fiscal years 2018-19, 2019-20 and 2020-21. Should you have any questions regarding our proposal or desire additional information, please call Greg Fankhanel, CPA, at (909) 856-6879, or email to gfankhanel@vlfcpa.com.

Respectfully submitted,

Greg Fankhanel

Greg Fankhanel, CPA, CFE
Managing Partner

License and Independence

VLF and all assigned key professional staff are properly licensed by the California State Board of Accountancy to practice in the State of California (License No. PAR 7535).

We are independent of the City of Susanville and its component units in accordance with generally accepted auditing standards as promulgated by Rule 101 of the American Institute of Certified Public Accountants Code of Professional Ethics, generally accepted government auditing standards promulgated by the U.S. General Accounting Office (GAO), and the rules of the California State Board of Accountancy and Accounting Oversight Board.

We have had no professional relationships with the City or any of its component units for the past five years. We will provide the City with written notice of any professional relationships entered into during the period of our engagement that may impair our independence, if necessary.

Firm Qualifications and Experience

Van Lant & Fankhanel, LLP (VLF) is a local firm of Certified Public Accountants specializing in local government accounting and financial reporting. VLF currently serves a number of local governments throughout the State. Our Firm mission is to provide our clients with the highest level of experience and expertise, throughout each year of our engagement. Because VLF is a smaller firm dedicated to governmental accounting and auditing services, we provide our clients with Partner level individuals in the field each year of the audit engagement. This has proven to be a valuable service to our clients and helps to significantly reduce the amount of client staff time consumed by the audit process.

The proposed audit team will include 1 full-time Audit Partner and 2 full-time Senior Accountants. Another Audit Partner will be assigned to perform quality control reviews and assist with audit fieldwork as necessary.

Our Loma Linda office will be the engagement office assigned to the City. VLF currently provides audit and accounting services to a number of cities and special districts throughout California. Information regarding several of our current audit clients has been included in this proposal. Please contact these organizations to learn more about our firm's ability to provide excellent audit services.

Greg Fankhanel has been a reviewer for the GFOA CAFR award program for many years.

Our Firm focuses on providing audit and assurance services to municipal and non-profit organizations. Other activities our Firm provides includes tax, accounting and consulting, and fraud examinations. The Partners have also provided TOT and Franchise Fee audit services.

The engagement team members proposed to serve the City are highly-trained government auditors. One of our goals is to avoid putting our clients in a position of having to "train" the auditors. We avoid this by ensuring that all fieldwork is properly staffed and supervised by Partner level personnel. We are required to complete at least 80 hours of continuing education every 2 years, with a majority of these hours relating specifically to government accounting and auditing subjects. Continuing education requirements are met through classes developed by professional organizations, such as the CSCPA, GFOA, and the AICPA. Both Mr. Fankhanel and Mr. Van Lant have been instructors for an in-house continuing education program for several years.

Current Municipal Audit Clients

Below is a list of current municipal audit clients for which we currently provide audit services.

Municipal Client
Town of Apple Valley
City of Highland
City of La Puente
City of Montclair
City of San Fernando
City of Santa Paula
City of St. Helena
City of Tehachapi
City of Upland
City of Winters
City of Yucaipa
Apple Valley Fire Protection District
Lake Arrowhead Community Services District
Running Springs Water District
Tehachapi Cummings County Water District
Temescal Valley Water District

Participation in External Quality Control Review Program

As required by Government Auditing Standards, our firm must have a peer review once every three years. We received a "clean" opinion with no deficiencies in our most recent peer review report, which included a review of specific government engagements. A copy of the report is included at **Appendix A**.

In addition, we have established a quality control program to adhere to the stringent quality control standards established by the AICPA. We have also developed policies and procedures to ensure our engagements are properly supervised and staff receives necessary training to handle the responsibilities afforded them.

Disciplinary Action

There have been no disciplinary or regulatory actions taken against our CPA firm, or the partners. The firm has had no negative federal or state reviews.

Similar Engagements with Other Governmental Agencies

The following are audit client references for which similar services have been provided in the last three years. The audit clients listed below are all current audit clients of our firm.

1) City of San Fernando
   Nick Kimball, Director of Finance
   117 MacNeil Street
   San Fernando, California 91340
   (818) 898-1215

   Engagement Partner: Greg Fankhanel
   Total Hours: 300

   The City of San Fernando is a full-service city in Los Angeles County. We performed the audit of the City's financial statements for the past five fiscal years, including Single Audit. We have assisted the City with the implementation of various GASB Pronouncements, and with the submission of the CAFR to the GFOA financial statements award program.

2) City of Tehachapi
   Client Contact: Hannah Chung, CPA,
   Finance Director
   City of Tehachapi
   115 S Robinson Street
   Tehachapi, CA 93561
   (661) 822-2200

   Engagement Partner: Brett Van Lant
   Total Hours: 400

   The City of Tehachapi was incorporated in 1909 as a General Law City and provides the following services: public safety, streets, planning, water, wastewater, refuse, airport, and general administrative services. We conducted the annual audit of the City for the years ended June 30, 2011 through 2018 (including single audit) and provided assistance with the implementation of GASB 68 and other accounting standards. We also prepared the State Controller's Reports and provided assistance in submitting for and obtaining the GFOA financial statement award.

3) City of Montclair
Client Contact: Donald Parker, CPA,
Finance Director
City of Montclair
5111 Benito Street
Montclair, CA 91763
(909) 626-8571

Engagement Partner: Greg Fankhanel
Total Hours: 325

The City of Montclair was incorporated in 1956 as a General Law City and provides the following services: public safety, streets, planning, wastewater, and general administrative services. We conducted the annual audit of the City for the years ended June 30, 2011 through 2018 (including single audit) and provided assistance with the implementation of GASB 68, GASB 75 and other accounting standards. We also prepared the State Controller's Reports.

4) City of Winters
Client Contact: Shelly Gunby, Director of
Financial Management
City of Winters
318 First Street
Winters, CA 95694
(530) 795-4910

Engagement Partner: Brett Van Lant
Total Hours: 285

The City of Winters was incorporated in 1898 as a General Law City and provides the following services: public safety, streets, planning, water, wastewater, and general administrative services. We conducted the annual audit of the City for the years ended June 30, 2014 through 2018 (including single audit) and provided assistance with the implementation of GASB 68 and other accounting standards. We also provided assistance in submitting for and obtaining the GFOA financial statement award.

