



A G E N D A



**CITY OF IMPERIAL BEACH
CITY COUNCIL
PLANNING COMMISSION
PUBLIC FINANCING AUTHORITY
HOUSING AUTHORITY**

IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY

DECEMBER 10, 2014

**Council Chambers
825 Imperial Beach Boulevard
Imperial Beach, CA 91932**

SPECIAL MEETING – 6:30 P.M.

THE CITY COUNCIL ALSO SITS AS THE CITY OF IMPERIAL BEACH PLANNING COMMISSION, PUBLIC FINANCING AUTHORITY, HOUSING AUTHORITY AND IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY

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SPECIAL MEETING CALL TO ORDER

ROLL CALL BY CITY CLERK

PLEDGE OF ALLEGIANCE

AGENDA CHANGES

MAYOR/COUNCIL REIMBURSEMENT DISCLOSURE/COMMUNITY ANNOUNCEMENTS/REPORTS ON ASSIGNMENTS AND COMMITTEES

COMMUNICATIONS FROM CITY STAFF

PUBLIC COMMENT- *Each person wishing to address the City Council regarding items not on the posted agenda may do so at this time. In accordance with State law, Council may not take action on an item not scheduled on the agenda. If appropriate, the item will be referred to the City Manager or placed on a future agenda.*

PRESENTATIONS (1.1)

1.1* PRESENTATION ON PORT DISTRICT ACTIVITIES BY PORT COMMISSIONER MALCOLM. (0150-70)

* No Staff Report

CONSENT CALENDAR (2.1-2.4)-*All matters listed under Consent Calendar are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items, unless a Councilmember or member of the public requests that particular item(s) be removed from the Consent Calendar and considered separately. Those items removed from the Consent Calendar will be discussed at the end of the Agenda.*

2.1 ROTATION OF MAYOR PRO TEMPORE DUTIES. (0410-13)

Recommendation: Appoint Councilmember Brian P. Bilbray as Mayor Pro Tempore for a one-year period pursuant to City Council Policy 112 effective at the first Council meeting in January.

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Any writings or documents provided to a majority of the City Council/Planning Commission/Public Financing Authority/Housing Authority/I.B. Redevelopment Agency Successor Agency regarding any item on this agenda will be made available for public inspection in the office of the City Clerk located at 825 Imperial Beach Blvd., Imperial Beach, CA 91932 during normal business hours.

CONSENT CALENDAR (Continued)

2.2 RECEIPT AND FILING OF THE ANNUAL AUDIT OF HOUSING AUTHORITY FUNDS PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34327.6 AND THE AUDIT OF THE LOW AND MODERATE INCOME HOUSING ASSET FUND AND THE REPORT OF THE HOUSING AUTHORITY SERVING AS THE SUCCESSOR HOUSING ENTITY OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f). (0412-50)

Recommendation: That the Housing Authority:

1. Receive and file the audit of Housing Authority funds as included in the City's audited Financial Statements for fiscal year ended June 30, 2014 (beginning on Page 18) pursuant to HSC 34327.6 of the Housing Authorities Law;
2. Receive and file the audit of the Low and Moderate Income Housing Asset Funds of the Housing Authority as included in the City's audited Financial Statements for fiscal year ended June 30, 2014 (beginning on Page 18) pursuant to HSC 34176.1(f) of the Dissolution Act; and
3. Receive and file the Report providing the information required by HSC Section 34176.1(f) of the Dissolution Act.

2.3 RESOLUTION NO. 2014-7536 APPROVING AMENDMENT NO. 1 TO THE LANDSCAPE MAINTENANCE SERVICES CONTRACT WITH ACACIA LANDSCAPE COMPANY. (0940-05)

Recommendation:

1. Receive report;
2. Adopt resolution; and
3. Authorize the City Manager to sign Amendment No. 1 to the "Landscape Maintenance Services" contract with Acacia Landscape Company.

2.4 EXTENSION OF TERMS OF OFFICE FOR MEMBERS ON THE TIDELANDS ADVISORY COMMITTEE AND THE DESIGN REVIEW BOARD WITH TERMS EXPIRING ON DECEMBER 31, 2014. (0120-30 & 0120-80).

Recommendation: That the City Council extends the terms of office for Design Review Board Members Daniel Lopez and Thomas Schaff and Tidelands Advisory Committee Members Michel Dedina, Mary Doyle and David L. Van de Water until new appointees have been selected.

ORDINANCES – INTRODUCTION/FIRST READING (3)

None.

PUBLIC HEARINGS (4.1-4.2)

4.1 ADOPTION OF RESOLUTION NO. 2014-7538 APPROVING THE IMPERIAL BEACH BUSINESS IMPROVEMENT DISTRICT (BID) ANNUAL REPORT FOR FISCAL YEAR 2013-2014 AND AUTHORIZING THE LEVYING OF THE FISCAL YEAR 2014-015 ANNUAL ASSESSMENT FOR THE BID PURSUANT TO THE PARKING AND BUSINESS IMPROVEMENT AREA LAW OF 1989. (0465-20)

Recommendation:

1. Declare the public hearing open;
2. Receive public testimony;
3. Close the public hearing; and,
4. Adopt Resolution No. 2014-7538 approving the Final Report from the BID for Fiscal Year 2013-2014 and the budget and proposed activities for Fiscal Year 2014-2015 and levying the assessment for properties within the BID for Fiscal Year 2014-2015.

Continued on Next Page

PUBLIC HEARINGS (Continued)

- 4.2 ADOPT RESOLUTION NO. 2014-7537 RATIFYING THE CITY MANAGER'S SIGNATURE ON THE APPLICATION FOR THE FISCAL YEAR 2015/16 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ADDITIONAL ESTIMATED FUNDING OF \$12,083 TO BE USED TO PARTIALLY REIMBURSE THE CITY OF IMPERIAL BEACH FOR THE PURCHASE OF SELF-CONTAINED BREATHING APPARATUS FOR THE FIRE-RESCUE DEPARTMENT. (0650-34)**
1. Declare the public hearing open;
 2. Receive report and entertain testimony;
 3. Close the public hearing;
 4. Motion to adopt Resolution No. 2014-7537 ratifying the City Manager's signature on the 2015/16 CDBG application for partial reimbursement of Self-Contained Breathing Apparatus for the Fire-Rescue Department; and
 5. Authorize the City Manager to execute the appropriate agreement with the County of San Diego for the use of CDBG funds for partial reimbursement of Self-Contained Breathing Apparatus for the Fire-Rescue Department.

REPORTS (5.1-5.4)

- 5.1 CITY COUNCIL BRIEFING NO. 4 – PALM AVENUE MIXED USE & COMMERCIAL CORRIDOR MASTER PLAN UPDATE AND ANNOUNCEMENT OF SECOND COMMUNITY WORKSHOP. (0150-30, 0480-80 & 0600-20)**
Recommendation: That the City Council receives City Council Briefing No. 4 on the Palm Avenue Mixed Use and Commercial Corridor Master Plan (Master Plan) and provide input and additional comments as necessary.
- 5.2 RESOLUTION NO. 2014-7535 APPROVING THE CALENDAR AND SETTING THE TIME FOR CITY COUNCIL MEETINGS FOR THE YEAR 2015. (0410-05)**
Recommendation: That the City Council discuss a time for setting the start of regular City Council meetings and any meeting schedule conflicts. Staff further recommends adoption of Resolution No. 2014-7535 approving the calendar and setting the time for City Council meetings for the year 2015.
- 5.3 ANNUAL CITY COUNCIL REPRESENTATION ASSIGNMENTS FOR 2015. (0410-50)**
Recommendation: Review and discuss the Mayor's City Council Representation Assignments List for 2015.
- 5.4* RESOLUTION NO. 2014-7539 AWARDED A PUBLIC WORKS CONTRACT, TO WIT: CITY HALL PUBLIC AREA FLOORING PROJECT AND APPROPRIATION OF AN AMOUNT NOT TO EXCEED \$25,000 FROM THE FACILITY MAINTENANCE FUND TO PROJECT. (0910-20)**

* No staff Report

I.B. REDEVELOPMENT AGENCY SUCCESSOR AGENCY REPORTS (6)

None.

ITEMS PULLED FROM THE CONSENT CALENDAR (IF ANY)

ADJOURN SPECIAL MEETING

The Imperial Beach City Council welcomes you and encourages your continued interest and involvement in the City's decision-making process.

FOR YOUR CONVENIENCE, A COPY OF THE AGENDA AND COUNCIL MEETING PACKET MAY BE VIEWED IN THE OFFICE OF THE CITY CLERK AT CITY HALL OR ON OUR WEBSITE AT

www.imperialbeachca.gov

_____/s/
Jacqueline M. Hald, MMC
City Clerk



STAFF REPORT
CITY OF IMPERIAL BEACH

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: ANDY HALL, CITY MANAGER *AH*
MEETING DATE: DECEMBER 10, 2014
ORIGINATING DEPT.: CITY CLERK *JMH*
SUBJECT: ROTATION OF MAYOR PRO TEMPORE DUTIES

EXECUTIVE SUMMARY:

Select the next Councilmember to serve as Mayor Pro Tempore in accordance to Council Policy 112.

BACKGROUND:

If the Mayor is absent or unable to act, the Mayor Pro Tempore shall serve until the Mayor returns or is able to act. The Mayor Pro Tempore has all of the powers and duties of the Mayor when absent (Imperial Beach Municipal Code Section 2.10.020).

Imperial Beach Municipal Code 2.10.010 states the City Council shall, at the next meeting after the first meeting in December, choose one of its members as Mayor Pro Tempore. The Mayor Pro Tempore shall serve on a rotating basis and be seated at the first meeting in January pursuant to Council Policy 112.

ANALYSIS:

In accordance with City Council Policy 112, the Mayor Pro Tem Rotation List is set as follows:

- (1) Current Councilmember (One who has not served as Mayor Pro Tempore): Brian P. Bilbray.
- (2) Councilmember Elect (One with most votes from previous election): Edward Spriggs.
- (3) Councilmember Elect: Lorie Bragg.
- (4) Current Councilmember (One who just completed one (1) year as Mayor Pro Tempore): Robert Patton

CALIFORNIA ENVIRONMENTAL QUALITY ACT:

Not a project as defined by CEQA.

FISCAL IMPACT:

None.

RECOMMENDATION:

Appoint Councilmember Brian P. Bilbray as Mayor Pro Tempore for a one-year period pursuant to City Council Policy 112 effective at the first Council meeting in January.

Attachments:

1. I.B.M.C. 2.10.010 and 2.10.020
2. City Council Policy No. 112

Imperial Beach Municipal Code[Up](#)[Previous](#)[Next](#)[Main](#)[Collapse](#)[Search](#)[Print](#)[No Frames](#)

Title 2. ADMINISTRATION AND PERSONNEL

Chapter 2.10. MAYOR PRO TEMPORE

2.10.010. Selection of Mayor pro tempore—Term.

The City Council shall, at the next meeting after the first meeting in December, choose one of its members as Mayor pro tempore. The Mayor pro tempore shall serve on a rotating basis as provided in City Council policy, or until the expiration of the normal term as set forth in this title. (Ord. 829, 1990)

2.10.020. Duties of Mayor pro tempore.

If the Mayor is absent or unable to act, the Mayor pro tempore shall serve until the Mayor returns or is able to act. The Mayor pro tempore has all of the powers and duties of the Mayor. (Ord. 829, 1990)

CITY OF IMPERIAL BEACH
COUNCIL POLICY

SUBJECT:	POLICY NUMBER	EFFECTIVE DATE	PAGE
Rotation of Mayor Pro Tempore Duties	112	3/4/92	1 of 1

ADOPTED BY: Resolution 92-4085 **DATED:** March 4, 1992

On March 4, 1992, the City Council resolved to establish the following policy:

1. The mayor pro tempore will be selected, and have the powers and duties, as specified in Section 2.10 of the Imperial Beach Municipal Code.
2. The mayor pro tempore will be seated at the first council meeting in January.
3. The mayor pro tempore shall serve on a rotating basis so that each councilmember serves one (1) year as mayor pro tempore during his/her four (4) year term.
4. The councilmember chosen to be mayor pro tempore each year will be the councilmember on the top of the rotation list, which will be established and maintained as follows:
 - a. After each election, the rotation list will be established as follows (in line to serve as mayor pro tempore from top to bottom):
 - (1) Current councilmember (One who has not served as mayor pro tempore).
 - (2) Councilmember Elect (One with most votes from previous election).
 - (3) Councilmember Elect.
 - (4) Current councilmember (One who just completed one (1) year as mayor pro tempore).
 - b. After a councilmember serves one (1) year as mayor pro tempore, he/she will go to the bottom of the list and the others will move up one (1) spot.
 - c. Newly elected/re-elected councilmembers will be placed on the list, after the current councilmember who has not served as mayor pro tempore, in order of votes received.



AGENDA ITEM NO. 2.2

STAFF REPORT
HOUSING AUTHORITY OF THE
CITY OF IMPERIAL BEACH

TO: CHAIR AND MEMBERS OF THE BOARD

FROM: ANDY HALL, EXECUTIVE DIRECTOR *AH*

MEETING DATE: DECEMBER 10, 2014

ORIGINATING DEPT.: SUCCESSOR AGENCY & ADMINISTRATIVE SERVICES
GREGORY WADE, DEPUTY DIRECTOR *GW*
DOUG BRADLEY, TREASURER *DB*

SUBJECT: RECEIPT AND FILING OF THE ANNUAL AUDIT OF HOUSING AUTHORITY FUNDS PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34327.6 AND THE AUDIT OF THE LOW AND MODERATE INCOME HOUSING ASSET FUND AND THE REPORT OF THE HOUSING AUTHORITY SERVING AS THE SUCCESSOR HOUSING ENTITY OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f)

BACKGROUND:

On January 14, 2011, pursuant to the provisions of California Health and Safety Code ("HSC") Section 34200, et seq., ("Housing Authorities Law"), the City Council adopted Resolution No. 2011-6989/R-11-241¹ declaring that there is a need for a housing authority to function in the City and established the Housing Authority of the City of Imperial Beach ("Housing Authority"). On February 16, 2011, the Housing Authority adopted Resolution No HA-11-01 designating the officers of the Housing Authority and authorizing the San Diego County Authority to function and operate leased housing with the territorial limits of the City of Imperial Beach ("City") pursuant to Section 8 of the United States Housing Act of 1937, among other things.

Pursuant to state law governing and relating to the dissolution of redevelopment agencies (collectively referred to herein as the "Dissolution Act"), the City Council adopted Resolution No. 2012-7136, subject to all reservations therein stated, designating that the Housing Authority receive a transfer of, without limitation, all of the housing assets, rights, powers, duties, obligations, liabilities and functions previously performed by the Imperial Beach Redevelopment Agency ("RDA") upon the RDA's dissolution, including enforcement of affordability covenants and performance of related activities pursuant to applicable provisions of the Community Redevelopment Law (Part 1, commencing with HSC Section 33000). On January 5, 2012, pursuant to the Dissolution Act, the Housing Authority adopted Resolution No. HA-12-06 and

¹ Resolution No 2011-6989/R-11-241 is a joint resolution of the City Council of the City of Imperial Beach and the Imperial Beach Redevelopment Agency.

accepted the transfer of all such housing assets, rights, powers, duties, obligations, liabilities and functions previously performed by the RDA upon the RDA's dissolution.

The RDA dissolved on February 1, 2012, and the Housing Authority became the "Successor Housing Entity" of the former RDA, based on the aforementioned designating Resolutions and the Dissolution Act.

DISCUSSION:

Pursuant to HSC Section 34327.6 of the Housing Authorities Law, all funds of the Housing Authority not subject to a federal audit must be audited at least annually by a certified public accountant.

The audit of Housing Authority funds begins on Page 18 of the City's (audited) Financial Statements Fiscal Year Ended June 30, 2014. These funds include funds maintained in the Low and Moderate Income Housing Asset Fund established and maintained pursuant to the Dissolution Act to be used for affordable housing related activities in accordance with HSC Section 34176, and certain housing bond proceeds from bonds issued by the former RDA maintained for use toward affordable housing purposes consistent with the bond covenants.

Further, pursuant to HSC Section 34176.1(f) of the Dissolution Act, the Housing Authority serving as the Successor Housing Entity is required to conduct, and shall provide to its governing body, an independent financial audit of the Low and Moderate Income Housing Asset Fund established and maintained pursuant to the Dissolution Act within six months after the end of each fiscal year, which may be included in the independent financial audit of the City. Additionally, the Housing Authority serving as the Successor Housing Entity shall also provide to its governing body and post on its Internet Website certain information required by HSC Section 34176.1(f)(1) through (11) relating to the Low and Moderate Income Housing Asset Fund, other redevelopment affordable housing related assets and its activities during the prior fiscal year.

The audit of Low and Moderate Income Housing Asset Fund also begins on Page 18 of the City's (audited) Financial Statements Fiscal Year Ended June 30, 2014. The information required by HSC Section 34176.1(f)(1) through (11) relating to the Low and Moderate Income Housing Asset Fund, other redevelopment affordable housing related assets and activities of the Housing Authority serving as the Successor Housing Entity for Fiscal year 2013-2014 is included in the Report on Additional Housing Requirements.

ENVIRONMENTAL IMPACT

This activity is not a "project" and is therefore not subject to CEQA pursuant to State CEQA Guidelines Section 15060(c)(3).

FISCAL IMPACT:

There is no immediate fiscal impact with these actions.

RECOMMENDATION:

That the Housing Authority:

1. Receive and file the audit of Housing Authority funds as included in the City's audited Financial Statements for fiscal year ended June 30, 2014 (beginning on Page 18) pursuant to HSC 34327.6 of the Housing Authorities Law;
2. Receive and file the audit of the Low and Moderate Income Housing Asset Funds of the Housing Authority as included in the City's audited Financial Statements for fiscal year ended June 30, 2014 (beginning on Page 18) pursuant to HSC 34176.1(f) of the Dissolution Act;
3. Receive and file the Report providing the information required by HSC Section 34176.1(f) of the Dissolution Act.