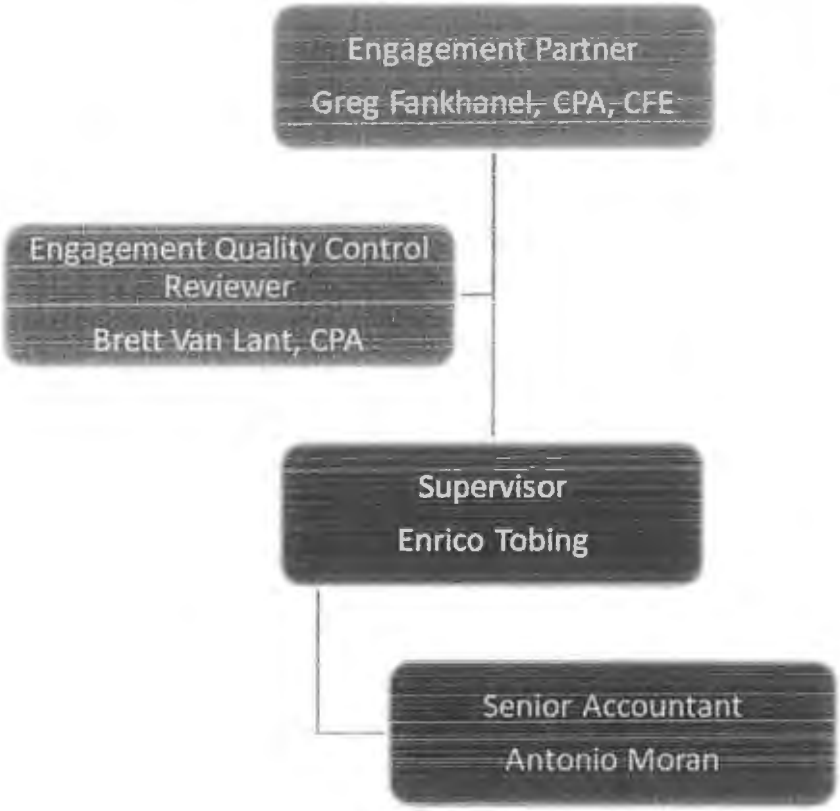
5) City of Highland
Client Contact: Chuck Dantuono, Director of
Administrative Services/City Treasurer
City of Highland
27215 Base Line
Highland, CA 92346
(909) 864-6861

Engagement Partner: Greg Fankhanel
Total Hours: 325

The City of Highland is a General Law City that provides the following services: public safety, streets, planning, and general administrative services. We conducted the annual audit of the City for the years ended June 30, 2017 and 2018 (including single audit) and provided assistance with the implementation of GASB 75. We also provided assistance in submitting for and obtaining the GFOA financial statement award.

Partner, Supervisory, and Staff Qualifications and Experience

The proposed Engagement Team selected to serve the City have extensive experience and a proven record of providing excellent audit services to Cities of similar size and operations.



We will provide continuity of audit staff from year to year, which is in the best interest of the City and is most efficient from our firm's perspective. Additionally, the audit partners assigned to this engagement are working partners and therefore will be involved throughout the entire engagement each year, including fieldwork.

We affirm that engagement partners, managers, and other supervisory staff may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons only with the express prior written permission of the City. We agree the City retains the right to approve or reject replacements.

Greg W. Fankhanel, CPA, CFE
Engagement Partner

Mr. Fankhanel is the managing Partner of VLF and has 30 years of experience auditing local governments and non-profits, including cities and special districts throughout the State of California. Mr. Fankhanel will be extensively involved throughout the audit process. He has served as a special reviewer for the GFOA certificate of achievement program for many years. His duties will include supervising the engagement team during fieldwork, reviewing all reports, and performing the review and approval of the audit engagement. In addition, he will be the point of contact for the City throughout the engagement.

Brett Van Lant, CPA
Engagement Quality Control Reviewer

Mr. Van Lant is an Audit Partner for VLF and has over 12 years of experience auditing local governments and non-profits, including cities and special districts throughout the State of California. His duties will include performing quality control reviews of the engagement and serve as the concurring partner for the audit.

Enrico Tobing
Supervisor

Mr. Tobing is an Audit Supervisor with VLF. He will work closely with Mr. Fankhanel during the audit fieldwork and report preparation for the City. Mr. Tobing has extensive experience auditing local governments, including cities and special districts throughout the State of California.

Antonio Moran
Senior Accountant

Mr. Moran is a Senior Accountant with VLF. He will work closely with Mr. Fankhanel and Mr. Tobing throughout the audit fieldwork. Mr. Moran has two years of experience auditing local governments.

Resumes of the proposed engagement team are provided below:

GREG W. FANKHANEL, CPA, CFE

Engagement Partner

Greg W. Fankhanel is the Managing Partner of Van Lant & Fankhanel, LLP. Prior to co-founding our firm, Mr. Fankhanel spent 24 years with Teaman, Ramirez, & Smith where he served as an Audit Partner for over 12 years.

Mr. Fankhanel has extensive experience in leading and performing financial statement audit engagements for government agencies. In addition, as a Certified Fraud Examiner (CFE), he takes a proactive approach in providing information and assistance in fraud prevention and detection, which provides an excellent resource for audit clients.

PROFESSIONAL MEMBERSHIPS

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Certified Public Accountants (CalCPA)
- Member, California Society of Municipal Finance Officers (CSMFO)
- Member, Government Finance Officers Association (GFOA)
- Member, Association of Certified Fraud Examiners (ACFE)
- GFOA Certificate reviewer

PROFESSIONAL EXPERIENCE (PARTIAL LIST)

- Town of Apple Valley
- City of Corona
- City of Highland
- City of La Puente
- City of Montclair
- City of Murrieta
- City of San Fernando
- City of San Clemente
- City of Tehachapi
- City of Yucaipa
- City of Winters
- East Valley Water District
- Running Springs Water District
- Lake Arrowhead Community Services District
- Temescal Valley Water District
- Tehachapi-Cummings County Water District
- Valley Sanitary District

CONTINUING PROFESSIONAL EDUCATION

Over 120 hours of continuing education over the past three years with a focus on governmental accounting and auditing topics, along with fraud prevention and detection.

EDUCATION

University of Hawaii
BS Degree in Business Administration, Emphasis in Accounting

BRETT VAN LANT, CPA

Engagement Partner

Brett Van Lant is an audit Partner of Van Lant & Fankhanel, LLP. Prior to co-founding our firm, Mr. Van Lant spent 6 years with Teaman, Ramirez, & Smith where he served as an Audit Manager for over 4 years.

Mr. Van Lant has extensive experience in leading and performing financial statement audit engagements for government agencies. He has worked closely with many local governments over the year assisting with the implementation of significant accounting pronouncements including GASB 67/68 and GASB 75.

PROFESSIONAL MEMBERSHIPS

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Certified Public Accountants (CalCPA)
- Member, California Society of Municipal Finance Officers (CSMFO)
- Member, Government Finance Officers Association (GFOA)

PROFESSIONAL EXPERIENCE (PARTIAL LIST)

- Town of Apple Valley
- City of Healdsburg
- City of Highland
- City of La Puente
- City of Montclair
- City of Murrieta
- City of San Fernando
- City of San Clemente
- City of Tehachapi
- City of Yucaipa
- City of Winters
- East Valley Water District
- Running Springs Water District
- Lake Arrowhead Community Services District
- Temescal Valley Water District
- Tehachapi-Cummings County Water District
- Valley Sanitary District

CONTINUING PROFESSIONAL EDUCATION

Over 120 hours of continuing education over the past three years with a focus on governmental accounting and auditing topics, along with topics related to audits performed under the Uniform Guidance.

EDUCATION

California State University, San Bernardino
BS Degree in Business Administration, Emphasis in Accounting

ENRICO TOBING

Engagement Supervisor

Enrico Tobing is an audit Supervisor at Van Lant & Fankhanel, LLP. Enrico joined VLF upon graduating from California State University, San Bernardino.

Mr. Tobing has over 4 years' experience performing financial statement audit engagements for government agencies. He has been involved in numerous audit engagements throughout the years participating in the planning process, developing the detailed audit approach, performing single audit compliance testing, supervising staff, and the preparation of financial and other required reports.

PROFESSIONAL MEMBERSHIPS

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Municipal Finance Officers (CSMFO)

PROFESSIONAL EXPERIENCE (PARTIAL LIST)

- Town of Apple Valley
- City of Healdsburg
- City of Highland
- City of La Puente
- City of Lemon Grove
- City of Montclair
- City of Murrieta
- City of San Fernando
- City of San Clemente
- City of Tehachapi
- City of Yucaipa
- Town of Windsor
- City of Winters
- East Valley Water District
- Running Springs Water District
- Lake Arrowhead Community Services District
- Temescal Valley Water District
- Tehachapi-Cummings County Water District

CONTINUING PROFESSIONAL EDUCATION

Over 120 hours of continuing education over the past three years with a focus on governmental accounting and auditing topics, along with topics related to audits performed under the Uniform Guidance.

EDUCATION

California State University, San Bernardino
BS Degree in Business Administration, Emphasis in Accounting

ANTONIO MORAN

Senior Accountant

Antonio Moran is a Senior Accountant at Van Lant & Fankhanel, LLP. Antonio joined VLF upon graduating from California State University, San Bernardino.

Mr. Moran has over 2 years' experience performing financial statement audit engagements for government agencies. He has been involved in numerous audit engagements throughout the years participating in the planning process, performing audit procedures, performing single audit compliance testing, and the preparation of financial and other required reports.

PROFESSIONAL MEMBERSHIPS

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Municipal Finance Officers (CSMFO)

PROFESSIONAL EXPERIENCE (PARTIAL LIST)

- Town of Apple Valley
- City of Highland
- City of La Puente
- City of Lemon Grove
- City of Montclair
- City of San Fernando
- City of Tehachapi
- City of Yucaipa
- Town of Windsor
- City of Winters
- Running Springs Water District
- Lake Arrowhead Community Services District
- Temescal Valley Water District
- Tehachapi-Cummings County Water District

CONTINUING PROFESSIONAL EDUCATION

Over 120 hours of continuing education over the past three years with a focus on governmental accounting and auditing topics, along with topics related to audits performed under the Uniform Guidance.

EDUCATION

California State University, San Bernardino
BS Degree in Business Administration, Emphasis in Accounting

Specific Audit Approach

We believe that timely and adequate audit planning, along with proper communication throughout the audit process, helps to achieve highly efficient and effective audits. We also believe that one of the most important services that can be rendered to clients is to be available at all times during the year. This approach allows the clients the opportunity to consult with the auditors about technical problems and alternative approaches to accounting issues that arise during the year. We emphasize audit partner availability throughout each fiscal year.

Proposed Segmentation

The following is a proposed segmentation of the engagement, including the level of staff and proposed date involved for each segment.

Description	Level of Staff	Estimated Date	Hours
Entrance conference, Preaudit planning, detailed request list provided	Partner	May 15	2
Interim audit fieldwork, 4-5 days fieldwork, 3 audit staff	Partner, Supervisor, Senior	June	140
Auditors mail confirmation letters provided by City	Supervisor, Senior	July 15	2
Year-end audit procedures performed, 4-5 days fieldwork, 3-4 audit staff	Partner, Supervisor, Senior	Sep 15	145
Exit conference with City management	Partner	Sep 20	1
Auditors provide draft financial statements and related reports to City	Partner, Supervisor, Senior	Oct 30	34
Final reviews, completion of deliverables (CAFR, Single Audit, Management Report, Lassen County Air Pollution Control District Financial Statements)	Partner, Supervisor	Dec 1	24
Attend City Council meeting to present audit results	Partner	TBD	2

Our proposed segmentation of the engagement is further expanded below:

Planning Phase

Shortly after our appointment as auditors, we will schedule a preaudit planning meeting during which we will discuss any special concerns, needs and the timing of the audit with appropriate members of the City's staff. We will provide a customized request list or "PBC list" to City staff in

advance of our arrival for interim fieldwork.

All members of the proposed engagement team are highly trained municipal auditors with extensive experience auditing similar Cities in California. Therefore, we tailor our approach with the focus of being the least disruptive as possible to the City's staff. To achieve this, as part of the planning phase, the engagement team will review City budgets, organizational charts, year-to-date accounting records, applicable accounting policies and procedures, prior year financial statements, the City's website, and minutes of Council meetings to gain a thorough understanding of the City's operations and activities.

Interim Fieldwork

We take a customized approach to each and every audit. We will apply the "Risk Assessment" audit standards to your audits. An overriding objective throughout the planning process is the identification of risks that should be assessed as to whether they could result in material misstatement of the financial statements whether due to error or fraud. Due to the complex nature of the risk assessment process, it is performed at the Partner level for all of our audit engagements.

The main focus of the interim audit fieldwork is to obtain an understanding and evaluate the City's specific internal accounting control systems. Our review and evaluation of your internal control systems will be completed by reviewing supporting documentation for transactions, walk-throughs, and interviews of City staff. Each of these approaches requires inquiry and observation of City personnel and operations. We will also utilize the City's budget, organizational charts, financial reports, policies and procedures, and other applicable documents.

Interim financial reports will be reviewed and limited analytical procedures will be applied to significant account balances in order to identify potential misstatements early on in the audit process.

As required by our audit standards, we will also perform procedures to identify the risk of fraud within the organization. In addition to reviewing pertinent accounting records and policies and procedures, we will conduct "fraud inquiries" with various selected City staff. Given the sensitive nature of these procedures, these inquiries will be conducted by the Audit Partners.

We will conclude the interim audit period with an exit conference with the appropriate City staff to discuss any findings or control risks we encountered during this interim phase, along with practical recommendations to mitigate these risks. Our recommendations will be directed at safeguarding City assets, improving the effectiveness of City procedures, and improving the reporting of financial information, as applicable.

This phase of the audit will focus on verifying account balances in the City's general ledger. Balance sheet accounts, along with certain revenue and expenditure/expense will be reviewed for reasonableness and verified with supporting documentation, including third-party confirmations, loan and debt agreements, and other supporting schedules. Analytical and substantive procedures will be performed based on our judgment and the results of our risk assessment.