Attachments:

1. City of Imperial Beach (audited) Financial Statements Fiscal Year Ended June 30, 2014.
2. Independent Auditors' Report on Compliance with Applicable Requirement and on Internal Control over Compliance.
3. Report on Additional Housing Requirements.

CITY OF IMPERIAL BEACH, CALIFORNIA
FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2014

Prepared By:
FINANCE DEPARTMENT

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CITY OF IMPERIAL BEACH
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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CITY OF IMPERIAL BEACH
 FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Imperial Beach, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Imperial Beach, California, (the City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



To the Honorable Mayor and Members of the City Council
City of Imperial Beach, California

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Imperial Beach, California, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information for the General Fund and Housing Authority Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual non-major fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



To the Honorable Mayor and Members of the City Council
City of Imperial Beach, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Signature on file

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Brea, California
November 20, 2014

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City of Imperial Beach, California

ADMINISTRATIVE SERVICES DEPARTMENT

825 Imperial Beach Blvd., Imperial Beach, CA 91932 Tel: (619) 628-1365 Fax: (619) 424-3481

Management's Discussion and Analysis

As management of the City of Imperial Beach, California (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with information found throughout the City's financial statements.

Financial Highlights

The assets and deferred outflows of resources of the City exceeded its liabilities at the close of the most recent fiscal year by \$86,702,190 (*net position*). Of this amount, \$30,065,416 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.

At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$23,502,641, an increase of \$1,003,281 in comparison with the prior year. Approximately 25.0% of this amount (\$5,873,897) is available for spending at the government's discretion (*unassigned fund balance*).

At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was \$12,985,879. The total of the *unassigned* component is \$5,932,087 or approximately 33% of total general fund expenditures.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, highways and streets, sanitation, and culture and recreation. The business-type activities of the City include sewer operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate agencies including the Successor Agency of the former RDA. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

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

The City's basic financial statements display four individual governmental funds (General Fund, Housing Authority, 2010 Bond Fund, and Other). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, housing authority, and 2010 bond. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprises funds to account for its Sewer operation. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the management of its retained risks and for its fleet of vehicles. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer operation and internal services fund which are considered to be major funds of the City.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds *are* not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains two different types of fiduciary funds. The *Private-purpose trust fund* is used to report resources held in trust for other entities. The *Agency fund* reports resources held by the City in a custodial capacity for individuals, private organizations and other governments. The City current has one agency fund, and one Private Trust fund (the Successor Agency of the Former RDA).

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities by \$86,702,190 at the close of the most recent fiscal year.

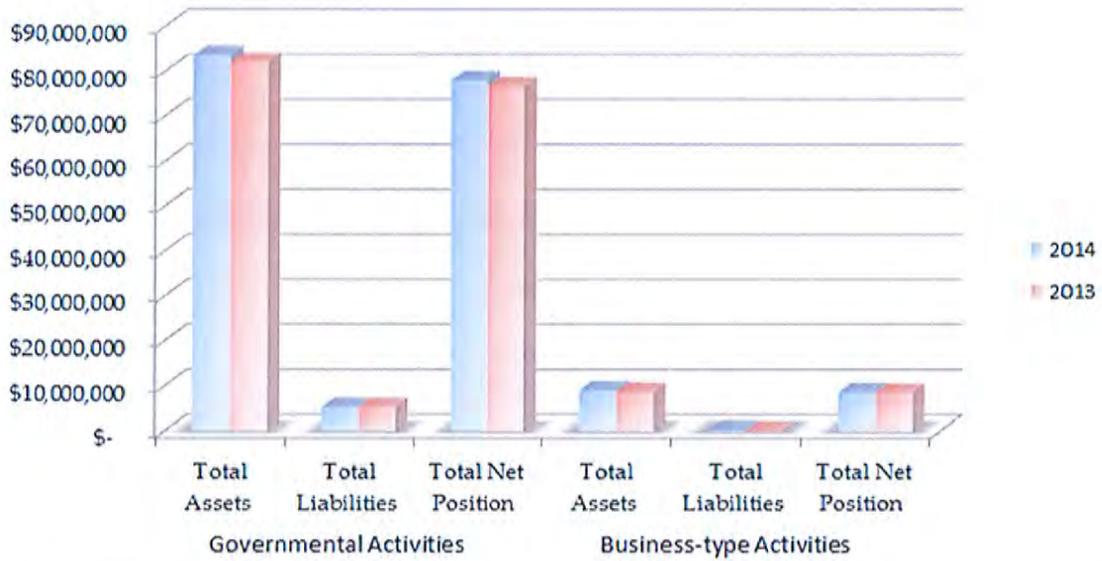
CITY OF IMPERIAL BEACH; Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$ 40,851,522	\$ 40,564,090	\$ 2,862,648	\$ 2,657,759	\$ 43,714,170	\$ 43,221,849
Capital Assets	42,533,566	41,453,331	6,151,141	6,078,158	48,684,707	47,531,489
Total Assets	83,385,088	82,017,421	9,013,789	8,735,917	92,398,877	90,753,338
Current Liabilities	2,872,710	2,846,158	259,840	89,876	3,132,550	2,936,034
Long-term Liabilities	2,501,970	2,526,982	62,167	62,932	2,564,137	2,589,914
Total Liabilities	5,374,680	5,373,140	322,007	152,808	5,696,687	5,525,948
Net Position:						
Net Investment in Capital	42,533,566	41,453,331	6,151,141	6,078,158	48,684,707	47,531,489
Restricted	7,952,067	15,655,189	-	-	7,952,067	15,655,189
Unrestricted	27,524,775	19,535,761	2,540,641	2,504,951	30,065,416	22,040,712
Total Net Position	\$ 78,010,408	\$ 76,644,281	\$ 8,691,782	\$ 8,583,109	\$ 86,702,190	\$ 85,227,390

Just over half of the City's net position (56%) reflects investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending.

An additional portion of the City's net position, \$7,952,067 (9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$30,065,416 (35%) is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.



The City's overall net position increased \$1,474,800 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$1,366,127 from the prior fiscal year restated net position, with an ending balance of \$78,010,048. The reason for the increase came primarily from additional Redevelopment Property Tax Trust Fund (RPTTF) pass-thru revenue received as part of the Recognized Obligation Payment Schedule. As well as fiscal control keeping expenses slightly below budget.

CITY OF IMPERIAL BEACH; Changes in Net Position

	2014	2013	2014	2013	2014	2013
REVENUE						
Program Revenue						
Charges for Services	\$ 2,111,942	\$ 6,648,285	\$ 4,129,946	\$ 3,988,249	\$ 6,241,888	\$ 10,636,534
Operating Grants	5,403,493	4,687,393	-	-	5,403,493	4,687,393
Capital Grants	1,971,701	2,548,551	-	-	1,971,701	2,548,551
General Revenue						
Property Tax	4,594,215	4,050,421	-	-	4,594,215	4,050,421
Other tax	5,858,143	5,843,150	-	-	5,858,143	5,843,150
Other	941,198	-	32,691	52,761	973,889	52,761
Total Revenue	20,880,692	23,777,800	4,162,637	4,041,010	25,043,329	27,818,810
EXPENSE						
General Government	3,680,695	10,975,086	-	-	3,680,695	10,975,086
Public Safety	10,520,799	10,742,085	-	-	10,520,799	10,742,085
Community Development	613,085	-	-	-	613,085	-
Pulic Works	2,875,724	2,278,148	-	-	2,875,724	2,278,148
Sanitation	-	-	4,053,964	4,149,335	4,053,964	4,149,335
Culture and Recreation	1,821,723	1,791,244	-	-	1,821,723	1,791,244
Total Expense	19,512,026	25,786,563	4,053,964	4,149,335	23,565,990	29,935,898
Restatement of Net Position	(2,539)	85,507	-	-	(2,539)	85,507
Increase in net position	1,366,127	(1,923,256)	108,673	(108,325)	1,474,800	(2,031,581)
Net position beginning	76,644,281	78,567,537	8,583,109	8,691,434	85,227,390	87,258,971
Net position ending	\$ 78,010,408	\$ 76,644,281	\$ 8,691,782	\$ 8,583,109	\$ 86,702,190	\$ 85,227,390

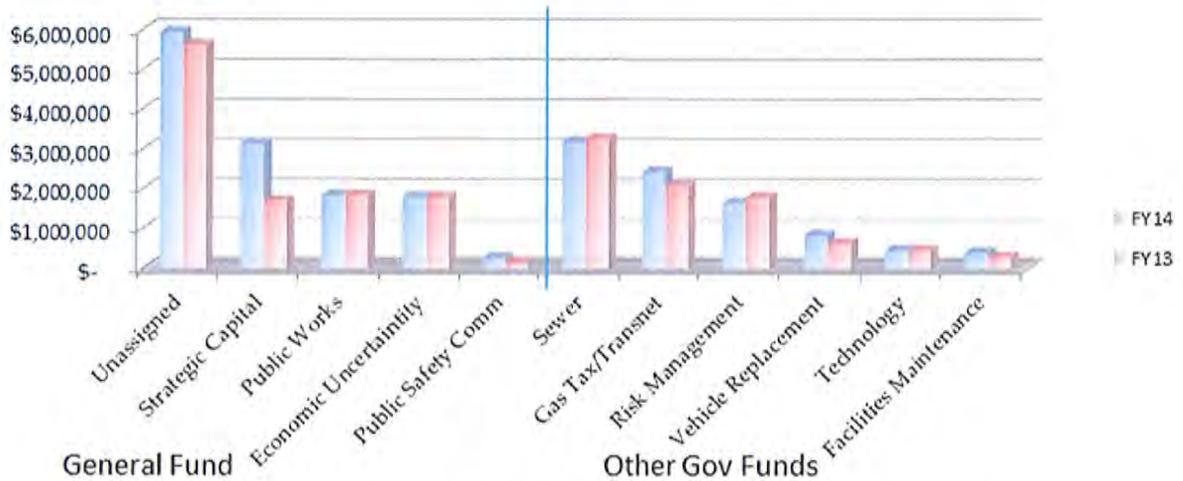
Business-type Activities. For the City's business-type activities, the results for the current fiscal year were positive, overall net position increased slightly reaching an ending balance of \$8,691,782. The total increase in net position for business-type activities (sewer fund) was \$108,673 or 1% from the prior fiscal year.

Financial Analysis of Governmental Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

At June 30, 2014, the City's governmental funds reported combined fund balances of \$23,502,641, a decrease of \$6,700,277 in comparison with the prior year. The reduction is primarily due to an accounting entry to re-class Housing Authority loans receivable as Deferred Revenue. Approximately 25% of this amount (\$5,873,897) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not spendable form (\$2,622,885), 2) restricted for particular purposes (\$7,952,067), 3) committed for particular purposes (\$5,205,604), or 4) assigned for particular purposes (\$1,848,188).



The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,932,087, an increase of \$321,018. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately thirty-three percent (33%) of total general fund expenditures, while total fund balance represents approximately eighty-seven percent (87%) of that same amount.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total net position of the Sewer Fund at the end of the year was \$9,333,950. The total increase in net position was \$91,817. The unrestricted fund balance is \$3,182,809.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations. However, there was a need to make an amendment to reallocate appropriations among departments when it became clearer which departments would actually be charged for certain employee benefits such as pensions and other postemployment benefits. Generally, the movement of the appropriations between departments was *not* significant.

Final budget compared to actual results. The differences between estimated and actual revenues (resources) and expenses (outflows) were as follows:

	Final Budget	Actual Amount	Variance Positive (Negative)
Resources (Inflows)			
Taxes	\$ 8,161,388	\$ 8,940,810	\$ 779,422
Licenses and Permits	536,100	578,949	42,849
Intergovernmental	584,553	659,169	74,616
Charges for Services	7,213,605	7,205,627	(7,978)
Use of Money and Property	457,000	408,537	(48,463)
Fines and Forfeitures	143,500	190,099	46,599
Miscellaneous	493,000	214,994	(278,006)
Transfers	871,000	779,240	(91,760)
			<u>\$ 517,279</u>
Charges (Outflows)			
General Government	\$ 3,547,966	\$ 3,177,886	\$ 370,080
Public Safety	10,782,538	10,616,637	165,901
Parks and Recreation	1,590,354	1,610,610	(20,256)
Public Works	2,415,561	2,216,667	198,894
Capital Outlay	315,265	267,563	47,702
Transfers Out	-	345,713	(345,713)
			<u>\$ 416,608</u>

The positive variance in resources came primarily from additional Redevelopment Property Tax Trust Fund (RPTTF) pass-thru revenue received as part of the Recognized Obligation Payment Schedule.

The favorable variance in outflows is primarily due to a conservative spending budget and strict fiscal control. The negative transfer out variance was triggered by the partial repayment of the City Loan to the Former Redevelopment Agency. A portion of the loan repayment was transferred to the Housing Authority per state law.

Capital Assets and Debt Administration

Capital assets. The City's net investment in capital assets for its governmental and business-type activities as of June 30, 2014, amounts to \$48,648,707 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, highways, bridges, and the sewer system. The total increase in capital assets for the current fiscal year was \$1,153,218 (1%).

City of Imperial Beach; Capital Assets (net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2014	2013	2014	2013	2014	2013
Land	\$ 1,638,532	\$ 1,638,532	\$ -	\$ -	\$ 1,638,532	\$ 1,638,532
Right of Way	12,406,327	12,406,327	826,591	589,341	13,232,918	12,995,668
Construction in Progress	4,213,937	9,487,275	-	-	4,213,937	9,487,275
Structures	4,356,788	3,985,396	-	-	4,356,788	3,985,396
Equipment and Vehicles	1,508,346	694,659	-	-	1,508,346	694,659
Infrastructure	18,409,636	13,241,142	-	-	18,409,636	13,241,142
Sewer System	-	-	5,324,550	5,488,817	5,324,550	5,488,817
	<u>\$ 42,533,566</u>	<u>\$ 41,453,331</u>	<u>\$ 6,151,141</u>	<u>\$ 6,078,158</u>	<u>\$ 48,684,707</u>	<u>\$ 47,531,489</u>

Long-term Debt. At the end of the current fiscal year, City did not have any outstanding debt. The City does recognize other long term liabilities (listed below).

The Successor Agency of the former RDA, which is a legally separate agency had outstanding long term debt totaling \$38,347,735 at the end of the fiscal year. In addition, the Successor Agency has a loan due to the City in the amount of \$2,622,885.

City of Imperial Beach; Long-term liabilities

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2014	2013	2014	2013	2014	2013
Other Post Employment Benefits	\$ 127,108	\$ 111,026	\$ -	\$ -	\$ 127,108	\$ 111,026
Compensated Absences	777,688	797,473	62,167	62,932	839,855	860,405
Claims & Judgments	1,597,174	1,618,483	-	-	1,597,174	1,618,483
	<u>\$ 2,501,970</u>	<u>\$ 2,526,982</u>	<u>\$ 62,167</u>	<u>\$ 62,932</u>	<u>\$ 2,564,137</u>	<u>\$ 2,589,914</u>

The City's total long-term liabilities decreased by \$25,777 (1%) reflecting the current liability for Post-Employment Benefits, Compensated Absences and Claims.

Requests for Information

This financial report is designed to provide a general overview of the City's financials for all those with an interest in the government's fiscal health. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Imperial Beach, Office of the Finance Director, 825 Imperial Beach Blvd., Imperial Beach, CA 91932. Or visit www.imperialbeachca.gov

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CITY OF IMPERIAL BEACH

STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 25,673,349	\$ 3,338,456	\$ 29,011,805
Receivables:			
Accounts	790,265	1,062	791,327
Notes and loans	8,551,552	-	8,551,552
Internal balances	642,168	(642,168)	-
Due from other governments	2,322,925	165,298	2,488,223
Inventories	1,088	-	1,088
Restricted assets:			
Cash and investments	247,290	-	247,290
Due from Successor Agency	2,622,885	-	2,622,885
Capital assets not being depreciated	18,258,796	826,591	19,085,387
Capital assets, net of depreciation	24,274,770	5,324,550	29,599,320
Total Assets	83,385,088	9,013,789	92,398,877
Liabilities:			
Accounts payable	1,646,831	51,796	1,698,627
Accrued liabilities	388,293	20,828	409,121
Unearned revenue	547,623	-	547,623
Deposits payable	289,963	-	289,963
Due to other governments	-	187,216	187,216
Noncurrent liabilities:			
Due within one year	732,624	16,949	749,573
Due in more than one year	1,769,346	45,218	1,814,564
Total Liabilities	5,374,680	322,007	5,696,687
Net Position:			
Investment in capital assets	42,533,566	6,151,141	48,684,707
Restricted for:			
Community development projects	5,258,343	-	5,258,343
Public safety	33,687	-	33,687
Public works	2,660,037	-	2,660,037
Unrestricted	27,524,775	2,540,641	30,065,416
Total Net Position	\$ 78,010,408	\$ 8,691,782	\$ 86,702,190

CITY OF IMPERIAL BEACH

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 3,680,695	\$ 736,179	\$ 469,636	\$ -
Public safety	10,520,799	662,584	4,492,309	-
Community development	613,085	-	75,000	-
Parks, recreation and senior center	1,821,723	52,094	-	-
Public works	2,875,724	661,085	366,548	1,971,701
Total Governmental Activities	19,512,026	2,111,942	5,403,493	1,971,701
Business-Type Activities:				
Sewer	4,053,964	4,129,946	-	-
Total Business-Type Activities	4,053,964	4,129,946	-	-
Total Primary Government	\$ 23,565,990	\$ 6,241,888	\$ 5,403,493	\$ 1,971,701

General Revenues:

Taxes:

Property taxes, levied for general purpose
 Transient occupancy taxes
 Sales taxes
 Franchise taxes
 Business licenses taxes
 Utility users tax
 Motor vehicle in lieu - unrestricted
 Use of money and property
 Other

Extraordinary gain

Total General Revenues and Extraordinary Items

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

Net Position at End of Year

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (2,474,880)	\$ -	\$ (2,474,880)
(5,365,906)	-	(5,365,906)
(538,085)	-	(538,085)
(1,769,629)	-	(1,769,629)
123,610	-	123,610
(10,024,890)	-	(10,024,890)
-	75,982	75,982
-	75,982	75,982
(10,024,890)	75,982	(9,948,908)
4,594,215	-	4,594,215
386,421	-	386,421
1,877,902	-	1,877,902
1,867,869	-	1,867,869
373,935	-	373,935
1,352,016	-	1,352,016
12,167	-	12,167
502,005	21,297	523,302
215,223	11,394	226,617
211,803	-	211,803
11,393,556	32,691	11,426,247
1,368,666	108,673	1,477,339
76,644,281	8,583,109	85,227,390
(2,539)	-	(2,539)
\$ 78,010,408	\$ 8,691,782	\$ 86,702,190

CITY OF IMPERIAL BEACH

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>General</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>
		<u>Housing Authority</u>	<u>C.I.P. 2010 Bond</u>
Assets:			
Pooled cash and investments	\$ 13,038,235	\$ 365,181	\$ 4,527,612
Receivables:			
Accounts	790,265	-	-
Notes and loans	-	8,551,552	-
Due from other governments	1,652,068	-	150,000
Due from other funds	418,725	-	-
Inventories	1,088	-	-
Restricted assets:			
Cash and investments	-	247,290	-
Due from Successor Agency	2,622,885	-	-
Total Assets	<u>\$ 18,523,266</u>	<u>\$ 9,164,023</u>	<u>\$ 4,677,612</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 1,411,499	\$ 963	\$ 29,971
Accrued liabilities	351,638	586	220
Unearned revenues	547,623	-	-
Deposits payable	289,963	-	-
Due to other funds	-	-	-
Total Liabilities	<u>2,600,723</u>	<u>1,549</u>	<u>30,191</u>
Deferred Inflows of Resources:			
Unavailable revenues	313,779	8,551,552	-
Total Deferred Inflows of Resources	<u>313,779</u>	<u>8,551,552</u>	<u>-</u>
Fund Balances:			
Nonspendable:			
Inventory	1,088	-	-
Due from Successor Agency	2,622,885	-	-
Restricted for:			
Community development projects	-	610,922	4,647,421
Public safety	-	-	-
Public works	-	-	-
Committed to:			
Community development projects	3,705	-	-
Economic Uncertainty Reserve	1,800,000	-	-
Strategic Capital Reserve	3,129,588	-	-
Regional Communication System	272,311	-	-
Assigned to:			
Public works	1,848,188	-	-
Unassigned	<u>5,930,999</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>15,608,764</u>	<u>610,922</u>	<u>4,647,421</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 18,523,266</u>	<u>\$ 9,164,023</u>	<u>\$ 4,677,612</u>

CITY OF IMPERIAL BEACH

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	Other Governmental Funds	Total Governmental Funds
Assets:		
Pooled cash and investments	\$ 2,735,097	\$ 20,666,125
Receivables:		
Accounts	-	790,265
Notes and loans	-	8,551,552
Due from other governments	495,742	2,297,810
Due from other funds	-	418,725
Inventories	-	1,088
Restricted assets:		
Cash and investments	-	247,290
Due from Successor Agency	-	2,622,885
Total Assets	\$ 3,230,839	\$ 35,595,740
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts payable	\$ 175,041	\$ 1,617,474
Accrued liabilities	1,539	353,983
Unearned revenues	-	547,623
Deposits payable	-	289,963
Due to other funds	418,725	418,725
Total Liabilities	595,305	3,227,768
Deferred Inflows of Resources:		
Unavailable revenues	-	8,865,331
Total Deferred Inflows of Resources	-	8,865,331
Fund Balances:		
Nonspendable:		
Inventory	-	1,088
Due from Successor Agency	-	2,622,885
Restricted for:		
Community development projects	-	5,258,343
Public safety	33,687	33,687
Public works	2,660,037	2,660,037
Committed to:		
Community development projects	-	3,705
Economic Uncertainty Reserve	-	1,800,000
Strategic Capital Reserve	-	3,129,588
Regional Communication System	-	272,311
Assigned to:		
Public works	-	1,848,188
Unassigned	(58,190)	5,872,809
Total Fund Balances	2,635,534	23,502,641
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,230,839	\$ 35,595,740

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CITY OF IMPERIAL BEACH

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Fund balances of governmental funds	\$ 23,502,641
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	41,253,136
Long-term debt and compensated absences that have not been included in the governmental fund activity:	
Compensated Absences	(724,111)
Governmental funds report all OPEB contributions as expenditures, however in the statement of net position any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as a asset or liability.	(127,108)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.	8,865,331
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.	<u>5,240,519</u>
Net Position of governmental activities	<u><u>\$ 78,010,408</u></u>

CITY OF IMPERIAL BEACH

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>
		<u>Housing Authority</u>	<u>C.I.P. 2010 Bond</u>
Revenues:			
Taxes	\$ 8,940,810	\$ -	\$ -
Assessments	-	-	-
Licenses and permits	578,949	-	-
Intergovernmental	659,169	-	-
Charges for services	7,205,627	-	150,000
Use of money and property	408,537	6,074	29,329
Fines and forfeitures	190,099	-	-
Contributions from Successor Agency	-	75,000	-
Miscellaneous	214,994	-	-
Total Revenues	18,198,185	81,074	179,329
Expenditures:			
Current:			
General government	3,177,886	-	56,899
Public safety	10,616,637	-	-
Community development	-	613,085	-
Parks and recreation	1,610,610	-	-
Public works	2,216,667	-	-
Capital outlay	267,563	-	382,301
Total Expenditures	17,889,363	613,085	439,200
Excess (Deficiency) of Revenues Over (Under) Expenditures	308,822	(532,011)	(259,871)
Other Financing Sources (Uses):			
Transfers in	779,240	223,043	-
Transfers out	(345,713)	-	-
Total Other Financing Sources (Uses)	433,527	223,043	-
Extraordinary gain/(loss)	-	211,803	-
Net Change in Fund Balances	742,349	(97,165)	(259,871)
Fund Balances, Beginning of Year, as previously reported	14,866,415	8,411,645	4,907,292
Restatements	-	(7,703,558)	-
Fund Balances, Beginning of Year, as restated	14,866,415	708,087	4,907,292
Fund Balances, End of Year	\$ 15,608,764	\$ 610,922	\$ 4,647,421

CITY OF IMPERIAL BEACH

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	Other Governmental Funds	Total Governmental Funds
Revenues:		
Taxes	\$ -	\$ 8,940,810
Assessments	11,638	11,638
Licenses and permits	-	578,949
Intergovernmental	2,259,469	2,918,638
Charges for services	45,953	7,401,580
Use of money and property	20,074	464,014
Fines and forfeitures	-	190,099
Contributions from Successor Agency	-	75,000
Miscellaneous	229	215,223
Total Revenues	2,337,363	20,795,951
Expenditures:		
Current:		
General government	23,100	3,257,885
Public safety	-	10,616,637
Community development	-	613,085
Parks and recreation	24,817	1,635,427
Public works	20,538	2,237,205
Capital outlay	994,370	1,644,234
Total Expenditures	1,062,825	20,004,473
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,274,538	791,478
Other Financing Sources (Uses):		
Transfers in	443,584	1,445,867
Transfers out	(1,100,154)	(1,445,867)
Total Other Financing Sources (Uses)	(656,570)	-
Extraordinary gain/(loss)	-	211,803
Net Change in Fund Balances	617,968	1,003,281
Fund Balances, Beginning of Year, as previously reported	2,017,566	30,202,918
Restatements	-	(7,703,558)
Fund Balances, Beginning of Year, as restated	2,017,566	22,499,360
Fund Balances, End of Year	\$ 2,635,534	\$ 23,502,641

CITY OF IMPERIAL BEACH

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

Net change in fund balances - total governmental funds \$ 1,003,281

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 1,355,988	
Depreciation	<u>(1,004,659)</u>	351,329

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

16,772

Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the statement of activities only the ARC is an expense.

(16,082)

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.

(165,053)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.

178,419

Change in net position of governmental activities

\$ 1,368,666

CITY OF IMPERIAL BEACH

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2014

	<u>Enterprise Fund</u>	<u>Governmental Activities- Internal Service Funds</u>
	<u>Sewer</u>	
Assets:		
Current:		
Cash and investments	\$ 3,338,456	\$ 5,007,224
Receivables:		
Accounts	1,062	-
Due from other governments	165,298	25,115
Total Current Assets	3,504,816	5,032,339
Noncurrent:		
Capital assets - net of accumulated depreciation	6,151,141	1,280,430
Total Noncurrent Assets	6,151,141	1,280,430
Total Assets	\$ 9,655,957	\$ 6,312,769
Liabilities and Net Position:		
Liabilities:		
Current:		
Accounts payable	51,796	29,357
Accrued liabilities	20,828	34,310
Due to other governments	187,216	-
Accrued compensated absences	16,949	8,323
Accrued claims and judgments	-	526,174
Total Current Liabilities	276,789	598,164
Noncurrent:		
Accrued compensated absences	45,218	45,254
Accrued claims and judgments	-	1,071,000
Total Noncurrent Liabilities	45,218	1,116,254
Total Liabilities	322,007	1,714,418
Net Position:		
Investment in capital assets	6,151,141	1,233,236
Unrestricted	3,182,809	3,365,115
Total Net Position	9,333,950	4,598,351
Total Liabilities and Net Position	\$ 9,655,957	\$ 6,312,769
Reconciliation of Net Position to the Statement of Net Position		
Net Position per Statement of Net Position - Proprietary Funds	\$ 9,333,950	
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds	(659,024)	
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds	16,856	
Net Position per Statement of Net Position	\$ 8,691,782	

CITY OF IMPERIAL BEACH

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	Enterprise Fund	Governmental Activities- Internal Service Funds
	Sewer	
Operating Revenues:		
Sales and service charges	\$ 4,129,946	\$ 1,440,024
Miscellaneous	11,394	228,236
Total Operating Revenues	4,141,340	1,668,260
Operating Expenses:		
Source of supply	3,605,803	684,703
Claims expense	-	26,214
Depreciation expense	164,267	118,425
Personnel and Administrative	300,750	681,634
Total Operating Expenses	4,070,820	1,510,976
Operating Loss	70,520	157,284
Nonoperating Revenues:		
Interest revenue	21,297	37,991
Total Nonoperating Revenues (Expenses)	21,297	37,991
Loss Before Transfers	91,817	195,275
Changes in Net Position	91,817	195,275
Net Position:		
Beginning of Year, as previously reported	9,242,133	4,405,615
Restatements	-	(2,539)
Beginning of Fiscal Year, as restated	9,242,133	4,403,076
End of Fiscal Year	\$ 9,333,950	\$ 4,598,351
Reconciliation of Changes in Net Position to the Statement of Activities:		
Changes in Net Position, per the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	\$ 91,817	
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds	16,856	
Changes in Net Position of Business-Type Activities per Statement of Activities	\$ 108,673	

CITY OF IMPERIAL BEACH

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2014

	Enterprise Fund	Governmental Activities- Internal Service Funds
	Sewer	
Cash Flows from Operating Activities:		
Cash received from customers and users	\$ 4,186,807	\$ -
Cash received from/(paid to) interfund service provided	-	1,669,748
Cash paid to suppliers for goods and services	(3,620,864)	(827,135)
Cash paid to employees for services	(303,706)	(588,092)
Net Cash Provided by Operating Activities	262,237	254,521
Cash Flows from Non-Capital Financing Activities:		
Advance from other funds	187,216	-
Net Cash Provided by Non-Capital Financing Activities	187,216	-
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(237,250)	(847,331)
Net Cash Used in Capital and Related Financing Activities	(237,250)	(847,331)
Cash Flows from Investing Activities:		
Interest received	21,297	37,991
Net Cash Provided by Investing Activities	21,297	37,991
Net Increase (Decrease) in Cash and Cash Equivalents	233,500	(554,819)
Cash and Cash Equivalents at Beginning of Year	3,104,956	5,562,043
Cash and Cash Equivalents at End of Year	\$ 3,338,456	\$ 5,007,224
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating loss	\$ 70,520	\$ 157,284
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:		
Depreciation	164,267	118,425
(Increase) decrease in accounts receivable	(258)	-
(Increase) decrease in due from other governments	45,725	1,488
Increase (decrease) in accounts payable	(15,061)	(4,665)
Increase (decrease) in accrued liabilities	(2,191)	-
Increase (decrease) in deposits payable	-	6,311
Increase (decrease) in claims and judgments	-	(23,848)
Increase (decrease) in compensated absences	(765)	(474)
Total Adjustments	191,717	97,237
Net Cash Provided (Used) by Operating Activities	\$ 262,237	\$ 254,521

CITY OF IMPERIAL BEACH

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2014

	Agency Funds	Private- Purpose Trust Fund Successor Agency of the Former RDA
Assets:		
Pooled cash and investments	\$ 387,593	\$ 2,455,150
Land held for resale	-	17,048,281
Restricted assets:		
Cash and investments with fiscal agents	-	2,811,290
Total Assets	\$ 387,593	22,314,721
Liabilities:		
Accounts payable	\$ -	35,739
Accrued liabilities	-	2,648
Accrued interest	-	152,631
Due to bondholders	387,593	-
Due to City	-	2,622,885
Long-term liabilities:		
Due in one year	-	235,000
Due in more than one year	-	38,112,735
Total Liabilities	\$ 387,593	41,161,638
Net Position:		
Held in trust for other purposes		(18,846,917)
Total Net Position		\$ (18,846,917)

CITY OF IMPERIAL BEACH

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2014

	<u>Private- Purpose Trust Fund Successor Agency of the Former RDA</u>
Additions:	
Taxes	\$ 1,862,118
Interest and change in fair value of investments	20,020
Miscellaneous	<u>63,357</u>
Total Additions	<u>1,945,495</u>
Deductions:	
Project Costs	117,568
Administrative expenses	315,703
Contractual services	575,235
Interest expense	<u>2,287,681</u>
Total Deductions	<u>3,296,187</u>
Changes in Net Position	(1,350,692)
Net Position - Beginning of the Year	(17,406,526)
Restatements	<u>(89,699)</u>
Net Position - Beginning of Year, as Restated	<u>(17,496,225)</u>
Net Position - End of the Year	<u>\$ (18,846,917)</u>

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I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of Significant Accounting Policies

a. Description of the Reporting Entity

The City of Imperial Beach, California (the City), was incorporated July 18, 1956, and operates as a General Law City. The City operates under a Council/Manager form of government and provides the following services: general government, fire, highways and streets, planning and zoning, and public improvements. Police services are contracted through the County of San Diego Sheriff's Department. The City is not subject to federal or state income taxes.

As required by generally accepted accounting principles, these financial statements present the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. These entities are legally separate from each other. However, the City's elected officials have a continuing full or partial accountability for fiscal matters of the other entities. The financial reporting entity consists of: 1) the City, 2) organizations for which the City is financially accountable, and 3) organizations for which the nature and significance of their relationship with the City are such that exclusions would cause the City's financial statements to be misleading or incomplete.

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

Blended Component Units

Imperial Beach Public Financing Authority

The Imperial Beach Public Financing Authority was established on November 20, 2003, by a joint exercise of powers agreement between the City of Imperial Beach and the former Imperial Beach Redevelopment Agency pursuant to the Community Redevelopment Law (commencing with Section 33000) of the Health and Safety Code of the State of California. Separate financial statements are not prepared for the Authority.

Imperial Beach Housing Authority

The Imperial Beach Housing Authority was established on January 14, 2011, by Council resolution to transact business and exercise powers in the City of Imperial Beach and to accept any appropriate funds from the former Imperial Beach Redevelopment Agency. The Authority also acts as the Housing Successor Agency.

Note 1: Summary of Significant Accounting Policies (Continued)

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its blended component units. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented.

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The private-purpose trust funds are reported using the economic resources management focus and the full accrual basis of accounting.

CITY OF IMPERIAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 1: Summary of Significant Accounting Policies (Continued)

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

All proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Their revenues are recognized when they are earned and become measurable; expenses are recognized when they are incurred. Unbilled service receivables are recorded as accounts receivable and as revenue when earned.

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.
- The Housing Authority Fund accounts for the transactions of the City's Housing Authority which was established to for the development of low and moderate income housing within the City.
- The C.I.P. 2010 Bond Capital Projects Fund accounts for projects funded with the proceeds of the 2010 Tax Allocation Bonds.

The City reports the following major proprietary fund:

- The Sewer Fund is an Enterprise Fund that accounts for the revenues and expenses associated with providing wastewater treatment services to residents of the City.

Additionally, the City reports the following fund types:

- Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.
- Capital Projects Funds account for the financial resources to be used for the capital improvement projects of the City.
- Internal Service Funds account for the financing of goods or services related to repair, replacement and maintenance of City-owned equipment, the City's self-insurance programs, the City's general information systems and telecommunications hardware, software and the repair, replacement and maintenance of City-owned facilities. These services are provided to other departments or agencies of the City on a cost reimbursement basis.

Note 1: Summary of Significant Accounting Policies (Continued)

- The Private Purpose Trust Fund accounts for the assets and liabilities of the former redevelopment agency and is allocated revenue to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated.
- Agency Funds are used to report resources held by the City in a purely custodial capacity, which involves only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments. They do not involve measurement of results of operations. The City's agency funds account for its special assessment districts.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds and of the Internal Service Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

d. Assets, Liabilities and Net Position or Equity

Cash and Investments

For purposes of the statement of cash flows, the City considers cash and cash equivalents to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For cash flow purposes, cash and cash equivalents are shown as both restricted and unrestricted cash and investments in the Proprietary Funds.