We will conclude the year-end audit fieldwork with an exit conference with the appropriate City staff to discuss the results of our audit procedures, as well as disclose any proposed journal entries we may have discovered. We will also discuss the preparation of the CAFR and various other reports to be issued for the audit period.

Report Preparation

Partners and senior staff will be solely responsible for preparing the reports.

Our draft reports go through an extensive review process before they are sent to City staff for review. Our goal is to provide "print ready" reports when City staff receives the first draft. This ensures City staff will not have to spend time correcting our mistakes. We have a proven track record of meeting deadlines and being flexible to meet the City's needs as they may change throughout the engagement.

City Staff Assistance

Assistance expected from City staff will include pulling invoices for review, answering procedural questions, and answering other questions regarding the City's activities.

Sampling

Our sampling methods are designed to provide the most coverage possible without expending excess time where impractical. We also concentrate efforts towards those areas known to be susceptible to error. Sample sizes will depend upon our preliminary assessment of control risk and the extent of our planned substantive tests and analytical procedures. We use models based on statistical sampling theories to help determine the sample size of a given population of transactions. In addition, we may select transactions above a certain dollar threshold, based on materiality, to review. We use sampling in the areas of cash receipts, cash disbursements, payroll, and utility billing.

The audit team will have laptop computers onsite during the audit fieldwork utilizing state-of-the-art software. We utilize programs such as Microsoft Excel to assist in our audit procedures and provide for greater efficiency and effectiveness, including data extraction procedures and analysis. We have significant experience working with many various accounting systems in our government audits.

Analytical Procedures

Analytical procedures will be performed in the planning stage of the audit (risk assessment process) and in our substantive testing, based on the results of our risk assessment. These procedures will include comparing account balances to prior years and to the current period's budget, and consideration of expected relationships among the accounts and periods. To be effective, the analytical procedures can only be performed once we have determined our expectations based on our understanding of the City's activities and changes from one year to the next. For results that do not meet our expectations, we perform additional substantive procedures to understand and verify the causes for the fluctuations. We make every effort to investigate the fluctuations before obtaining explanations from City staff and consuming staff time unnecessarily. In addition, analytical procedures will also be performed in the overall review stage of the audit.

Approach to Understanding the City's Internal Control Structure

We will obtain an understanding of the design and implementation of the City's internal controls by performing the procedures as required by SAS 109. This involves documenting our understanding of the internal controls over the areas of cash, investments, revenues and receivables, utility revenues and receivables, expenditures and accounts payable, capital assets, debt, payroll and related liabilities, self-insurance and claims liabilities and grant compliance. We will then evaluate the design of controls and determine whether they have been properly implemented. Evaluating the design of controls involves considering whether the control, individually or in combination with other controls, is capable of effectively preventing or detecting and correcting material misstatements.

In addition, as part of the audit, we will issue an internal control report as required by *Government Auditing Standards* that will identify significant deficiencies and material weaknesses, if any.

Approach to Understanding Laws and Regulations Subject to Audit Test Work

Our audit approach recognizes the importance of laws and regulations in planning the audit of a local governmental entity. As part of the audit, we obtain an understanding of those laws and regulations that have a direct and material effect on the determination of financial statement amounts. We then design the audit to provide reasonable assurance of detecting material instances of noncompliance. We obtain our understanding of applicable laws and regulations by becoming familiar with the following:

1) The terms and provisions of grant agreements and contracts.
2) State and federal restrictions affecting funding received by the City;
3) The Municipal Code of the City.
4) State laws regarding authorized investments, spending limits, debt limits, etc.

5) City policies regarding investments, purchasing, budgets, and the establishment of funds.
6) Bond covenants of outstanding issues.
7) Personnel Policies adopted by the City.
8) Other Federal and State laws and regulations, as appropriate.

Approach to Drawing Samples for Purposes of Tests of Compliance

The objective of tests of compliance is to determine whether an organization has complied with laws and regulations that may have a material effect on each major program. Therefore, we select samples that will provide sufficient evidence for that purpose. After defining the population, we determine sample sizes and select samples from each major program. Factors that may affect the sample sizes include the following:

a) The amount of expenditures for the program and the individual awards;
b) The newness of the program or changes in its conditions;
c) Prior experience with the program, particularly as revealed in audits and other evaluations;
d) The extent to which the program is carried out through subreceipients;
e) The level to which the program is already subject to program reviews or other forms of independent oversight;
f) The adequacy of controls for ensuring compliance;
g) The expectation of adherence or lack of adherence to the applicable laws and regulations; a
h) The potential impact of adverse findings.

In the event that any irregularity in records indicates the City may have suffered or will suffer a monetary loss, we will report such loss to the appropriate City personnel immediately upon discovery in the form of a written report. Responses to City notifications will be prompt and all reports will be remitted in a timely manner to meet your needs. We make it a practice to be proactive in providing guidance and assistance to our audit clients throughout each fiscal year to ensure proper and timely implementation of new and significant accounting pronouncements, and also with laws and regulations.

Assistance expected from City staff will include providing us with documents and information included in our comprehensive request list provided at the start of the audit process, answering operational and procedural type questions, and preparing confirmation letters.

Why hire VLF?

Based on our experience, our approach to the City's audit is unlike other audit firms. The significant involvement of the Audit Partners throughout the audit process helps to achieve highly efficient and effective audits. We customize each audit, each year, and believe our approach will help the City in its efforts to achieve excellence in financial reporting and provide excellent service to the citizens of Susanville.

Your City will be top priority for our firm, and you will have access to the Audit Partners on a daily basis. While we are a growing audit firm, we only take on audits when we feel that we can continue to provide this high level of service. In addition, the Audit Partner in charge of the City's audit is a Certified Fraud Examiner, providing a level of service unlike most audit firms.

Identification of Anticipated Potential Audit Problems

We do not anticipate any unusual, significant problems in conducting the audit. The first year of an audit will require a little more work on our end to become familiar with the City's operations, personnel, and policies; however, with the high level of experience of our audit team, we anticipate the first year will result in a highly efficient and effective audit for the City.

The Partners and all professional staff have significant training and experience in assisting our clients with the implementation of new GASB pronouncements. We will provide a pro-active approach to ensure the City has taken the necessary steps to effectively implement new standards. We are committed to being available throughout the year to provide assistance, answer questions, and offer technical advice and examples.

Scope of Audits

The scope of the audits will be to perform the audits in accordance with generally accepted auditing standards; the A.I.C.P.A. industry audit guide, Audits of State and Local Governmental Units, as amended; the Government Finance Officers Publication, Governmental Accounting, Auditing and Financial Reporting, as amended; the standards for financial audits contained in the U.S. General Accounting Office publication Government Auditing Standards, the State Controller's minimum audit requirements for special Districts, the Single Audit Act, as amended, and the Office of Management and Budget Uniform Guidance, as applicable to the issuance of the reports listed in the RFP.