Investments for the City, as well as for its blended component units, are reported at fair value. The City's policy is generally to hold investments until maturity or until market values equal or exceed cost. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

CITY OF IMPERIAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 1: Summary of Significant Accounting Policies (Continued)

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Functional Classifications

Expenditures of the Governmental Funds are classified by function. Functional classifications are defined as follows:

- General Government includes legislative activities that have a primary objective of providing legal and policy guidelines for the City. Also included in this classification are those activities that provide management or support services across more than one functional area.
- Public Safety includes those activities that involve the protection of people and property.
- Parks, Recreation and Senior Center include those activities that involve community park maintenance and recreational activities within the community.
- Public Works includes those activities that involve the maintenance and improvement of City streets, roads and park department development and maintenance.
- Capital outlay includes those activities that account for the purchase of fixed and capital assets.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. The General Fund inventory is accounted for on the consumption method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In accordance with GASB Statement No. 34, the City has reported general infrastructure assets acquired in prior and current years.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

CITY OF IMPERIAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 1: Summary of Significant Accounting Policies (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities are included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings & Improvements	25 - 50
Improvements Other than Buildings	10 - 50
Sewer lines and Pump Stations	35 - 50
Equipment	3 - 20
Vehicles	5 - 10
<u>Infrastructure</u>	<u>Years</u>
Pavement	33
Curb and Gutter	50
Sidewalk	50

Deferred outflows/inflows of resources

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

In addition to liabilities, the statement of net position and governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the following sources: property taxes, revenues from housing loans, and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

All permanent employees of the City are permitted to accumulate a maximum of two times their annual accrual rate (annual leave). Maximum sick leave accrual for miscellaneous employees is 1,000 hours and for safety employees is 1,400 hours. Upon termination of employment, an employee is paid for accumulated annual leave but forfeits accumulated sick leave unless the employee has over five years of service. After five years of service, upon termination, the employee is paid for half the accumulated sick leave. Compensated absences are paid out of the General Fund and are reported there as a liability when they have matured.

CITY OF IMPERIAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 1: Summary of Significant Accounting Policies (Continued)

Accumulated vested sick pay and vacation pay for employees of the Proprietary Funds have been accrued. All accumulated compensated absences are accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements.

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

Fund Equity

In the fund financial statements, government funds report the following fund balance classification:

Nonspendable includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted includes amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a City Council resolution.

Assigned includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Resolution No. 2011-7039 authorizes the City Manager to assign amounts to a specific purpose.

Unassigned includes the residual amounts that have not been restricted, committed, or assigned to specific purposes.

CITY OF IMPERIAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 1: Summary of Significant Accounting Policies (Continued)

An individual governmental fund could include nonspendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of those classifications. Restricted amounts are to be considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and committed, assigned, and then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Net position flow assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Adopted Accounting Pronouncement

The City implemented GASB Statement 65, Items Previously Reported as Assets and Liabilities. GASB 65, among other things, amends prior guidance with respect to the treatment of debt issuance costs. Debt issuance costs should be recognized in the period incurred rather than reported on the statement of net position as deferred charges and recognized systematically over the life of the debt.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. The City uses a modified encumbrance system in which only significant, select encumbrances are carried over at year-end. All other encumbrances lapse at year-end and are re-encumbered in the following fiscal year.

CITY OF IMPERIAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 1: Summary of Significant Accounting Policies (Continued)

Property Tax Revenue

Property tax revenue is recognized on the basis of NCGA Interpretation No. 3; (adopted by GASB) that is, in the fiscal year for which the taxes have been levied providing they become available. Available means then due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. The County of San Diego collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January preceding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent, if unpaid, on August 31.

II. DETAILED NOTES ON ALL FUNDS

Note 2: Cash and Investments

As of June 30, 2014, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 25,920,639
Business-Type activities	3,338,456
Fiduciary funds	<u>5,654,033</u>
Total Cash and Investments	<u>\$ 34,913,128</u>

The City follows the practice of pooling cash and investments of all funds except for funds required to be held by fiscal agents under provisions of bond indentures. Interest income earned on pooled cash and investments is allocated monthly to the various funds based on monthly cash and investment balances. Interest Income from cash and investments with fiscal agents is credited directly to the related fund.

Deposits

At June 30, 2014, the carrying amount of the City's deposits was \$6,573,689 and the bank balance was \$6,684,593. The \$110,904 difference represents outstanding checks and other reconciling items.

CITY OF IMPERIAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 2: Cash and Investments (Continued)

The California Government Code requires California banks and savings and loan associations to secure a city's deposits by pledging government securities with a value of 110% of a city's deposits. California law also allows financial institutions to secure city deposits by pledging first trust deed mortgage notes having a value of 150% of a city's total deposits. The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local government agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

Investments

Under provisions of the City's investment policy, and in accordance with the California Government Code, the following investments are authorized:

- U.S. Treasury Obligations (bills, notes and bonds)
- Bonds, notes or other evidence of indebtedness issued or guaranteed by agency of the United States government
- Certificates of Deposit or Time Deposits placed with commercial banks and savings and loans
- Medium-term Corporate Notes with an "A" or comparable ratings
- Instruments of other California Government Entities with an "A" or comparable rating
- Banker's Acceptances
- Repurchase Agreements
- Local Agency Investment Fund Demand Deposits (State Pool)
- County of San Diego Treasury (County Pool)
- California Arbitrage Management Program (Bond Pool)
- Passbook Savings Account Demand Deposits
- Money Market funds, which invest solely in securities issued by the U.S. Treasury and agencies of the Federal government, and repurchase agreements collateralized with U.S. Treasury and Federal agency obligations

CITY OF IMPERIAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 2: Cash and Investments (Continued)

- Overnight Sweep accounts as managed by the depository bank as part of the checking account packaged contracted by the City, provided the sweep account is collateralized in accordance with state law

Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

GASB Statement No. 31

The City adopted GASB Statement of No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

Credit Risk

The City's investment policy limits investments in medium-term notes (MTN's) to those rated "AA" or higher by Standard and Poor's (S&P) or by Moody's. As of June 30, 2014, the City had no investments in medium-term notes. In addition, the City's investments in Federal Home Loan Bank, Federal Farm Credit Bank and Federal Home Loan Mortgage Corporation were rated "AAA" by Moody's and by S&P. All securities were investment grade and were legal under State law. Investments in U.S. Treasuries are not considered to have credit risk; therefore, their credit quality is not disclosed.

CITY OF IMPERIAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 2: Cash and Investments (Continued)

The City also invests in LAIF which invests in various underlying securities, including the federal agency securities. While LAIF is not rated, the federal agency securities are, and these have been affected by this rating change as well.

As of June 30, 2014, the City's investments in external investment pools, money market mutual funds and investment agreements are unrated.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a specific policy addressing custodial credit risk. As of June 30, 2014, none of the City's deposits or investments was exposed to custodial credit risk.

Concentration of Credit Risk

The City's investment policy imposes restrictions for certain types of investments with any one issuer to 25% of the total investment pool. With respect to concentration risk, as of June 30, 2014, the City has not invested more than 25% of its total investments in any one issuer. In addition, GASB 40 requires a separate disclosure if any single issuer comprises more than 5% of the total investment value. As of June 30, 2014, the City has investments with the following issuers, which exceed 5% of the total investment value:

Federal Farm Credit Bank	\$ 2,667,416	9%
Federal Home Loan Bank	2,455,677	9%
Federal Home Loan Mortgage Corp.	2,510,697	9%
Federal National Mortgage Assoc.	3,319,169	12%
US Treasury Notes	5,443,358	19%
JP Morgan Chase	2,046,920	7%

Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy states that the City's investment portfolio will not directly invest in securities maturing in more than five years. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

CITY OF IMPERIAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 2: Cash and Investments (Continued)

As of June 30, 2014, the City had the following investments and original maturities:

Investments	Investment Maturities (in Years)			Fair Value
	1 year or less	1 to 3 years	5 and more years	
California Local Agency Investment Fund	\$ 1,071,945	\$ -	\$ -	\$ 1,071,945
Federal Farm Credit Bank	501,255	2,166,161	-	2,667,416
Federal Home Loan Bank	-	2,455,677	-	2,455,677
Federal Home Loan Mortgage Corp.	-	2,007,980	502,717	2,510,697
Federal National Mortgage Assoc.	325,897	2,496,047	497,225	3,319,169
US Treasury Notes	500,625	4,942,733	-	5,443,358
Medium Term Notes	-	2,661,359	-	2,661,359
Corporate Bonds	1,357,593	3,100,300	940,994	5,398,887
Money Market Mutual Funds - held by fiscal agent	2,810,931	-	-	2,810,931
	<u>\$ 6,568,246</u>	<u>\$ 19,830,257</u>	<u>\$ 1,940,936</u>	<u>\$ 28,339,439</u>

Note 3: Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Transfers	Increases	Decreases	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 1,638,532	\$ -	\$ -	\$ -	\$ 1,638,532
Infrastructure right-of-way	12,406,327	-	-	-	12,406,327
Construction-in-progress	9,487,275	(6,460,928)	1,187,590	-	4,213,937
Total Capital Assets, Not Being Depreciated	<u>23,532,134</u>	<u>(6,460,928)</u>	<u>1,187,590</u>	<u>-</u>	<u>18,258,796</u>
Capital assets, being depreciated:					
Structures and improvements	7,710,709	650,952	-	-	8,361,661
Equipment and vehicles	4,105,463	-	1,015,729	-	5,121,192
Infrastructure	18,453,395	5,809,976	-	-	24,263,371
Total Capital Assets, Being Depreciated	<u>30,269,567</u>	<u>6,460,928</u>	<u>1,015,729</u>	<u>-</u>	<u>37,746,224</u>
Less accumulated depreciation:					
Structures and improvements	3,725,313	-	279,560	-	4,004,873
Equipment and vehicles	3,410,804	-	202,042	-	3,612,846
Infrastructure	5,212,253	-	641,482	-	5,853,735
Total Accumulated Depreciation	<u>12,348,370</u>	<u>-</u>	<u>1,123,084</u>	<u>-</u>	<u>13,471,454</u>
Total Capital Assets, Being Depreciated, Net	<u>17,921,197</u>	<u>6,460,928</u>	<u>(107,355)</u>	<u>-</u>	<u>24,274,770</u>
Governmental Activities Capital Assets, Net	<u>\$ 41,453,331</u>	<u>\$ -</u>	<u>\$ 1,080,235</u>	<u>\$ -</u>	<u>\$ 42,533,566</u>

CITY OF IMPERIAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 3: Capital Assets (Continued)

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

Governmental Activities:	
General Government	\$ 141,217
Public Safety	27,530
Public Works	649,167
Parks, Recreation and Senior Center	186,745
Internal Service Funds	<u>118,425</u>
Total Governmental Activities	<u>\$ 1,123,084</u>

	Beginning Balance	Transfers	Increases	Decreases	Ending Balance
Business-Type Activities:					
Capital assets, not being depreciated:					
Construction-in-progress	\$ 589,341	\$ -	\$ 237,250	\$ -	\$ 826,591
Total Capital Assets, Not Being Depreciated	<u>589,341</u>	<u>-</u>	<u>237,250</u>	<u>-</u>	<u>826,591</u>
Capital assets, being depreciated:					
Sewer Lines and Pump Stations	9,192,865	-	-	39,200	9,153,665
Total Capital Assets, Being Depreciated	<u>9,192,865</u>	<u>-</u>	<u>-</u>	<u>39,200</u>	<u>9,153,665</u>
Less accumulated depreciation:					
Sewer Lines and Pump Stations	3,704,048	-	164,267	39,200	3,829,115
Total Accumulated Depreciation	<u>3,704,048</u>	<u>-</u>	<u>164,267</u>	<u>39,200</u>	<u>3,829,115</u>
Total Capital Assets, Being Depreciated, Net	<u>5,488,817</u>	<u>-</u>	<u>(164,267)</u>	<u>-</u>	<u>5,324,550</u>
Business-Type Activities Capital Assets, Net	<u>\$ 6,078,158</u>	<u>\$ -</u>	<u>\$ 72,983</u>	<u>\$ -</u>	<u>\$ 6,151,141</u>

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

Business-Type Activities:	
Sewer	<u>\$ 164,267</u>

Note 4: Loans Receivable

Loans receivable consist of the following:

South Bay Community Services Loan – Hemlock Ave.

In April 2006, the Agency entered into a loan agreement for an amount not-to-exceed \$540,425 with South Bay Community Services (SBCS) to loan low and moderate income housing set-aside funds to rehabilitate a seven-unit apartment complex located at 1360 Hemlock Avenue. This loan agreement was amended in October 2007, and increased the loan agreement by \$89,183, creating a total not-to-exceed amount of \$629,608. SBCC intends to rent all seven units to families earning 50% or below of the area median income, for a term of fifty-five years.

CITY OF IMPERIAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 4: Loans Receivable (Continued)

Beginning May 31, 2006, and continuing through 2061, simple interest accrues at 3% per annum on the principal balance. Monthly principal and interest payments are not required to be paid if the rental and occupancy conditions are met for the property. All principal and accrued interest on the Loan shall be due in full on (i) the date of any transfer not authorized by the Agency; (ii) the date of any Default; or (iii) the expiration of the Loan Term, whichever occurs first. However, upon expiration of the Loan Term, the Loan amount pursuant to the Note and accrued interest shall be forgiven provided all covenants and conditions were met over the Loan Term. Accrued interest at June 30, 2014, amounts to \$140,247 and is offset by unavailable revenue. The loan has not been fully disbursed at June 30, 2014. The outstanding balance at June 30, 2014, is \$769,855, including accrued interest.

South Bay Community Services Loan – Calla Ave.

In April 2006, the Agency entered into a loan agreement for an amount not-to-exceed \$491,271 with South Bay Community Services (SBCS) to loan low and moderate income housing set-aside funds to rehabilitate an eight-unit apartment complex located at 1260 Calla Avenue. SBCC intends to rent all seven units to families earning 50% or below of the area median income, for a term of fifty-five years. Beginning May 31, 2006, and continuing through 2061, simple interest accrues at 3% per annum on the principal balance. Monthly principal and interest payments are not required to be paid if the rental and occupancy conditions are met for the property. All principal and accrued interest on the Loan shall be due in full on (i) the date of any transfer not authorized by the Agency; (ii) the date of any Default; or (iii) the expiration of the Loan Term, whichever occurs first. However, upon expiration of the Loan Term, the Loan amount pursuant to the Note and accrued interest shall be forgiven provided all covenants and conditions were met over the Loan Term. Accrued interest at June 30, 2014, amounts to \$115,276 and is offset by deferred revenue. The loan has not been fully disbursed at June 30, 2014. The outstanding balance at June 30, 2014, is \$601,731, including accrued interest.

Tax Increment Loan - 12th Street

In August 2008, the Agency entered into a loan agreement for an amount not-to-exceed \$1,945,000 with Beachwind Court, LP to loan low and moderate income housing set-aside funds to rehabilitate a fifteen-unit apartment complex located at 624 12th Street. Beachwind Court, LP intends to rent seven units to families earning 50% or below of the area median income and to rent all seven units to families earning 60% or below of the area median income, for a term of fifty-five years. Beginning on the date of disbursement, simple interest accrues at 3% per annum on the principal balance. Monthly principal and interest payments are required to be paid within 30 days of completion of the annual audit equivalent to 50% of the residual receipts generated by the projects audited records. Accrued interest at June 30, 2014, amounts to \$325,971 and is offset by deferred revenue. The outstanding balance at June 30, 2014, is \$2,270,971, including accrued interest.

CITY OF IMPERIAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 4: Loans Receivable (Continued)

American Legion Loan

The Imperial Beach Housing Authority and Hitzke Development Corporation entered into an Affordable Housing Agreement for the development of a mixed-use affordable housing development project and new American Legion Post. The Authority authorized financing for the Project for an amount not to exceed \$4,100,000 to construct thirty (30) units of affordable housing consisting of twenty-nine (29) affordable residential rental units and one manager's unit. Monthly principal and interest payments are required to be paid within 30 days of completion of the annual audit equivalent to 50% of the residual receipts generated by the projects audited records. Accrued interest at June 30, 2014, amounts to \$266,500 and is offset by deferred revenue. The outstanding balance at June 30, 2014, is \$4,366,500, including accrued interest.

Habitat for Humanity, 10th and Donax

The Imperial Beach Housing Authority and the San Diego Habitat for Humanity entered into a note secured by deed of trust agreement, whereas the Housing Authority sold to Habitat for Humanity in exchange for a loan receivable and cash in the amount of \$211,495. The Loan bears 0% and is forgivable upon Habitat's for Humanities timely completion of Affordable Units. As of June 30, 2014, the loan amount outstanding was \$542,495.

Total loans receivable at June 30, 2014, amounts to \$8,551,552.

Note 5: Interfund Receivable, Payable and Transfers

The composition of interfund balances as of June 30, 2014, is as follows:

Due To/Due From Other Funds

Funds	Due to Other Funds	
	Non-major Governmental Funds	Total
Due From Other Funds:		
General Fund	\$ 418,725	\$ 418,725
Total	\$ 418,725	\$ 418,725

Due from Successor Agency

In previous fiscal years, the City made loans to the former redevelopment agency; now assumed by the Successor Agency (See Note 12 for further discussion). These loans bear interest at rates up to 12% per annum depending upon when the loan was initiated. The City may demand payment of all or a portion of the principal balance at any time as funds become available; however, such demands are not anticipated with the next fiscal year. As of June 30, 2014, loans made from the General Fund to the former Redevelopment Agency Capital Projects Fund, including accrued unpaid interest owed on those loans, were \$2,622,885.