Insurance Coverage

Our firm currently maintains and will continue to maintain, throughout the engagement period, insurance coverages for professional liability, general liability, automobile liability, and workers' compensation as outlined in the *request for proposal*. In addition, for general liability and automobile coverage, the City of Susanville will be named as an additional insured. The worker's compensation coverage will provide a waiver of subrogation naming the City also.

All Inclusive Maximum Price

Proposing Firm:

Van Lant and Fankhanel, LLP
25901 Kellogg Street
Loma Linda, CA 92354

Contact: Greg Fankhanel, CPA, CFE, Audit Partner
E-mail: gfankhanel@vlfcpa.com
Phone: 909-856-6879

Total All-Inclusive Maximum Price for Each Fiscal Year

The schedule of professional fees and total all-inclusive maximum price for the audit services to be provided to the City for the fiscal years ending June 30, 2019 through June 30, 2021, and optional years ending June 30, 2022 and June 30, 2023 are provided below:

Schedule of Professional Fees and Expenses to Support the Total All-Inclusive Maximum Price	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	125	$ 225	$ 195	$ 24,375
Managers	35	165	145	5,075
Supervisory Staff	100	135	120	12,000
Senior Accountant	90	105	95	8,550
Sub-Total				$ 41,450
Out-of-Pocket Expenses				-
Discount				(7,950)
Total				$ 33,500

				OPTIONAL	
All-Inclusive Maximum Price by Report	**FY 2018-19**	**FY 2019-20**	**FY 2020-21**	**FY 2021-22**	**FY 2022-23**
City	$ 27,000	$ 27,540	$ 28,091	$ 28,653	$ 29,226
Lassen County Air Pollution Control District Audit	3,000	3,060	3,121	3,184	3,247
Single Audit	3,500	3,570	3,641	3,714	3,789
Total	$ 33,500	$ 34,170	$ 34,853	$ 35,550	$ 36,261

Payment Terms

Invoices for our services will be submitted at two stages each fiscal year: one invoice subsequent to our preliminary audit work for approximately 1/3 of the total price (in August of each year), and the second invoice for the remainder after all reports have been issued.

Rates for Additional Professional Service

VLF agrees the City may broaden the scope of our engagement and we agree to hold ourselves available to perform such additional work as the City may desire. While we normally will negotiate additional fees for a scope change, the schedule at Appendix A above includes our standard hourly billing rates by staff level, should additional services be requested, along with the estimated hours by category for the normal audit services.

APPENDIX A

POWELL & SPAFFORD, INC.
CERTIFIED PUBLIC ACCOUNTANTS

Jessie C. Powell, CPA (Ret.)
Patrick D. Spafford, CPA

Licensed by the California Board of Accountancy
Member American Institute of Certified Public Accountants

Report on the Firm's System of Quality Control

To Van Lant & Fankhanel, LLP
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Van Lant & Fankhanel, LLP (the firm) in effect for the year ended February 28, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

447 Nebraska Court • Redlands, CA 92373 • P.O. Box 5847 • Redlands, CA 92375
Telephone 909-792-1552 • Fax 866-792-2515

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Van Lant & Fankhanel, LLP in effect for the year ended February 28, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency (ies)* or *fail*. Van Lant & Fankhanel, LLP has received a peer review rating of *pass*.

Powell & Spafford

September 15, 2017

AGENDA ITEM NO. 9I

Reviewed by: ___City Administrator

___ Motion only
___ Public Hearing
_X_ Resolution
___ Ordinance
___ Information

Submitted by: Quincy McCourt, Project Manager

Action Date: April 3, 2019

CITY COUNCIL AGENDA ITEM

SUBJECT: **Resolution No. 19-5631** Appointing Loan Committee members and rescinding Resolution No. 13-4921

PRESENTED BY: Quincy McCourt, Project Manager

SUMMARY: The City of Susanville currently receives program income and is required to expend these funds on CDBG eligible projects. All applications for funding require a loan committee to review project applications, and a review committee to consider any disputes that may arise during the course of administering the program.

The authorizing resolution granting authority to the Susanville Loan Committee was last reviewed and approved by City Council on February 6, 2013. Resolution No. 19-5631 has been updated to reflect current staffing and grant programs, to designate the authority for public member appointment to the City Council and to add a second Councilmember to the Committee.

FISCAL IMPACT: None.

ACTION REQUESTED:

- Motion to approve **Resolution No. 19-5631** appointing Loan Committee members and rescinding Resolution No. 13-4921
- Motion to appoint a second Council Representative to the Committee

ATTACHMENTS: Resolution No. 19-5631
Resolution No. 13-4921

RESOLUTION NO. 19-5631
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUSANVILLE APPOINTING LOAN COMMITTEE MEMBERS AND RESCINDING RESOLUTION NO. 13-4921

WHEREAS, the City of Susanville has established programs to expend Program Income; and

WHEREAS, the Community Development Block Grant Program (CDBG) and Home Investment Partnerships Program (HOME) requires a loan committee be established to process loan requests; and

WHEREAS, within the City of Susanville Loan Committee, a Review Committee is required to hear and settle disputes which may arise in the course of administering the projects; and

WHEREAS, the City of Susanville desires to continue with its established programs which require a Loan Committee and Review Committee.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Susanville does hereby establish the following:

1. The composition of the Loan Committee shall be the City Administrator, Finance Manager, City Planner, 2 City Council Members and a Community Member;
2. The City Council Member shall be appointed by the Mayor to serve a period of 2 years or until a successor is named;
3. The Community Member shall be qualified and experienced in either the financial or real estate field and be appointed for a period of 2 years by the City Council;
4. The City Administrator shall act as Chairperson of the Loan Committee and shall be authorized to execute loan agreements on behalf of the City of Susanville
5. Pursuant to State of California Economic Development Block Grant regulations, all Business Assistance loans must be approved by the State Department of Housing and Community Development
6. A Review Committee shall consist of the City Administrator, City Council Member and Finance Manager and shall hear and settle disputes that may arise in the course of administering revolving loan fund projects
7. Any requests to write off loans deemed to be uncollectible shall be presented to the City Council for review and approval.

Dated: April 3, 2019

APPROVED _____
Kevin Stafford, Mayor

ATTEST: _____
Gwenna MacDonald, City Clerk

The foregoing Resolution No. 19-5631 was adopted at a regular meeting of the City Council of the City of Susanville held on the 3rd day of April, 2019 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAINING:

_____
Gwenna MacDonald, City Clerk

APPROVED AS TO FORM:

_____
Jessica Ryan, City Attorney

RESOLUTION NO. 19-5631
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUSANVILLE APPOINTING LOAN COMMITTEE MEMBERS AND RESCINDING RESOLUTION NO. 13-4921

WHEREAS, the City of Susanville has established programs to expend Program Income; and

WHEREAS, the Community Development Block Grant Program (CDBG) and Home Investment Partnerships Program (HOME) requires a loan committee be established to process loan requests; and

WHEREAS, within the City of Susanville Loan Committee, a Review Committee is required to hear and settle disputes which may arise in the course of administering the projects; and

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7. Any requests to write off loans deemed to be uncollectible shall be presented to the City Council for review and approval.