CITY OF IMPERIAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 5: Interfund Receivable, Payable and Transfers (Continued)

Interfund Transfers

	Transfers In			Total
	General Fund	Housing Authority	Non-Major Governmental Fund	
Transfers Out:				
General Fund	\$ -	\$ 223,043	\$ 122,670	\$ 345,713
Nonmajor Govt Funds	779,240	-	320,914	1,100,154
Total	<u>\$ 779,240</u>	<u>\$ 223,043</u>	<u>\$ 443,584</u>	<u>\$ 1,445,867</u>

The City received \$1,115,215 as payment of the City Loan to the Successor Agency as per the Recognized Obligation Payment Schedule 13-14B. As per California Department of Finance regulations, the General Fund transferred 20% of that amount, or \$223,043, to the Housing Successor. Transfers into the General Fund were made from the Gas Tax Fund and Prop A Tax Fund to support street maintenance and transportation costs. Transfers were made from the Gas Tax Fund to the C.I.P. 2010 Bond Fund for street projects. Transfers between the Transnet Prop A Fund and the CIP ECO Bikeway Fund to meet TDA Grant match requirements.

Note 6: Unavailable Revenue and Unearned Revenue

The General Fund recorded unavailable revenue of \$138,227 and \$10,176 related to sales tax and DUI revenue. Additionally, the General Fund recorded unavailable revenue of \$165,376 related to parking ticket revenue. The total, \$313,779, represent revenue that has been accrued but not yet received within the recognition periods.

General Fund unearned revenue consists of \$520,000 relating to a lease with the Unified Port District of San Diego and \$27,623 of other miscellaneous grant revenues received but not earned. The City entered into an agreement with the Port District in 1993 whereby the Port District leases the Pier Plaza and a parking lot from the city. The District paid the City \$1,800,000 at the beginning of the lease. Each year of the 30-year contract, the City recognizes \$60,000 of income and reduces the unearned revenue. As of June 30, 2014, \$520,000 remains of this unearned lease revenue.

Note 7: Long-Term Debt

a. Long-Term Debt – Governmental Activities

The following is a summary of changes in long-term debt of the City for the year ended June 30, 2014:

	Balance 6/30/2013	Additions	Deletions	Balance 6/30/2014	Due Within One Year
Other Post-Employment Benefits Obligation	\$ 111,026	\$ 31,414	\$ 15,332	\$ 127,108	\$ -
Compensated Absences	797,473	517,639	537,424	777,688	206,450
Claims & Judgments	1,618,483	183,571	204,880	1,597,174	526,174
	<u>\$ 2,526,982</u>	<u>\$ 732,624</u>	<u>\$ 757,636</u>	<u>\$ 2,501,970</u>	<u>\$ 732,624</u>

CITY OF IMPERIAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 7: Long-Term Debt (Continued)

Other Post-Employment Benefits Obligation

The City's policies relating to other post-employment benefits are described in Note 9 of the Notes to Financial Statements.

Compensated Absences

The City's policies relating to compensated absences are described in Note 1 of the Notes to Financial Statements.

Claims and Judgments

The City's liability regarding self-insurance is described in Note 10 of the Notes to Financial Statements. The liability will be paid in future years from the Self Insurance Fund.

b. Long-Term Debt – Business-Type Activities

The following is a summary of changes in Proprietary Fund long-term debt for the year ended June 30, 2014:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due Within One Year
Enterprise Fund:					
Compensated absences	\$ 62,932	\$ 20,998	\$ 21,763	\$ 62,167	\$ 16,949

c. Special Assessment Bonds

The City has four assessment districts that issued bonds from 1981 through 2004 that are outstanding with no City obligation. The bonds were issued to finance alley paving within the City. The bonds are secured by the unpaid assessments levied against the private property within the assessment districts. The bonds are not general obligations of the City, and neither the faith and credit, nor the taxing power of the City, is pledged to the payment of the bonds.

The liability of property owners for unpaid principal assessments at June 30, 2014, was \$94,000. This bond liability has not been recorded in the accompanying financial statements in compliance with GASB Statement No. 6.

d. Limited Obligation Improvement Bonds

On March 21, 2005, the City of Imperial Beach Assessment District No. 71 issued \$70,000 in limited obligation improvement bonds with interest rates varying from 5.00% to 5.50% pursuant to the provisions of the Improvement Bond Act of 1915. The bonds were issued to finance certain public improvements to benefit property within the City's Assessment District No. 71. The issues described above are not reflected in the liabilities on the statement of net position because they are special obligations payable solely from and secured by specific revenue sources described in the resolutions and official statement of the issues. Neither faith and credit nor the taxing power of the City, the Redevelopment Agency, the State of California or any political subdivision thereof is pledged for the payment of these bonds.

III. OTHER INFORMATION

Note 8: City Employees Retirement Plan

Plan Description

The City of Imperial Beach contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. CalPERS act as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of CalPERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

Funding Policy

Participants are required to contribute 8% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 15.685% for miscellaneous employees, 26.149% for fire employees and 20.742% for ocean lifeguards, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

Required Contribution

For 2014, the City's required contribution of \$872,248 for CalPERS was equal to the City's actuarial required contributions. The required contribution was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial costs method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases range from 3.30% to 14.20% depending on age, service, and type of employment, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.75%. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three year period. CalPERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payrolls on a closed basis over 19, 18 and 16 years.

Three-Year Trend Information for PERS		
Fiscal Year Ending	Actual & Required Contribution	Percentage Contributed
<u>Miscellaneous Members</u>		
6/30/2012	\$ 497,428	100%
6/30/2013	557,282	100%
6/30/2014	570,439	100%
<u>Safety Members</u>		
6/30/2012	\$ 267,811	100%
6/30/2013	286,670	100%
6/30/2014	301,809	100%

CITY OF IMPERIAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 8: City Employees Retirement Plan (Continued)

For fiscal year 2013-2014, the City participated in risk pooling. Risk pooling consists of combining assets and liabilities across employers to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same risk pool. Participation in risk pools is mandatory for all rate plans with less than 100 active members. Mandated participation in risk pools was initially based on the active membership of each rate plan as of June 30, 2003. The implementation of risk pools was done in a way that minimizes the impact on employer contribution rates. The first year in risk pools, the employer contribution rates are almost identical to what the rates would have been outside pools. Future rates will be based on the experience of each pool. Pooling will reduce the volatility of future employer rates. Mandated participation will occur on an annual basis. If on any valuation date, starting with the June 30, 2003, valuation, a rate plan has less than 100 active members, it will be mandated in one of the risk pools effective on that valuation date.

Note 9: Other Post-Employment Benefits

Plan Description

The City provides other post-employment benefits (OPEB) through a single-employer defined benefit healthcare plan by contributing up to a maximum of \$75.75 per month for of all premiums charged under the health benefit plan for all eligible employees and qualified family members. These benefits are provided per contract between the City and the employee associations. A separate financial report is not available for the plan.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City, City Council, and/or employee associations. Currently, contributions are not required from plan members. A contribution of \$15,332 was made during the 2013-2014 fiscal year and was not included in the October 1, 2012, actuarial study. The purpose of the contribution was to pay current year premiums for retirees.

As a result, the City calculated and recorded a Net OPEB Liability, representing the difference between the Annual Required Contribution (ARC) and actual contributions, as presented below:

Annual required contribution (ARC)	\$ 34,496
Interest on net OPEB obligation	2,076
Adjustments to ARC	<u>(5,158)</u>
Annual OPEB cost	31,414
Contributions made	<u>15,332</u>
(Decrease) increase in Net OPEB obligation	16,082
Net OPEB obligation (asset) - beginning of year	<u>111,026</u>
Net OPEB obligation (asset) - end of year	<u><u>\$ 127,108</u></u>

CITY OF IMPERIAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 9: Other Post-Employment Benefits (Continued)

The City contributed 48.81% or \$15,332 of the Annual OPEB Cost of \$31,414; an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover the annual normal cost and the amortization of unfunded actuarial liabilities (or funding excess) over a thirty year period.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2013-2014, and the two preceding years were as follows:

Fiscal Year End	Annual OPEB Cost	Actual Contribution (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2012	\$ 32,781	\$ 8,089	24.68%	\$ 89,058
6/30/2013	32,000	10,032	31.35%	111,026
6/30/2014	31,414	15,332	48.81%	127,108

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Only one year is presented as this is the first year of the plan.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio	Covered Payroll	UAAL as Percent of Covered Payroll
9/1/2009	\$ -	\$ 238,144	\$ 238,144	0.0%	\$ 4,454,378	5.35%
10/1/2012	116,507	357,437	240,930	32.6%	4,664,039	5.17%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

CITY OF IMPERIAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 9: Other Post-Employment Benefits (Continued)

In the October 1, 2012, actuarial valuation, the level percentage of payroll actuarial cost method was used. The actuarial assumptions include a 5% investment rate of return, which is a blended rate of the expected long-term investment return on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and annual healthcare cost trend rate of 4%. The actuarial value of assets is set equal to the reported market value of assets. The UAAL is being amortized as a level dollar on an open basis. The remaining amortization period at June 30, 2014, was twenty-five years. The number of current employees who are eligible to participate in OPEB once retired is 72, the number of retirees currently receiving benefits are 9, and to be eligible to receive benefits the employee must retire from the City and be taking medical insurance at the time of retirement.

Note 10: Self-Insurance Program

General Liability

On August 8, 1990, the City became one of twelve members of the San Diego Pooled Insurance Program Authority (SANDPIPA) and San Diego County Cities Risk Management Authority (SDCCRMA). These organizations were created by a joint powers authority (JPA) to provide liability, property and casualty coverage to its members. Under the joint powers agreement SANDPIPA provides liability insurance coverage for the City for the difference between \$2,500,000 and the individual self-insured retention of \$125,000 each occurrence, \$15,000,000 annual aggregate for the pool. Commercial excess liability insurance is provided from the \$2,500,000 up to \$44,500,000 per occurrence. The premiums billed by the JPA to member cities are planned to match the expenses of the self-insurance as well as the cost of providing the excess layer coverage and the cost of administering the plan.

In addition to its coverage through the JPA, effective July 1, 1993, the San Diego Unified Port District agreed to fund an Escrow Reserve Account of \$300,000 for the purpose of reimbursing the City for any claim costs not covered by the JPA insurance, provided they are directly related to services provided to the District and arising from incidents actually occurring on tidelands and/or lands leased by the City to the District.

Workers Compensation

The City is a member of CSAC Excess Insurance Authority. The City is self-insured for the first \$250,000 of workers' compensation claims. Claims between \$250,000 and \$5,000,000 are covered through the City's risk sharing membership in CSAC. Claims between \$5,000,000 and \$50,000,000 are covered by excess purchased insurance.

The City established a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risk of loss when it became a member of SANDPIPA, PEPIC and CSAC for liability, property casualty and workers compensation coverage. All funds of the City participate in the program and make payments to the Self-Insurance Fund based on estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses. The estimated claims liability of \$1,077,278 reported at June 30, 2014, is based on the requirements of Governmental Accounting Standards Board Statement 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The above amount includes an estimate for incurred but not reported claims.

CITY OF IMPERIAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 10: Self-Insurance Program (Continued)

During the last three fiscal years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

Changes in the reported liability for the last two fiscal years are as follows:

	<u>2012-2013</u>	<u>2013-2014</u>
Claims outstanding at beginning of year	\$ 1,277,785	\$ 1,618,483
Claims and changes in estimates	567,274	183,571
Claim payments	<u>(226,576)</u>	<u>(204,880)</u>
Claims outstanding at end of year	<u>\$ 1,618,483</u>	<u>\$ 1,597,174</u>

Note 11: Contingencies

Litigation

The City is involved in various lawsuits of which the outcome was undetermined as of June 30, 2014. No amount has been accrued for these contingent amounts.

Sand Replenishment Claims

Argoud et al. vs. City of Imperial Beach:

In January of 2014, the City was served with a lawsuit from various homeowners and homeowner associations (Plaintiffs) relating to the City's involvement with a SANDAG sand replenishment project, in which SANDAG performed on the beach in Imperial Beach. The Plaintiffs allege that SANDAG, the City of San Diego, the City of Imperial Beach, the State of California, the California Coastal Commission and the Department of Fish and Wildlife control the shoreline, beach and sand below the mean high tide line along South Seacoast Drive. Plaintiffs allege that the governmental agencies negligently reconfigured the beach, sand and shoreline along South Seacoast Drive in and in front of their properties. According to Plaintiffs, the governmental agencies failed to account for and reasonable foresee the known future high tides and accustomed high winter surf and negligently created a dangerous condition of public property in violation of state law.

Additional Sand Claims:

On July 29, 2014, the City received new claims, in relation to the City's involvement in the SANDAG sand replenishment project, from various homeowners and homeowner associations. These claims arise out of alleged water intrusion incidents and damages on January 27, 2014, March 1, 2014, and continuing. These claims are seeking an estimated \$150,000,000 in damages for personal injuries, emotional distress, costs of repairs, and diminution of property value. The Plaintiffs have until February 26, 2015, to file a second lawsuit or incorporate them into the existing lawsuit above.

CITY OF IMPERIAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 11: Contingencies (Continued)

Navy Billing

It was discovered in 2013 that the Navy no longer discharged sewage into the City's system and instead directly discharged into the San Diego system. Once San Diego discovered this, they wanted to bill the Navy at a higher rate. In 2013, San Diego approached the City and asked the City to reimburse San Diego going back four years for the higher rate that they would have charged the Navy. San Diego sought reimbursement from the City in the amount of \$546,240. In August of 2013, the City rejected that request. In April of 2014, San Diego made a new offer to have the City pay San Diego \$280,416 to settle the Navy billing dispute. The City accepted this offer and responded to San Diego in June of 2014 with a draft settlement agreement. This amount has been accrued by the City as a liability to the City of San Diego as of June 30, 2014.

The following material construction commitments existed at June 30, 2014:

Project Name	Contract Amount	Expenditures to date as of June 30, 2014	Remaining Commitments
10th & Donax	\$ 260,801	\$ 238,807	\$ 21,994
9th & Palm Shopping Center	173,787	113,311	60,476
Street Improvement Phase III	194,015	95,937	98,078

Note 12: Successor Agency Trust for Assets of the Former Redevelopment Agency

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

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On November 1, 2011, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011,) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

CITY OF IMPERIAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 12: Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)

a. Cash and investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments pooled with the City	\$ 2,455,150
Cash and investments with fiscal agent	<u>2,811,290</u>
	<u>\$ 5,266,440</u>

b. Long-Term Debt

A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2014, follows:

	Balance July 1, 2013	Additions	Repayments	Balance June 30, 2014	Due Within One Year
Fiduciary Funds:					
2003 Tax Allocation, Series A	\$ 17,965,000	\$ -	\$ 17,965,000	\$ -	\$ -
2010 Tax Allocation Bonds	21,465,000	-	230,000	21,235,000	235,000
2013 Tax Allocation Bonds	-	17,260,000	-	17,260,000	-
Total Fiduciary Funds	<u>\$ 39,430,000</u>	<u>\$ 17,260,000</u>	<u>\$ 18,195,000</u>	38,495,000	<u>\$ 235,000</u>
		Unamortized Premiums/Discounts		(147,265)	
			Total Long-term Debt	<u>\$ 38,347,735</u>	

Tax Allocation Bonds, 2003 Series A

In December 2003, the Imperial Beach Public Financing Authority issued \$22,765,000 Tax Allocation Revenue Bonds, 2003 Series A. The proceeds of the bonds were loaned to the Imperial Beach Redevelopment Agency to fund redevelopment activities, to provide for a reserve fund and to provide for the costs of issuance of the bonds. Although the bonds were issued by the Authority and loaned to the Redevelopment Agency, the loan transaction has been eliminated from these financial statements, as the Public Financing Authority does not have its own financial statements or fund, and certain revenues of the Redevelopment Agency are pledged for repayment of the debt. The bonds were defeased on January 14, 2014, by the issuance of new debt, the 2013 Refunding Tax Allocation Bonds (see below).

Tax Allocation Bonds, 2010

In November 2010, the Imperial Beach Public Financing Authority issued \$21,595,000 Tax Allocation Bonds, 2010. The proceeds of the bonds were loaned to the former Imperial Beach Redevelopment Agency to fund redevelopment activities, to provide for a reserve fund and to provide for the costs of issuance of the bonds.

CITY OF IMPERIAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 12: Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)

Although the bonds were issued by the Authority and loaned to the former Redevelopment Agency, the loan transaction has been eliminated from these financial statements, as the Public Financing Authority does not have its own financial statements or fund. The Agency's obligations under the Loan Agreements are secured by a pledge of Tax Revenues, not including Low and Moderate Income Housing set-aside that it receives. Interest on the bonds is payable semiannually and principal payments are due annually. The bonds consist of \$2,135,000 in term bonds due June 1, 2030, with interest at 5.000%; term bonds of \$5,170,000 due June 1, 2035, with interest at 5.000% and term bonds of \$10,715,000 due June 1, 2040, with interest at 5.125%. The balance at June 30, 2014, excluding unamortized original issue discount of \$669,873, is \$21,235,000.

The following is a schedule by years, of future debt service payments as of June 30:

	2010 Tax Allocation Bonds	
	Principal	Interest
2014 - 2015	\$ 235,000	\$ 1,041,106
2015 - 2016	245,000	1,034,056
2016 - 2017	255,000	1,026,706
2017 - 2018	265,000	1,018,419
2018 - 2019	275,000	1,009,144
2019 - 2024	1,580,000	4,869,819
2024 - 2029	2,020,000	4,470,319
2029 - 2034	3,810,000	3,905,969
2034 - 2039	10,180,000	2,223,238
2029 - 2044	2,370,000	121,463
Totals	\$ 21,235,000	\$ 20,720,239

On June 14, 2012, Moody's Investors Service ("Moody's") downgraded all California tax allocation bonds rated 'Baa3' and above. As such, the Bonds' insured rating was downgraded from 'A3' to 'Ba1' and underlying rating was downgraded from 'A3' to 'Ba1'. According to Moody's, all California tax allocation bond ratings remain on review for possible withdrawal.

Tax Allocation Bonds, 2013

In January 2014, the Imperial Beach Public Financing Authority issued \$17,260,000 Tax Allocation Bonds, 2013. The proceeds of the bonds were to defease the 2003 Series A Tax Allocation Bonds. Interest on the bonds is payable semiannually and principal payments are due annually. Debt service payments occur from June 1, 2017, through June 1, 2033. Interest rates on the bonds range from 3.625% to 5% per annum. The balance at June 30, 2014, excluding unamortized original issue discount of \$522,608, is \$17,260,000.

CITY OF IMPERIAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 12: Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)

The following is a schedule by years, of future debt service payments as of June 30:

	2013 Tax Allocation Refunding Bonds	
	Principal	Interest
2014 - 2015	\$ -	\$ 790,463
2015 - 2016	-	790,463
2016 - 2017	145,000	790,463
2017 - 2018	760,000	784,663
2018 - 2019	790,000	754,263
2020 - 2024	4,515,000	3,215,563
2025 - 2029	5,590,000	2,115,988
2030 - 2033	5,460,000	699,000
Totals	\$ 17,260,000	\$ 9,940,866

Pledged Revenue

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$69,156,105 with annual debt service requirements as indicated above. For the current year, the total property tax revenue recognized by the Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$1,862,118 and the debt service obligation on the bonds was \$2,517,681.

c. Insurance

The Successor Agency is covered under the City of Imperial Beach's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 10.

d. Commitments and Contingencies

At June 30, 2014, the Successor Agency was involved as a defendant in several lawsuits arising out of the ordinary conduct of its affairs. It is the opinion of management that settlements of these lawsuits, including losses for claims that are incurred but not reported, if any, will not have a material effect on the financial position of the Successor Agency.

CITY OF IMPERIAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 13: Fund Balance and Net Position Restatements

Governmental Funds	
Self-Insurance Fund	
To restate compensated absences as of June 30, 2013	\$ (2,539)
Total governmental activities net position restatement	<u>\$ (2,539)</u>
Fiduciary Funds	
Successor Agency	
To restate interest expense on the 2010 TAB	\$ (89,699)
Total fiduciary net position restatements	<u>\$ (89,699)</u>

Note 14: Extraordinary Gain

On April 14, 2014, the Housing Authority fund sold property with a value of \$330,692 in exchange for a Loan Receivable amount of \$542,495; as a result, the Housing Authority fund experienced an extraordinary gain of \$211,803 during the period ended June 30, 2014.

CITY OF IMPERIAL BEACH

BUDGETARY COMPARISON STATEMENT BY DEPARTMENT
 GENERAL FUND
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 14,866,415	\$ 14,866,415	\$ 14,866,415	\$ -
Resources (Inflows):				
Taxes	8,161,388	8,161,388	8,940,810	779,422
Licenses and permits	536,100	536,100	578,949	42,849
Intergovernmental	140,000	584,553	659,169	74,616
Charges for services	7,003,597	7,213,605	7,205,627	(7,978)
Use of money and property	457,000	457,000	408,537	(48,463)
Fines and forfeitures	143,500	143,500	190,099	46,599
Miscellaneous	483,000	493,000	214,994	(278,006)
Transfers in	871,000	871,000	779,240	(91,760)
Amounts Available for Appropriation	32,662,000	33,326,561	33,843,840	517,279
Charges to Appropriation (Outflow):				
General government				
Mayor/City Council	159,457	169,457	175,571	(6,114)
City Clerk's Office	287,430	308,330	262,744	45,586
City Manager	365,537	469,742	479,062	(9,320)
Economic Development	105,549	105,549	57,157	48,392
Personnel	203,541	203,540	228,066	(24,526)
Administrative Services	519,237	581,037	578,619	2,418
City Attorneys	205,000	205,000	172,543	32,457
Community Development	517,436	512,336	461,931	50,405
General government	-	344,307	300,510	43,797
Facilities Maintenance	282,850	282,850	224,181	58,669
Non-Departmental	286,058	365,818	237,502	128,316
Public safety				
Law Enforcement Contract	6,406,600	6,292,250	6,230,752	61,498
Fire Protection Rescue	2,135,863	2,270,022	2,299,282	(29,260)
Ocean Beach Safety	1,429,698	1,418,843	1,390,660	28,183
Building Inspection	353,133	353,133	292,956	60,177
Animal Control	275,111	269,811	265,883	3,928
Code Enforcement	170,333	170,333	132,937	37,396
AVA Program	8,146	8,146	4,167	3,979
Parks and recreation				
Recreation Svcs. & Skatepark	120,508	114,508	141,121	(26,613)
Park Maintenance	460,781	461,182	482,621	(21,439)
Senior Services	101,484	101,484	91,464	10,020
Tideland Maintenance	913,180	913,180	895,404	17,776
Public works				
Street Maintenance	1,042,662	1,133,638	1,029,241	104,397
Public Works Admin.	614,701	666,631	646,040	20,591
Solid Waste Management	84,931	208,104	179,667	28,437
Treasury	119,113	76,113	77,449	(1,336)
Facilities - Sewer/Stormwater	342,480	331,075	284,270	46,805
Capital outlay	25,000	315,265	267,563	47,702
Transfers out	17,800	-	345,713	(345,713)
Total Charges to Appropriations	17,553,619	18,651,684	18,235,076	416,608
Budgetary Fund Balance, June 30	\$ 15,108,381	\$ 14,674,877	\$ 15,608,764	\$ 933,887

CITY OF IMPERIAL BEACH

BUDGETARY COMPARISON SCHEDULE
 HOUSING AUTHORITY
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 708,087	\$ 708,087	\$ 708,087	\$ -
Resources (Inflows):				
Use of money and property	-	-	6,074	6,074
Transfers in	-	298,043	223,043	(75,000)
Contributions from Successor Agency	-	-	75,000	75,000
Amounts Available for Appropriation	708,087	1,006,130	1,012,204	6,074
Charges to Appropriation (Outflow):				
Community development	-	591,804	613,085	(21,281)
Extraordinary (gain)/loss	-	330,690	(211,803)	542,493
Total Charges to Appropriations	-	922,494	401,282	521,212
Budgetary Fund Balance, June 30	\$ 708,087	\$ 83,636	\$ 610,922	\$ 527,286

CITY OF IMPERIAL BEACH

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014

Note 1: General Budget Policies

The two-year operating budget adopted by the City Council provides for the general operations of the City. It includes proposed expenditures and the means of financing them on a departmental basis. Budgets are legally adopted for the General Fund and the Special Revenue Funds, except for the Traffic Safety Fund, the Parks Grant Fund, and the Residential Construction Fund.

The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. All amendments made during the year are included in the budgetary amounts reported herein. The "appropriated budget" covers all City expenditures, with the exception of debt service on bond issues and capital improvement projects carried forward from prior years, which expenditures constitute the legally authorized "non-appropriated budget." Actual expenditures may not exceed budgeted appropriations at the fund level, which is the legal level of control for the Capital Projects Funds. All other funds use the departmental level as the legal level of control.

Formal budgetary integration is employed as a management control device during the year. Commitments for materials and services, such as purchase orders and contracts, are recorded as encumbrances to assist in controlling expenditures. Appropriations that are encumbered lapse at year-end and then are added to the following years' budgeted appropriations.

Budgets for the General Fund and Special Revenue Funds are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. Appropriations for capital projects authorized but not constructed or completed during the year are carried forward as continuing appropriations into the following year's budget.

Under Article XIII-B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset by a deficit in the following year. For the fiscal year ended June 30, 2014, based on calculations by City staff, proceeds of taxes did not exceed appropriations. Further, Section 5 of Article XIII-B allows the City to designate a portion of fund balance for general contingencies to be used for any purpose.

Appropriations lapse at the end of the fiscal year except for the Capital Projects Funds, which may be carried over to the next fiscal year if not completed at year-end. Expenditures may not exceed budget appropriations at the department level for the General Fund and at the function level for the Special Revenue Funds.

A project-length budget is adopted for the capital projects funds. The debt service fund is governed by bond covenants; therefore, a formal budget is not adopted. Thus, the City does not show a budget comparison debt service funds. In addition, the Traffic Safety Fund, the Parks Grant Fund, and the Residential Construction Fund did not adopt a budget; therefore, a budget comparison is not shown.

CITY OF IMPERIAL BEACH

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 JUNE 30, 2014

Note 1: General Budget Policies (continued)

a. Excess of Expenditures Over Appropriations

Excess expenditures over appropriations were as follows:

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund:			
General government			
Mayor/City Council	\$ 175,571	\$ 169,457	\$ 6,114
City Manager	479,062	469,742	9,320
Personnel	228,066	203,540	24,526
Public safety			
Fire Protection Rescue	2,299,282	2,270,022	29,260
Parks and recreation			
Recreation Svcs. & Skatepark	141,121	114,508	26,613
Park Maintenance	482,621	461,182	21,439
Public works			
Treasury	77,449	76,113	1,336
Transfers out	345,713	-	345,713
Housing Assets Fund:			
Community development	613,085	591,804	21,281

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CITY OF IMPERIAL BEACH

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2014

	Special Revenue Funds			
	Gas Tax	Prop A Tax	Residential Construction	CDBG Grant
Assets:				
Pooled cash and investments	\$ 2,079,718	\$ 294,540	\$ 241,906	\$ -
Due from other governments	88,600	-	-	304,403
Total Assets	<u>\$ 2,168,318</u>	<u>\$ 294,540</u>	<u>\$ 241,906</u>	<u>\$ 304,403</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 14,421	\$ 29,487	\$ -	\$ -
Accrued liabilities	14	805	-	-
Due to other funds	-	-	-	329,405
Total Liabilities	<u>14,435</u>	<u>30,292</u>	<u>-</u>	<u>329,405</u>
Fund Balances:				
Restricted for:				
Public safety	-	-	-	-
Public works	2,153,883	264,248	241,906	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,002)</u>
Total Fund Balances	<u>2,153,883</u>	<u>264,248</u>	<u>241,906</u>	<u>(25,002)</u>
Total Liabilities and Fund Balances	<u>\$ 2,168,318</u>	<u>\$ 294,540</u>	<u>\$ 241,906</u>	<u>\$ 304,403</u>

CITY OF IMPERIAL BEACH

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2014

	Special Revenue Funds			
	Supplemental Law Enforcement	Local Law Enforcement Block Grant	Lighting District #67	Traffic Safety Fund
Assets:				
Pooled cash and investments	\$ 83,153	\$ 20,376	\$ 15,203	\$ 110
Due from other governments	16,145	-	-	-
Total Assets	\$ 99,298	\$ 20,376	\$ 15,203	\$ 110
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 100,000	\$ -	\$ 2,002	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	100,000	-	2,002	-
Fund Balances:				
Restricted for:				
Public safety	-	20,376	13,201	110
Public works	-	-	-	-
Unassigned	(702)	-	-	-
Total Fund Balances	(702)	20,376	13,201	110
Total Liabilities and Fund Balances	\$ 99,298	\$ 20,376	\$ 15,203	\$ 110

CITY OF IMPERIAL BEACH

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special	Capital Projects Fund		Total Governmental Funds
	Revenue Funds			
	Parks Grant Fund	Capital Projects	Parks Maintenance CIP	
Assets:				
Pooled cash and investments	\$ 91	\$ -	\$ -	\$ 2,735,097
Due from other governments	-	86,594	-	495,742
Total Assets	\$ 91	\$ 86,594	\$ -	\$ 3,230,839
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 29,131	\$ -	\$ 175,041
Accrued liabilities	-	720	-	1,539
Due to other funds	-	89,314	6	418,725
Total Liabilities	-	119,165	6	595,305
Fund Balances:				
Restricted for:				
Public safety	-	-	-	33,687
Public works	-	-	-	2,660,037
Unassigned	91	(32,571)	(6)	(58,190)
Total Fund Balances	91	(32,571)	(6)	2,635,534
Total Liabilities and Fund Balances	\$ 91	\$ 86,594	\$ -	\$ 3,230,839

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CITY OF IMPERIAL BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	Special Revenue Funds			
	Gas Tax	Prop A Tax	Residential Construction	CDBG Grant
Revenues:				
Assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	907,042	631,100	-	386,972
Charges for services	-	21,653	24,300	-
Use of money and property	12,947	1,882	1,750	-
Miscellaneous	-	-	-	229
Total Revenues	919,989	654,635	26,050	387,201
Expenditures:				
Current:				
General government	10,138	-	-	-
Parks and recreation	-	-	-	-
Public works	5,301	15,093	-	-
Capital outlay	34,814	64,554	-	386,570
Total Expenditures	50,253	79,647	-	386,570
Excess (Deficiency) of Revenues Over (Under) Expenditures	869,736	574,988	26,050	631
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(382,740)	(717,414)	-	-
Total Other Financing Sources (Uses)	(382,740)	(717,414)	-	-
Net Change in Fund Balances	486,996	(142,426)	26,050	631
Fund Balances, Beginning of Year	1,666,887	406,674	215,856	(25,633)
Fund Balances, End of Year	\$ 2,153,883	\$ 264,248	\$ 241,906	\$ (25,002)

CITY OF IMPERIAL BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	Special Revenue Funds			
	Supplemental Law Enforcement	Local Law Enforcement Block Grant	Lighting District #67	Traffic Safety Fund
Revenues:				
Assessments	\$ -	\$ -	\$ 11,638	\$ -
Intergovernmental	100,000	-	-	-
Charges for services	-	-	-	-
Use of money and property	-	-	122	-
Miscellaneous	-	-	-	-
Total Revenues	100,000	-	11,760	-
Expenditures:				
Current:				
General government	-	-	-	-
Parks and recreation	-	-	24,817	-
Public works	-	-	-	-
Capital outlay	100,000	-	-	-
Total Expenditures	100,000	-	24,817	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(13,057)	-
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	(13,057)	-
Fund Balances, Beginning of Year	(702)	20,376	26,258	110
Fund Balances, End of Year	\$ (702)	\$ 20,376	\$ 13,201	\$ 110

CITY OF IMPERIAL BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	Special	Capital Projects Fund		Total Governmental Funds
	Revenue Funds	Capital Projects	Parks Maintenance CIP	
	Parks Grant Fund			
Revenues:				
Assessments	\$ -	-	-	\$ 11,638
Intergovernmental	-	234,355	-	2,259,469
Charges for services	-	-	-	45,953
Use of money and property	-	1,533	1,840	20,074
Miscellaneous	-	-	-	229
Total Revenues	-	235,888	1,840	2,337,363
Expenditures:				
Current:				
General government	-	12,962	-	23,100
Parks and recreation	-	-	-	24,817
Public works	-	144	-	20,538
Capital outlay	-	283,916	124,516	994,370
Total Expenditures	-	297,022	124,516	1,062,825
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(61,134)	(122,676)	1,274,538
Other Financing Sources (Uses):				
Transfers in	-	320,914	122,670	443,584
Transfers out	-	-	-	(1,100,154)
Total Other Financing Sources (Uses)	-	320,914	122,670	(656,570)
Net Change in Fund Balances	-	259,780	(6)	617,968
Fund Balances, Beginning of Year	91	(292,351)	-	2,017,566
Fund Balances, End of Year	\$ 91	\$ (32,571)	\$ (6)	\$ 2,635,534

CITY OF IMPERIAL BEACH

BUDGETARY COMPARISON SCHEDULE
 GAS TAX
 YEAR ENDED JUNE 30, 2014

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Budgetary Fund Balance, July 1	\$ 1,666,887	\$ 1,666,887	\$ 1,666,887	\$ -
Resources (Inflows):				
Intergovernmental	779,203	779,203	907,042	127,839
Use of money and property	18,000	18,000	12,947	(5,053)
Amounts Available for Appropriation	<u>2,464,090</u>	<u>2,464,090</u>	<u>2,586,876</u>	<u>122,786</u>
Charges to Appropriation (Outflow):				
General government	37,140	58,065	10,138	47,927
Public works	13,260	13,260	5,301	7,959
Capital outlay	68,803	450,803	34,814	415,989
Transfers out	678,000	678,000	382,740	295,260
Total Charges to Appropriations	<u>797,203</u>	<u>1,200,128</u>	<u>432,993</u>	<u>767,135</u>
Budgetary Fund Balance, June 30	<u>\$ 1,666,887</u>	<u>\$ 1,263,962</u>	<u>\$ 2,153,883</u>	<u>\$ 889,921</u>

CITY OF IMPERIAL BEACH

BUDGETARY COMPARISON SCHEDULE
 PROP A TAX
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 406,674	\$ 406,674	\$ 406,674	\$ -
Resources (Inflows):				
Intergovernmental	644,186	644,186	631,100	(13,086)
Charges for services	12,400	12,400	21,653	9,253
Use of money and property	14,000	14,000	1,882	(12,118)
Amounts Available for Appropriation	1,077,260	1,077,260	1,061,309	(15,951)
Charges to Appropriation (Outflow):				
Public works	26,500	26,500	15,093	11,407
Capital outlay	451,000	1,089,675	64,554	1,025,121
Transfers out	193,000	193,000	717,414	(524,414)
Total Charges to Appropriations	670,500	1,309,175	797,061	512,114
Budgetary Fund Balance, June 30	\$ 406,760	\$ (231,915)	\$ 264,248	\$ 496,163

CITY OF IMPERIAL BEACH

BUDGETARY COMPARISON SCHEDULE
 CDBG GRANT
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (25,633)	\$ (25,633)	\$ (25,633)	\$ -
Resources (Inflows):				
Intergovernmental	300,000	300,000	386,972	86,972
Miscellaneous	-	-	229	229
Amounts Available for Appropriation	274,367	274,367	361,568	87,201
Charges to Appropriation (Outflow):				
Capital outlay	-	438,654	386,570	52,084
Transfers out	300,000	-	-	-
Total Charges to Appropriations	300,000	438,654	386,570	52,084
Budgetary Fund Balance, June 30	\$ (25,633)	\$ (164,287)	\$ (25,002)	\$ 139,285

CITY OF IMPERIAL BEACH

BUDGETARY COMPARISON SCHEDULE
 SUPPLEMENTAL LAW ENFORCEMENT
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (702)	\$ (702)	\$ (702)	\$ -
Resources (Inflows):				
Intergovernmental	100,000	100,000	100,000	-
Amounts Available for Appropriation	99,298	99,298	99,298	-
Charges to Appropriation (Outflow):				
Capital outlay	100,000	100,000	100,000	-
Total Charges to Appropriations	100,000	100,000	100,000	-
Budgetary Fund Balance, June 30	\$ (702)	\$ (702)	\$ (702)	\$ -