Dated: April 3, 2019

APPROVED: _____
Kevin Stafford, Mayor

ATTEST: _____
Gwenna MacDonald, City Clerk

The foregoing Resolution No. 19-5631 was adopted at a regular meeting of the City Council of the City of Susanville held on the 3rd day of April, 2019 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAINING:

_____
Gwenna MacDonald, City Clerk

APPROVED AS TO FORM:

_____
Jessica Ryan, City Attorney

AGENDA ITEM NO. 12A

Reviewed by: City Administrator

X Motion Only
___ Public Hearing
___ Resolution
___ Ordinance
___ Information

Submitted By: Quincy McCourt, Project Manager

Action Date: April 3, 2019

CITY COUNCIL AGENDA ITEM

SUBJECT: Skyline Park design approval and authorization to purchase disc golf related equipment

PRESENTED BY: Quincy McCourt, Project Manager

SUMMARY: The City of Susanville has been working with community members and stakeholders to develop a Skyline Multi-Use Park Design. Staff is requesting discussion and Council approval of the park design, and authorization to purchase disc golf equipment. A tentative grand opening celebration is proposed to be held in July 2019. Staff is requesting authorization to proceed with completion of the design, to include:

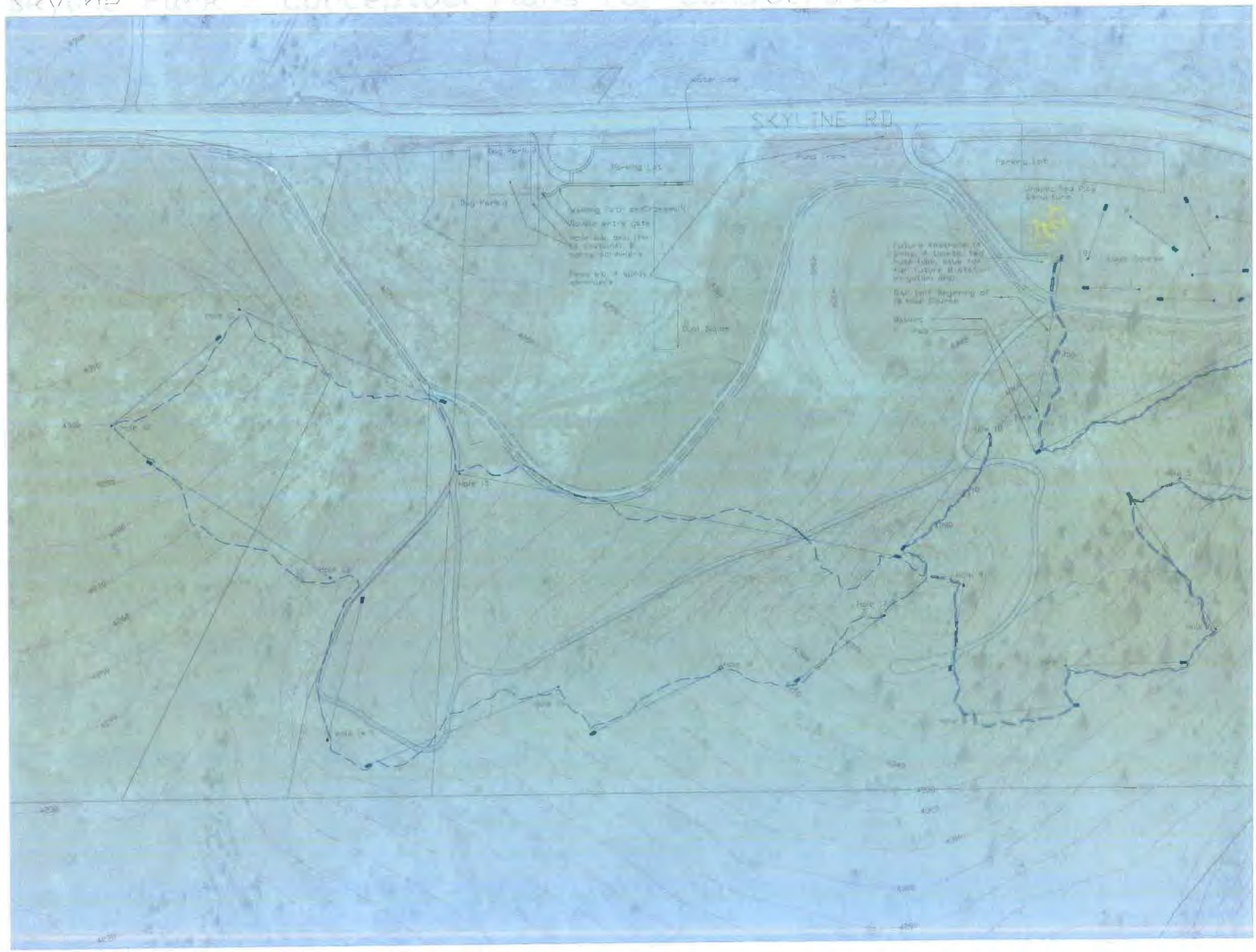
1. Water
2. Parking
3. Disc Golf
4. Signage
5. Grand Opening

FISCAL IMPACT: Based on direction from council or not to exceed the amount in the Park Land Dedication Fund.

ACTION REQUESTED: Motion to approve the Park Design and authorize the purchase of Disc Golf equipment.

ATTACHMENTS: Scope of work - schedule

Skyline Park - Conceptual Plans for Consideration



General Notes

Water Requirements	
1	Hose bib, drip line (8 stations), 2 spray sprinklers
2	Hose bib, drip line (8 stations), 2 spray sprinklers
3	Hose bib, 4 spray sprinklers
4	Hose bib, 4 spray sprinklers
5	Future Restroom (4 units, 4 toilets, two hose bibs, stub for future 8 station irrigation drip)
	Notes: 60-Gallons/minute @ 60-PSI @ Connection Point/s **Please note to consider old PE pipe covered in the yard (4" and 2") in the design