CITY OF IMPERIAL BEACH

BUDGETARY COMPARISON SCHEDULE
 LOCAL LAW ENFORCEMENT BLOCK GRANT
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 20,376	\$ 20,376	\$ 20,376	\$ -
Resources (Inflows):				
Intergovernmental	30,000	30,000	-	(30,000)
Amounts Available for Appropriation	50,376	50,376	20,376	(30,000)
Charges to Appropriation (Outflow):				
Capital outlay	30,000	30,000	-	30,000
Total Charges to Appropriations	30,000	30,000	-	30,000
Budgetary Fund Balance, June 30	\$ 20,376	\$ 20,376	\$ 20,376	\$ -

CITY OF IMPERIAL BEACH

BUDGETARY COMPARISON SCHEDULE
 LIGHTING DISTRICT #67
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 26,258	\$ 26,258	\$ 26,258	\$ -
Resources (Inflows):				
Assessments	12,000	12,000	11,638	(362)
Use of money and property	200	200	122	(78)
Transfers in	17,800	17,800	-	(17,800)
Amounts Available for Appropriation	56,258	56,258	38,018	(18,240)
Charges to Appropriation (Outflow):				
Parks and recreation	30,000	30,000	24,817	5,183
Total Charges to Appropriations	30,000	30,000	24,817	5,183
Budgetary Fund Balance, June 30	\$ 26,258	\$ 26,258	\$ 13,201	\$ (13,057)

CITY OF IMPERIAL BEACH

BUDGETARY COMPARISON SCHEDULE
 CAPITAL PROJECTS
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (292,351)	\$ (292,351)	\$ (292,351)	\$ -
Resources (Inflows):				
Intergovernmental	-	200,000	234,355	34,355
Use of money and property	-	-	1,533	1,533
Transfers in	-	25,000	320,914	295,914
Amounts Available for Appropriation	(292,351)	(67,351)	264,451	331,802
Charges to Appropriation (Outflow):				
General government	-	-	12,962	(12,962)
Public works	-	-	144	(144)
Capital outlay	-	307,861	283,916	23,945
Total Charges to Appropriations	-	307,861	297,022	10,839
Budgetary Fund Balance, June 30	\$ (292,351)	\$ (375,212)	\$ (32,571)	\$ 342,641

CITY OF IMPERIAL BEACH

BUDGETARY COMPARISON SCHEDULE
 C.I.P. 2010 BOND
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,907,292	\$ 4,907,292	\$ 4,907,292	\$ -
Resources (Inflows):				
Charges for services	-	-	150,000	150,000
Use of money and property	-	-	29,329	29,329
Amounts Available for Appropriation	4,907,292	4,907,292	5,086,621	179,329
Charges to Appropriation (Outflow):				
General government	-	-	56,899	(56,899)
Capital outlay	-	320,747	382,301	(61,554)
Total Charges to Appropriations	-	320,747	439,200	(118,453)
Budgetary Fund Balance, June 30	\$ 4,907,292	\$ 4,586,545	\$ 4,647,421	\$ 60,876

CITY OF IMPERIAL BEACH

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2014

	Vehicle Replacement & Maintenance	Self-Insurance	Technology & Communication	Facilities Repair & Maintenance	Totals
Assets:					
Current:					
Cash and investments	\$ 888,279	\$ 3,259,644	\$ 452,135	\$ 407,166	\$ 5,007,224
Due from other governments	25,115	-	-	-	25,115
Total Current Assets	913,394	3,259,644	452,135	407,166	5,032,339
Noncurrent:					
Capital assets - net of accumulated depreciation	1,233,236	-	47,194	-	1,280,430
Total Noncurrent Assets	1,233,236	-	47,194	-	1,280,430
Total Assets	\$ 2,146,630	\$ 3,259,644	\$ 499,329	\$ 407,166	\$ 6,312,769
Liabilities and Net Position:					
Liabilities:					
Current:					
Accounts payable	\$ 15,426	\$ 2,724	\$ 11,207	\$ -	\$ 29,357
Accrued liabilities	17,254	4,350	12,706	-	34,310
Accrued compensated absences	-	8,323	-	-	8,323
Accrued claims and judgments	-	526,174	-	-	526,174
Total Current Liabilities	32,680	541,571	23,913	-	598,164
Noncurrent:					
Accrued compensated absences	40,806	-	4,448	-	45,254
Accrued claims and judgments	-	1,071,000	-	-	1,071,000
Total Noncurrent Liabilities	40,806	1,071,000	4,448	-	1,116,254
Total Liabilities	73,486	1,612,571	28,361	-	1,714,418
Net Position:					
Investment in capital assets	1,233,236	-	-	-	1,233,236
Unrestricted	839,908	1,647,073	470,968	407,166	3,365,115
Total Net Position	2,073,144	1,647,073	470,968	407,166	4,598,351
Total Liabilities and Net Position	\$ 2,146,630	\$ 3,259,644	\$ 499,329	\$ 407,166	\$ 6,312,769

CITY OF IMPERIAL BEACH

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2014

	Vehicle Replacement & Maintenance	Self-Insurance	Technology & Communication	Facilities Repair & Maintenance	Totals
Operating Revenues:					
Sales and service charges	\$ 572,388	\$ 257,136	\$ 471,504	\$ 138,996	\$ 1,440,024
Miscellaneous	146,914	80,998	324	-	228,236
Total Operating Revenues	719,302	338,134	471,828	138,996	1,668,260
Operating Expenses:					
Services and supplies	1,362	405,815	250,552	26,974	684,703
Claims expense	-	26,214	-	-	26,214
Depreciation expense	108,184	-	10,241	-	118,425
Personnel and administrative	343,826	87,705	250,103	-	681,634
Total Operating Expenses	453,372	519,734	510,896	26,974	1,510,976
Operating Loss	265,930	(181,600)	(39,068)	112,022	157,284
Nonoperating Revenues (Expenses):					
Intergovernmental	-	-	-	-	-
Interest revenue	8,125	23,873	3,231	2,762	37,991
Total Nonoperating Revenues	8,125	23,873	3,231	2,762	37,991
Changes in Net Position	274,055	(157,727)	(35,837)	114,784	195,275
Net Position:					
Beginning of Year, as originally reported	1,799,089	1,807,339	506,805	292,382	4,405,615
Restatements	-	(2,539)	-	-	(2,539)
Beginning of Fiscal Year, as restated	1,799,089	1,804,800	506,805	292,382	4,403,076
End of Fiscal Year	\$ 2,073,144	\$ 1,647,073	\$ 470,968	\$ 407,166	\$ 4,598,351

CITY OF IMPERIAL BEACH

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2014

	Vehicle Replacement & Maintenance	Self-Insurance	Technology & Communication	Facilities Repair & Maintenance	Totals
Cash Flows from Operating Activities:					
Cash received from/(paid to) interfund service provided	\$ 718,098	\$ 340,826	\$ 471,828	\$ 138,996	\$ 1,669,748
Cash paid to suppliers for goods and services	6,508	(557,648)	(245,838)	(30,157)	(827,135)
Cash paid to employees for services	(342,993)	10,605	(255,704)	-	(588,092)
Net Cash Provided (Used) by Operating Activities	381,613	(206,217)	(29,714)	108,839	254,521
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets accumulated depreciation	(815,367)	-	(31,964)	-	(847,331)
Net Cash Used in Capital and Related Financing Activities	(815,367)	-	(31,964)	-	(847,331)
Cash Flows from Investing Activities:					
Interest received	8,125	23,873	3,231	2,762	37,991
Net Cash Provided by Investing Activities	8,125	23,873	3,231	2,762	37,991
Net Increase (Decrease) in Cash and Cash Equivalents	(425,629)	(182,344)	(58,447)	111,601	(554,819)
Cash and Cash Equivalents at Beginning of Year	1,313,908	3,441,988	510,582	295,565	5,562,043
Cash and Cash Equivalents at End of Year	\$ 888,279	\$ 3,259,644	\$ 452,135	\$ 407,166	\$ 5,007,224
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating loss	\$ 265,930	\$ (181,600)	\$ (39,068)	\$ 112,022	\$ 157,284
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:					
Depreciation	108,184	-	10,241	-	118,425
(Increase) decrease in due from other governments	(1,204)	2,692	-	-	1,488
Increase (decrease) in accounts payable	7,870	(14,066)	4,714	(3,183)	(4,665)
Increase (decrease) in accrued liabilities	716	1,811	3,784	-	6,311
Increase (decrease) in claims and judgments	-	(23,848)	-	-	(23,848)
Increase (decrease) in compensated absences	117	8,794	(9,385)	-	(474)
Total Adjustments	115,683	(24,617)	9,354	(3,183)	97,237
Net Cash Provided (Used) by Operating Activities	\$ 381,613	\$ (206,217)	\$ (29,714)	\$ 108,839	\$ 254,521

CITY OF IMPERIAL BEACH

COMBINING STATEMENT OF NET POSITION
ALL AGENCY FUNDS
JUNE 30, 2014

	<u>Special Assessment Districts</u>
Assets:	
Pooled cash and investments	<u>\$ 387,593</u>
Total Assets	<u><u>\$ 387,593</u></u>
Liabilities:	
Due to bondholders	<u>\$ 387,593</u>
Total Liabilities	<u><u>\$ 387,593</u></u>

CITY OF IMPERIAL BEACH

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2014

	<u>Balance 7/1/2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2014</u>
<u>Special Assessment Districts</u>				
Assets:				
Pooled cash and investments	\$ 383,374	\$ 5,219	\$ 1,000	\$ 387,593
Total Assets	<u>\$ 383,374</u>	<u>\$ 5,219</u>	<u>\$ 1,000</u>	<u>\$ 387,593</u>
Liabilities:				
Due to bondholders	\$ 383,374	\$ 5,219	\$ 1,000	\$ 387,593
Total Liabilities	<u>\$ 383,374</u>	<u>\$ 5,219</u>	<u>\$ 1,000</u>	<u>\$ 387,593</u>

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- David E. Hale, CPA, CFP
- Donald G. Staler, CPA
- Richard K. Kikuchi, CPA
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- Deborah A. Harper, CPA
- Gary A. Cates, CPA
- Michael D. Mangold, CPA
- David S. Myers, CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENT AND ON INTERNAL CONTROL OVER COMPLIANCE

To the Honorable Mayor and Members of the City Council
Imperial Beach Housing Authority
City of Imperial Beach, California

Report on Compliance

We have audited the Imperial Beach Housing Authority, Housing Successor to the Former RDA, (the Agency) compliance with the California Health and Safety Code sections applicable to California Housing Successor Agencies for the year ending June 30, 2014.

Management's Responsibility

Management is responsible for compliance with the California Health and Safety Code sections applicable to California Housing Successor Agencies.

Auditors' Responsibility

Our responsibility is to express an opinion on the Agency's compliance with the California Health and Safety Code sections applicable to California Housing Successor Agencies. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred above that could have a material effect on housing program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. However, our audit does not provide legal determination of the Agency's compliance with those requirements.

Opinion

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the housing program for the year ending June 30, 2014.

Report on Internal Control over Compliance

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



To the Honorable Mayor and Members of the City Council
Imperial Beach Housing Authority
City of Imperial Beach, California

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or, significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Excess/Surplus Calculation

We have audited the financial statements of the City of Imperial Beach as of and for the year ended June 30, 2014, and have issued our report thereon dated November 20, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying report on excess/surplus calculation is presented for purposes of additional analysis only and is not a required part of the financial statements. Such information is the responsibility of management and was derived from the financial statements. The report on excess/surplus calculation has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance.

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

Signature on file



Brea, California
November 20, 2014

CITY OF IMPERIAL BEACH

COMPUTATION OF HOUSING SUCCESSOR
EXCESS/SURPLUS (HSC 34176.1)

	Low and Moderate Housing Funds All Project Areas July 1, 2013	Low and Moderate Housing Funds All Project Areas July 1, 2014
Opening Fund Balance, as restated	\$ 1,248,935	\$ 708,087
Less Unavailable Amounts:		
Land held for resale	<u>(330,691)</u>	<u>(330,691)</u>
	<u>(330,691)</u>	<u>(330,691)</u>
Available Housing Successor Funds	<u>918,244</u>	<u>377,396</u>
Limitation (greater of \$1,000,000 or four years deposits)		
Aggregate amount deposited for last four years:		
2013 - 2014	-	229,117
2012 - 2013	999,553	999,553
2011 - 2012	<u>647,671</u>	<u>647,671</u>
Total	<u>\$ 1,647,224</u>	<u>\$ 1,876,341</u>
Base Limitation	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Greater amount	<u>\$ 1,647,224</u>	<u>\$ 1,876,341</u>
Computed Excess/Surplus	<u>None</u>	<u>None</u>

HOUSING AUTHORITY OF THE CITY OF IMPERIAL BEACH – SUCCESSOR HOUSING ENTITY
Specified Activity Information in Accordance with HSC Section 34176.1
Year Ended June 30, 2014

ATTACHMENT 3

1. The amount deposited to the Low and Moderate Income Housing Asset Fund, distinguishing any amounts held for items listed on the Recognized Obligation Payment Schedule from other amounts. [Health and Safety Code 34176.1(f)(1)]

Recognized Obligation Payment Schedule amounts	\$ 75,000
Other amounts (20% of SA Loan Repayment)	\$ 223,043
TOTAL	\$ 298,043

2. A statement of the balance in the Low and Moderate Income Housing Asset Fund, distinguishing any amounts held for items listed on the Recognized Obligation Payment Schedule from other amounts. [Health and Safety Code 34176.1(f)(2)]

Recognized Obligation Payment Schedule amounts	\$ 708,087
Other amounts	
TOTAL	\$ 708,087

3. A description of expenditures from the fund by category, including, but not limited to, expenditures (A) for monitoring and preserving the long-term affordability of units subject to affordability restrictions or covenants entered into by the redevelopment agency or the housing successor and administering the activities described in paragraphs (2) and (3) of subdivision (a), (B) for homeless prevention and rapid rehousing services for the development of housing described in paragraph (2) of subdivision (a), and (C) for the development of housing pursuant to paragraph (3) of subdivision (a). [Health and Safety Code 34176.1(f)(3)]

(A) Monitoring/preserving	\$
(B) Homeless prevention/rapid rehousing	\$
(C) Housing development (Habitat for Humanity)	\$ 211,804
TOTAL	\$ 211,804

4. As described in paragraph (1) of subdivision (a), the statutory value of real property owned by the housing successor, the value of loans and grants receivable, and the sum of these two amounts. [Health and Safety Code 34176.1(f)(4)]

Assets held for disposition	\$
Loans receivable	\$ 8,551,552
TOTAL	\$ 8,551,552

5. A description of any transfers made pursuant to paragraph (2) of subdivision (c) in the previous fiscal year and, if still unencumbered, in earlier fiscal years and a description of and status update on any

HOUSING AUTHORITY OF THE CITY OF IMPERIAL BEACH – SUCCESSOR HOUSING ENTITY
Specified Activity Information in Accordance with HSC Section 34176.1
Year Ended June 30, 2014

project for which transferred funds have been or will be expended if that project has not yet been placed in service. [Health and Safety Code 34176.1(f)(5)]

Not applicable. No Low and Moderate Income Housing Asset Fund monies were transferred during the fiscal year between the Housing Authority and other housing successors that are located within the County of San Diego or in contiguous jurisdictions.

6. A description of any project for which the housing successor receives or holds property tax revenue pursuant to the Recognized Obligation Payment Schedule and the status of that project. [Health and Safety Code 34176.1(f)(6)]

Although not directly property tax revenue, during the fiscal year, the Housing Authority serving as the Successor Housing Entity held approximately \$533,000 in former Imperial Beach Redevelopment Agency housing bond proceeds to be used as financial assistance toward Habitat for Humanity's acquisition of property and development of six (6) semi-detached for-sale residential homes located at 776 10th Street in the City of Imperial Beach, California to be owned and occupied by low-income households. A proportionate amount of the housing bond proceeds were used for project administration costs. The expenditure of housing bond proceeds toward this Project was approved on the Recognized Obligation Payment Schedule of the Successor Agency. The status of the Project is the property has been acquired by Habitat for Humanity and construction of the homes is being completed. A portion of the housing bond proceeds has been disbursed to Habitat for Humanity for approved development costs. The remaining housing bond proceeds are anticipated to be disbursed to Habitat for Humanity for approved development costs in accordance with the Affordable Housing Agreement entered into between the Housing Authority and Habitat for Humanity.

7. For interests in real property acquired by the former redevelopment agency prior to February 1, 2012, a status update on compliance with Section 33334.16. For interests in real property acquired on or after February 1, 2012, a status update on the project. [Health and Safety Code 34176.1(f)(7)]

During the fiscal year, the Housing Authority serving as the Successor Housing Entity held property located at 776 10th Street in the City of Imperial Beach, California which property was previously acquired and owned by the former Imperial Beach Redevelopment Agency for the development of affordable housing. Pursuant to the Affordable Housing Agreement entered into between the Housing Authority and Habitat for Humanity, the property was sold to Habitat for Humanity for Habitat for Humanity's development of six (6) semi-detached for-sale residential homes to be owned and occupied by low-income households. The status of the Project is the property has been acquired by Habitat for Humanity and construction on the homes is being completed.