No	Revision/Issue	Date

Project Address and Parcels

Project Name and Address

Skyline Multi-Use Park
City of Susanville
Site Plan - West
1" = 200' @ 11x17

Project: Skyline Park	Sheet: 1.1
Date: 2/27/2019	
Scale: 1" = 200' 11x17	

Skyline 2.0.dwg

2/28/2019

Skyline Park - Conceptual Plans for Consideration

General Notes

No	Revision/Issue	Date

Client Name and Address

Project Name and Address

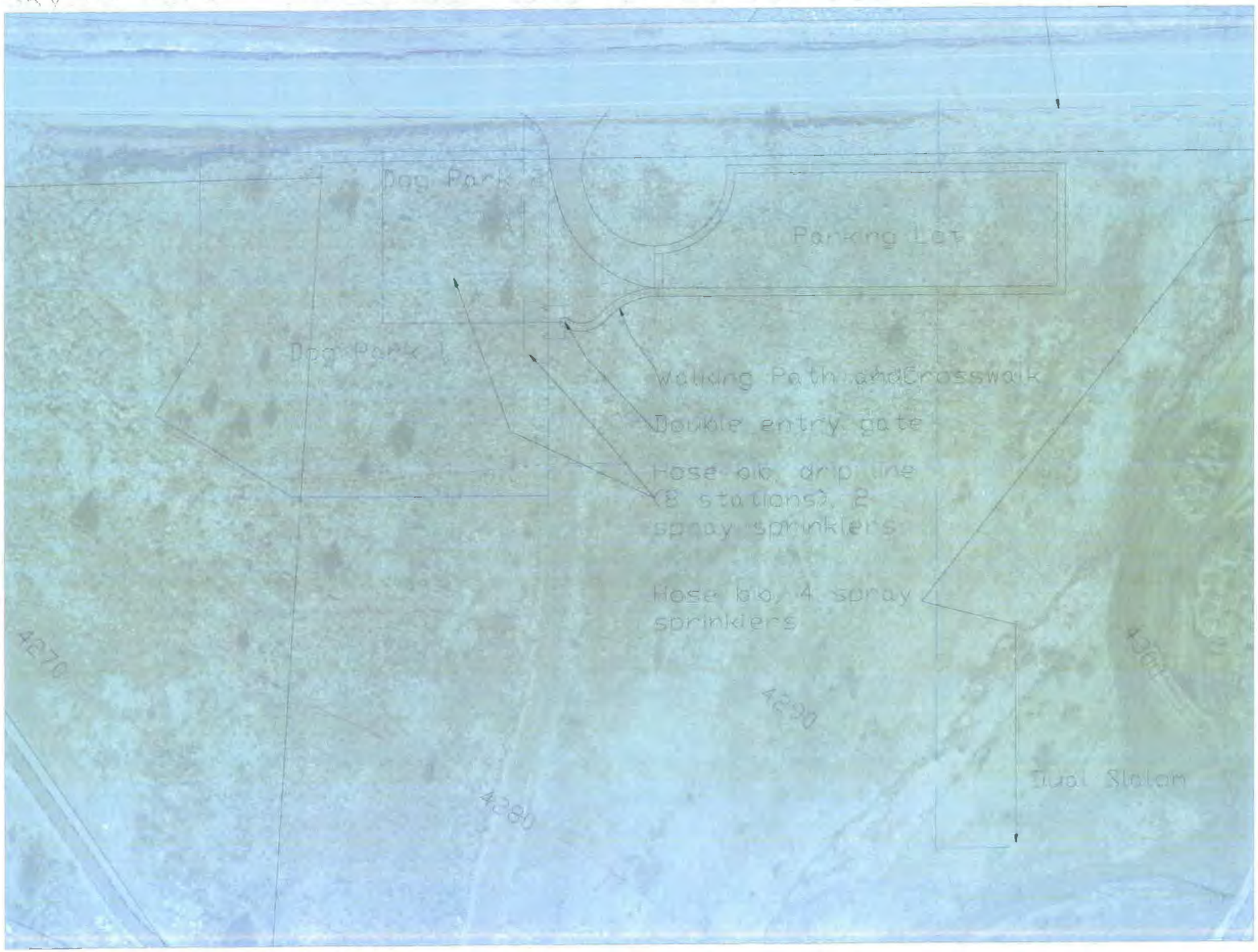
Skyline Multi-Use Park
City of Susanville
Site Plan - East
1" = 200' @ 11x17

Project: Skyline Park	Sheet: 1.2
Date: 2/27/2019	
Scale: 1" = 200' 11x17	

Skyline 2.0.dwg

2/26/2019

Skyline Park - Conceptual Plans for Perspective



General Notes

No	Revision/Issue	Date

Your Name and Address

Project name and Address
Skyline Multi-Use Park
City of Susanville
Dog Park
1" = 60' @ 11x17

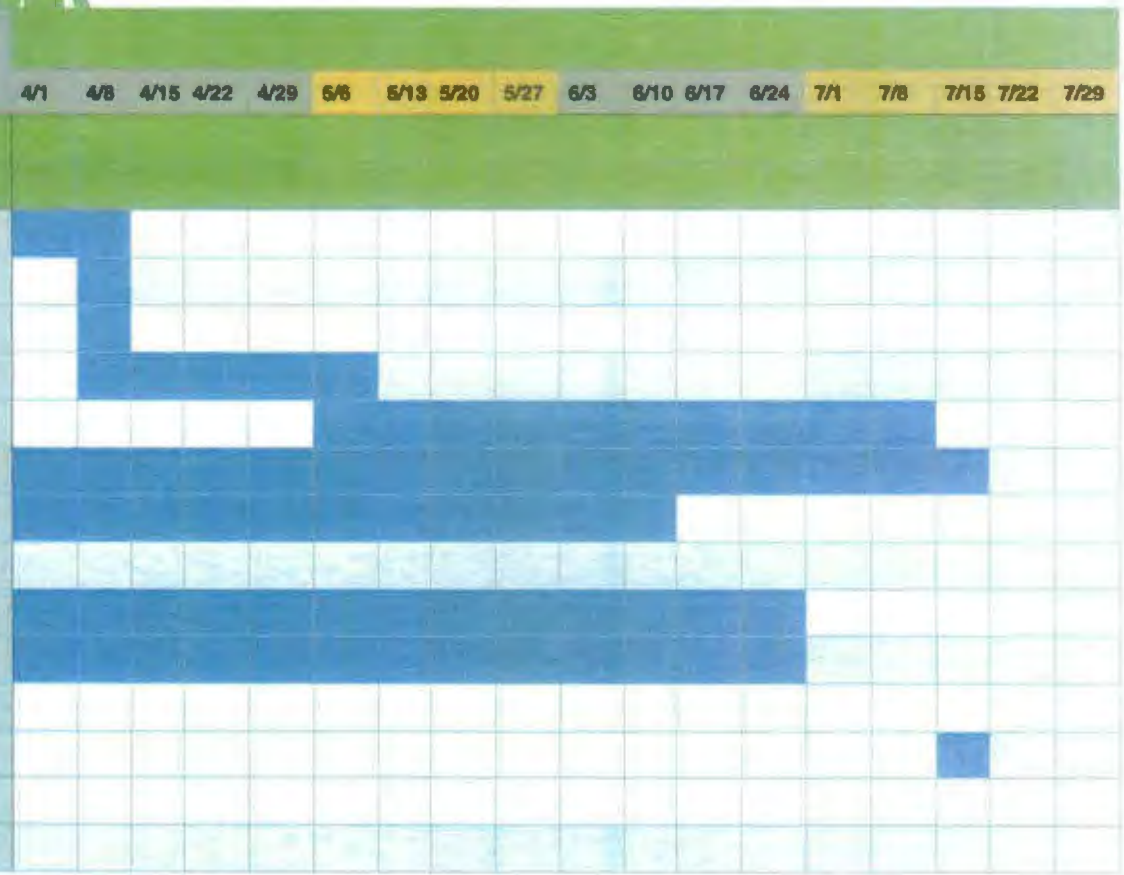
Project: Skyline Park
Date: 2/27/2019
Scale: 1" = 60' 11x17
Sheet: 1.3

Skyline 2.0.dwg
2/26/2019

Skyline Multi-Use Park Park - City of Susanville

Disc Golf - Project #

	Days	Date		%
2019				
City Council Meeting	1	4/3	4/5	
		4/5	4/5	
Disc Golf		4/5	4/5	
Order Baskets and materials	21	4/5	5/4	
Install Baskets	45	5/4	7/6	
Trail System	70	4/4	7/15	
Gravel Parking Lot Grading	50	4/4	6/14	
Install Water Line - Not Scheduled	60			
Pump Track and Slalom Course	60	4/4	6/28	
Dog Park - Direction Pending - Mesa Park Options	60	4/4	6/28	
Grand Opening	2	7/15	7/17	



AGENDA ITEM NO. 12B

Reviewed by: ____ City Administrator

___ Motion only
___ Public Hearing
_X_ Resolution
___ Ordinance
___ Information

Submitted by: Kevin Jones, Police Chief

Action Date: April 3, 2019

CITY COUNCIL AGENDA ITEM

SUBJECT: **Resolution No. 19-5628** approving the acceptance of funds from the Susanville Police Officers Association for the purpose of funding the Police Canine Program

PRESENTED BY: Kevin Jones, Police Chief

SUMMARY: The Susanville Police Officers Association has been fundraising for the Susanville Police Department Canine program. They are currently performing a fundraiser and have two (2) other fundraising campaigns planned in the coming weeks and months. In addition to these, they have been receiving continual donations towards the program.

Moving forward, the SPOA will need to gift these funds to the City of Susanville as we will begin to purchase items and specifically, the canine.

The SPOA is a non-profit organization as defined in 501 (c)(3) pursuant to Title 26 of the United States Code.

FISCAL IMPACT: Approximately $25,000 (Revenue)

ACTION REQUESTED: Motion to approve **Resolution No. 19-5628** approving the acceptance of funds from the Susanville Police Officers Association for the purpose of funding the Police Canine Program

ATTACHMENTS: Resolution No. 19-5628

RESOLUTION NO. 19-5628
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUSANVILLE APPROVING ACCEPTANCE OF FUNDS FROM THE SUSANVILLE POLICE OFFICERS ASSOCIATION FOR THE PURPOSE OF THE POLICE CANINE PROGRAM

WHEREAS, the Susanville Police Department is in the process of implementing a Canine program with the support of the City of Susanville City Council; and

WHEREAS, the City recognizes the Susanville Police Officers Association is a non-profit organization as defined in 501(c)(3) pursuant to Title 26 of the United States Code possessing a Tax Identification number of #81-4567537; and

WHEREAS, the Susanville Police Officers Association has, and is currently, conducting fundraisers and collecting donations to financially support the SPD Canine program; and

WHEREAS, the Association has a need to gift these funds to the City of Susanville to be used towards the SPD Canine program; and

WHEREAS, the City needs to authorize the acceptance of these funds from the Susanville Police Officers Association.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Susanville approves to accept funds from the Susanville Police Officers to be used solely for the purpose of the SPD Canine program

APPROVED: _____
Kevin Stafford, Mayor

ATTEST: _____
Gwenna MacDonald, City Clerk

The foregoing Resolution was adopted at a regular meeting of the City Council of the City of Susanville, held on the 3rd day of April, 2019 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAINING:

_____
Gwenna MacDonald, City Clerk

APPROVED AS TO FORM _____
Jessica Ryan, City Attorney

AGENDA ITEM NO. 12C

Reviewed by: City Administrator

X Motion only
___ Public Hearing
___ Resolution
___ Ordinance
___ Information

Submitted by: Kevin Jones, Police Chief

Action Date: April 3, 2019

CITY COUNCIL AGENDA ITEM

SUBJECT: Police Trainee/Police Academy

PRESENTED BY: Kevin Jones, Police Chief

SUMMARY: The Police Department currently has two (2) openings for Police Officer. It is the request to hire and sponsor two (2) Police Trainees to the Police Academy. SPD is currently beginning backgrounds on applicants who have taken the interview and written examinations.

We are considering two options for the Police Academy; College of Redwoods and Butte Community College. The breakdown of the costs are outlined below:

Tuition:	$2,000
Per Diem:	$3,200
Uniforms:	$300
Travel:	$700 (Fuel w/City vehicle)
Salary:	$18,000 (90% of Range 136/Step A)
Lodging:	$5,000 - $8,500 (Depending on location)

Cost Estimate: **$29,200 - $32,700 Per Trainee (Variable w/lodging)**

Based on the preliminary figures from Finance Manager, there is a potential savings of approximately $37,046 per year per position. This is largely due to the lack of benefits during this six month duration.

If approved, SPD needs direction on acceptance and pursuing academy graduate and/or lateral applications. There is currently one person with academy in background investigation.

FISCAL IMPACT: No increase to allotted Police Budget

ACTION REQUESTED: Provide direction on ability to hire one or two Trainees.

ATTACHMENTS: None.

AGENDA ITEM NO. 13A

Reviewed by: ___ City Administrator

___ Motion Only
___ Public Hearing
___ Resolution
___ Ordinance
X Information

Submitted By: Quincy McCourt, Project Manager

Action Date: April 3, 2019

CITY COUNCIL AGENDA ITEM

SUBJECT: City of Susanville Theme and Core Value Discussion

PRESENTED BY: Quincy McCourt, Project Manager

SUMMARY: Over the years, the City of Susanville has declared to be a logging town and has evolved to a somewhat government oriented or prison town. However, that is not generally reflected through the presentation of the buildings that represent the City. There is somewhat of an eclectic feeling when driving into City limits. Staff is requesting a discussion of a united front that the City can require of new buildings or improvements that distinctly contribute to a welcoming theme. Some potential elements that make up Susanville are the beautiful nature, the recreational opportunities, the logging history and the government hub. Together, the aforementioned subjects, if represented well, can tell a story of a healthy place with a healthy people and a strong community. What is the core value of the City of Susanville? This information will be helpful in grant applications as well as bolstering the integrity of the City. The intent is to solicit from the community a theme the City can unite behind and present the decision at the Lassen County Fair.

FISCAL IMPACT: None.

ACTION REQUESTED: Staff is requesting discussion on establishing a theme and core value for the City of Susanville.

ATTACHMENTS: Building frontage requirement plan