8. A description of any outstanding obligations pursuant to Section 33413 that remained to transfer to the housing successor on February 1, 2012, of the housing successor's progress in meeting those obligations, and of the housing successor's plans to meet unmet obligations. In addition, the housing successor shall include in the report posted on its Internet Web site the implementation plans of the former redevelopment agency. [Health and Safety Code 34176.1(f)(8)]

HOUSING AUTHORITY OF THE CITY OF IMPERIAL BEACH – SUCCESSOR HOUSING ENTITY
Specified Activity Information in Accordance with HSC Section 34176.1
Year Ended June 30, 2014

Not applicable

9. The information required by subparagraph (B) of paragraph (3) of subdivision (a). [Health and Safety Code 34176.1(f)(9)]

Not applicable

10. The percentage of units of deed-restricted rental housing restricted to seniors and assisted individually or jointly by the housing successor, its former redevelopment agency, and its host jurisdiction within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted individually or jointly by the housing successor, its former redevelopment agency, and its host jurisdiction within the same time period. [Health and Safety Code 34176.1(f)(10)]

Not applicable

11. The amount of any excess surplus, the amount of time that the successor agency has had excess surplus, and the housing successor's plan for eliminating the excess surplus. [Health and Safety Code 34176.1(f)(11)]

None. See attached Imperial Beach Report on Housing Compliance Final 12-1-14.pdf



STAFF REPORT
CITY OF IMPERIAL BEACH

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: ANDY HALL, CITY MANAGER *AJ*
MEETING DATE: DECEMBER 10, 2014
ORIGINATING DEPT.: PUBLIC WORKS *HAL*
SUBJECT: RESOLUTION NO. 2014-7536 APPROVING AMENDMENT NO. 1 TO THE LANDSCAPE MAINTENANCE SERVICES CONTRACT WITH ACACIA LANDSCAPE COMPANY

EXECUTIVE SUMMARY:

Resolution No. 2014-7536 if adopted would approve amendment No. 1 to the Landscape Maintenance Services Contract with Acacia Landscape Company for additional landscape maintenance work on Imperial Beach Boulevard (medians and planters), Triangle Park and Silver Strand Boulevard & Palm Avenue Pocket Park. This additional landscape maintenance work will be in place of landscape maintenance at Sports Park now performed by Imperial Beach Boys & Girls Club, Imperial Beach Girls Softball and Imperial Beach Little League.

BACKGROUND:

Resolution No. 2013-7430 adopted December 4, 2013 awarded a landscape maintenance contract to Acacia Landscape Company for an annual price of \$35,700. A base price of \$28,500 annually was awarded for landscape services in the following City areas:

- Teeple Park;
- Reama Park;
- Veterans Park;
- Elm Avenue / Encina Avenue (9th to 5th Streets);
- Palm Avenue (Delaware Street to Seacoast Drive);
- Marina Vista Center; and
- City Hall Complex

An additive in the bid was awarded for a price of \$7,200 annually to include the Sports Park complex landscape maintenance.

Sports Park was included as an additive bid in the event that Sports Park would eventually be turned over to the Imperial Beach Boys & Girls Club, Girls Softball League and the Little League associations. If these associations assumed custody of Sports Park, Sports Park landscape would be dropped from the Acacia Landscape Company contract. In late May 2014 these associations took custody of their respective areas within Sports Park. On July 1, 2014, Imperial Beach Boys & Girls Club, Girls Softball and Little League associations took custody of the Sports Park routine landscape maintenance thus was dropped from the contract. Major maintenance was retained by the City.

In July 2014, City staff approached Acacia Landscape Company with the idea of taking on additional landscape maintenance within the City equivalent to the responsibilities and cost terminated in Sports Park, thus no change in contract price - \$35,700 annually. Acacia Landscape Company and City staff agreed to include the following areas as equivalent to the loss of Sports Park landscape maintenance:

- Imperial Beach Boulevard (medians and planters);
- Triangle Park; and
- Silver Strand Boulevard & Palm Avenue Pocket Park

ANALYSIS:

The work of this change in landscape responsibilities has been ongoing since July 1, 2014 without an amendment to the contract with Acacia Landscape Company. The format of the request for proposals and the subsequent contract signed by both parties did not provide for a substitution of landscape areas without City Council approval and authorization. This staff report and resolution recommends that City Council authorize the substitution of landscape responsibilities noted above and adopts Resolution No. 2014-7536 amending the Acacia Landscape Company contract accordingly.

The Fiscal Year 2014/15 budget approved \$55,000 for landscape services for State Department of Corrections for Inmate Community Work Crew Services for landscape maintenance services within the City. However, the State Department of Corrections contract was not renewed at the end of the contract period – September 30, 2013, thus staff advertised for landscape maintenance service proposals in October 2013. Acacia Landscape Company was the lowest responsive and qualified bidder for the scope of work included in the base bid.

ENVIRONMENTAL DETERMINATION:

Not a project as defined by CEQA.

FISCAL IMPACT:

REVENUE:

Park Maintenance FY 2014 O&M Budget (101-6020-452-2104) budget	\$55,000
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EXPENDITURE/ENCUMBRANCES:

Contract price with Acacia Landscape Co.	\$28,500
Amendment No. 1 to Acacia Landscape Company contract	<u>\$ 7,200</u>
Total Expenditures/Encumbrances	\$35,700

RECOMMENDATION:

1. Receive this report.
2. Adopt the attached resolution.
3. Authorize the City Manager to sign Amendment No. 1 to the "Landscape Maintenance Services" contract with Acacia Landscape Company.

Attachments:

1. Resolution No. 2014-7536

RESOLUTION NO. 2014-7536**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IMPERIAL BEACH, CALIFORNIA, APPROVING AMENDMENT NO. 1 TO THE LANDSCAPE MAINTENANCE SERVICES CONTRACT WITH ACACIA LANDSCAPE COMPANY**

WHEREAS, Resolution No. 2013-7430 adopted December 4, 2013 awarded a landscape maintenance contract to Acacia Landscape Company for an annual price of \$35,700; and

WHEREAS, a base price of \$28,500 annually was awarded for landscape services in the following City areas:

- Teeple Park;
- Reama Park;
- Veterans Park;
- Elm Avenue / Encina Avenue (9th to 5th Streets);
- Palm Avenue (Delaware Street to Seacoast Drive);
- Marina Vista Center; and
- City Hall Complex; and

WHEREAS, an additive in the bid was awarded for a price of \$7,200 annually to include the Sports Park complex landscape maintenance; and

WHEREAS, Sports Park was included as an additive bid in the event that Sports Park would eventually be turned over to the Imperial Beach Boys & Girls Club, Girls Softball League and the Little League associations; and

WHEREAS, on July 1, 2014, Imperial Beach Boys & Girls Club, Girls Softball and Little League associations took custody of the Sports Park routine landscape maintenance thus was dropped from the Acacia Landscape Company contract scope of work; and

WHEREAS, in July 2014, City staff approached Acacia Landscape Company with the idea of taking on additional landscape maintenance within the City equivalent to the responsibilities and cost terminated in Sports Park, thus no change in contract price - \$35,700 annually; and

WHEREAS, Acacia Landscape Company and City staff agreed to include the following areas as equivalent to the loss of Sports Park landscape maintenance:

- Imperial Beach Boulevard (medians and planters);
- Triangle Park; and
- Silverstrand Boulevard & Palm Avenue Pocket Park; and

WHEREAS, the work of this change in landscape responsibilities has been ongoing since July 1, 2014 without an amendment to the contract with Acacia Landscape Company; and

WHEREAS, staff recommends that City Council authorize the substitution of landscape responsibilities noted above and amend Acacia Landscape Company contract accordingly; and

WHEREAS, the Fiscal Year 2014/5 budget approved \$55,000 for landscape services for State Department of Corrections for Inmate Community Work Crew Services for landscape maintenance services within the City; and

WHEREAS, the State Department of Corrections contract was not renewed at the end of the contract period – September 30, 2013; and

WHEREAS, staff advertised for landscape maintenance services in October 2013 with Acacia Landscape Company being awarded the contract in December 2014 as the lowest responsive and qualified bidder for the scope of work included; and

WHEREAS, the adopted budget is sufficient to cover the base bid and proposed Amendment No. 1 landscape services cost within Acacia Landscape Company contract.

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

1. The above recitals are true and correct.
2. This legislative body approves Acacia Landscape Company contract Amendment No 1 at no additional cost to the contract.
3. This legislative body authorizes the City Manager to sign Amendment No. 1 to Acacia Landscape Company landscape services agreement for the additional work identified in this resolution.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Imperial Beach at its meeting held on the 10th day of December 2014, by the following vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

SERGE DEDINA, MAYOR

ATTEST:

JACQUELINE M. HALD, MMC
CITY CLERK



STAFF REPORT
CITY OF IMPERIAL BEACH

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: ANDY HALL, CITY MANAGER *AH*

MEETING DATE: DECEMBER 10, 2014

ORIGINATING DEPT.: CITY CLERK *JMH*

SUBJECT: EXTENSION OF TERMS OF OFFICE FOR MEMBERS ON THE
TIDELANDS ADVISORY COMMITTEE AND THE DESIGN
REVIEW BOARD WITH TERMS EXPIRING ON DECEMBER 31,
2014

EXECUTIVE SUMMARY:

Extending the terms of office for the Tidelands Advisory Committee and Design Review Board Members until new appointees have been selected will allow for the committee/board to continue to function and carry on with business.

BACKGROUND

The following term expirations are scheduled to occur on December 31, 2014:

Tidelands Advisory Committee:

- Michel Dedina
- Mary Doyle
- David L. Van de Water

Design Review Board:

- Daniel Lopez
- Thomas Schaff

Note: A Special vacancy currently exists on the Design Review Board due to the resignation of Harold Phelps. Three applications were received to fill the special vacancy and will be kept on file for consideration.

DISCUSSION:

Extending term expirations of the committee/board members, allows the Tidelands Advisory Committee and Design Review Board to continue to function and consider projects and other such matters as needed.

CALIFORNIA ENVIRONMENTAL QUALITY ACT:

Not a project as defined by CEQA.

FISCAL IMPACT:

None associated with this report.

RECOMMENDATION:

That the City Council extends the terms of office for Design Review Board Members Daniel Lopez and Thomas Schaff and Tidelands Advisory Committee Members Michel Dedina, Mary Doyle and David L. Van de Water until new appointees have been selected.



**STAFF REPORT
CITY OF IMPERIAL BEACH**

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: ANDY HALL, CITY MANAGER *AA*

MEETING DATE: DECEMBER 10, 2014

ORIGINATING DEPT.: CITY ADMINISTRATION *AW*

SUBJECT: PUBLIC HEARING: ADOPTION OF RESOLUTION NO. 2014-7538 APPROVING THE IMPERIAL BEACH BUSINESS IMPROVEMENT DISTRICT (BID) ANNUAL REPORT FOR FISCAL YEAR 2013-2014 AND AUTHORIZING THE LEVYING OF THE FISCAL YEAR 2014-015 ANNUAL ASSESSMENT FOR THE BID PURSUANT TO THE PARKING AND BUSINESS IMPROVEMENT AREA LAW OF 1989

EXECUTIVE SUMMARY:

City staff is requesting adoption of Resolution No. 2014-7538 giving final approval of the Annual Report of the Imperial Beach Business Improvement District (the "BID") and declaring its intention to levy and collect the annual BID Assessment for Fiscal Year 2014-2015. State law requires a two-step process during which the BID's Annual Report is considered (approved or approved as modified) at a City Council meeting (the first step) at which a time is set for a noticed public hearing to consider another resolution levying the annual assessment for the fiscal year (the second step). This public hearing is the second step in this two-step process.

BACKGROUND:

The Imperial Beach Business Improvement District (BID) was established in 1997. The purpose of the BID, as outlined in the original Ordinance, was to raise money to defray costs for any of the following:

1. Acquisition, construction, and/or maintenance of parking facilities;
2. Decoration of any public place;
3. Promotion of public events in public places;
4. Provision of music or entertainment in public places; and
5. Promotion of business activities.

The City collects annual assessments for the benefit of the District. The Parking and Business Improvement Area Law of 1989 requires the Advisory Board of the BID to submit an Annual

Report to the City Council that includes the following:

1. Any proposed changes in the boundaries of the parking and business improvement area or in any benefit zones within the area.
2. The improvements and activities to be provided for that fiscal year.
3. An estimate of the cost of providing the improvements and activities for that fiscal year.
4. The method and basis for levying the assessment in sufficient detail to allow each business owner to estimate the amount of the assessment to be levied against his or her business for that fiscal year.
5. The amount of any surplus or deficit revenues to be carried over from a previous fiscal year.
6. The amount of any contributions to be made from sources other than assessments levied pursuant to this part.

On November 5, 2014, the City Council considered and approved the Fiscal Year (FY) 2013-2014 Annual Report of the BID. Also included and reviewed was the BID's goals and budgets for FY 2014-2015. At that meeting, the City Council adopted Resolution No. 2014-7521 approving the FY 2013-2014 Annual Report and scheduling a public hearing for December 10, 2014, to consider final approval of the Annual Report and to authorize the levying of the annual BID assessment for FY 2014-2015. On November 17, 2014, the City Council adopted a revised Resolution No. 2014-7521, which incorporated corrections to the originally-approved resolution inadvertently omitted but required under state law.

As part of a two-step process required under State law, the City Council held the meeting on November 5, 2014, during which the Annual Report for the BID was considered and a time was set for this public hearing to consider and adopt a resolution levying the annual BID assessment for FY 2014-2015. This Public Hearing, therefore, constitutes the second step in this two-step process. The law governing Parking and Business Improvement Districts requires that any oral and written protests be heard at the public hearing.

ANALYSIS:

The BID Annual Report is in compliance with State Law and covers the issues required. The assessments for the BID will not change this Fiscal Year. They have not changed since adoption of the District and were described in the original Ordinance (Ordinance No. 96-907) as follows:

Zone 1 – Highway 75 / Palm Avenue, Old Palm Avenue, and Seacoast Drive

Zone 2 – 13th Street Business Corridor and around Imperial Beach Boulevard, Boulevard Avenue and Basswood Avenue

<u>Category</u>	<u>Zone 1</u>	<u>Zone 2</u>
1. Financial / Entertainment	\$ 600	\$ 600
2. General Retail	\$ 120	\$ 100
3. Service and Professional	\$ 100	\$ 85
4. Industrial / Manufacturing	\$ 85	\$ 65

In reviewing the BID's FY 2013-2014 Annual Report, which is included as Attachment 2 to this staff report, City staff inquired about any accounting discrepancies over the past fiscal year. Staff was advised of the following:

1. In November 2013, BID Assessment check provided by the City was initially deposited in the account of the Imperial Beach Chamber of Commerce as opposed to the BID, with half of the amount then provided to the BID. In practice this should have occurred the other way around. This has been noted and should not occur again.
2. BID Assessments for April through June of 2014 were received and booked in July 2014 rather than the prior fiscal year. Staff has been made aware of this practice and will make note of it for FY 2014-2015.
3. The BID identified total expenses in FY 2013-2014 of \$53,275 with a budget of \$58,999 resulting in a carry-over of \$5,724 into FY 2014-2015. The amount of carry-over has been the subject of some concern and staff notes that this amount is exactly the amount budgeted for expense and carry-over into the next fiscal year. This marks a reduction in carry-over from \$10,000 in the prior fiscal year as recommended by the City Council.
4. The BID budget for FY 2014-2015 provides for estimated expenses of \$48,458 with an expected carry-over into FY 2015-2016 of \$5,927.

ENVIRONMENTAL DETERMINATION:

Not a project as defined by CEQA.

FISCAL IMPACT:

Minimal associated with the collection/disbursement of the BID assessments are incurred each year by the City.

RECOMMENDATION:

That the City Council:

1. Declare public hearing open;
2. Receive public testimony;
3. Close the public hearing; and,
4. Adopt Resolution No. 2014-7538 approving the Final Report from the BID for Fiscal Year 2013-2014 and the budget and proposed activities for Fiscal Year 2014-2015 and levying the assessment for properties within the BID for Fiscal Year 2014-2015.

Attachments:

1. Resolution No. 2014-7538
2. BID Fiscal Year 2013-2014 Annual Report and Fiscal Year 2014-2015 Budget

RESOLUTION NO. 2014-7538

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IMPERIAL BEACH, CALIFORNIA, APPROVING THE FISCAL YEAR 2012-2013 IMPERIAL BEACH BUSINESS IMPROVEMENT DISTRICT REPORT AND LEVYING THE FISCAL YEAR 2013-2014 ANNUAL ASSESSMENT FOR THE DISTRICT PURSUANT TO THE PARKING AND BUSINESS IMPROVEMENT AREA LAW OF 1989

WHEREAS, by Ordinance No. 96-907, adopted by the Imperial Beach City Council on January 2, 1997, the "Imperial Beach Business Improvement District" (the "BID") was formed, pursuant to the provisions of the Parking and Business Improvement Area Law of 1989, codified as California Streets and Highways Code Section 36500 et seq. (the "Law"); and

WHEREAS, the Advisory Board for the BID has caused a report to be prepared for Fiscal Year 2012-2013 and said report is on file with the City Clerk; and

WHEREAS, the City Council considered said report from the Advisory Board of the BID at a meeting on October 16, 2013; and

WHEREAS, the City Council adopted Resolution No. 2013-7403 at the meeting on October 16, 2013, approving the Report of the BID and setting a public hearing for November 6, 2013, to receive public testimony and to levy the assessments for Fiscal Year 2013-2014.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF IMPERIAL BEACH AS FOLLOWS:

Section 1. The City Council gives final approval to the Fiscal Year 2013-2014 Report of the BID Advisory Board and declares its intention to levy and collect Fiscal Year 2014-2015 assessments within the BID as set forth in Section 2.

Section 2. The area included in the BID includes the Imperial Beach business community within the following address ranges:

Zone 1

Sub-District #1/Highway 75 - Palm Avenue

	<u>STREET</u>	<u>ADDRESS SERIES</u>
1.	7 th Street	600-799
2.	Delaware Street	600-799
3.	8 th Street	600-799
4.	9 th Street	600-799
5.	10 th Street	600-799
6.	11 th Street	500-799
7.	12 th Street	500-799
8.	13 th Street	500-799
9.	Emory Street	600-799
10.	Florence Street	500-799
11.	Florida Street	500-799
12.	Highway 75	500-1373
13.	Palm Avenue	700-1373

Zone 1

Sub-District #2/Old Palm Avenue

	<u>STREET</u>	<u>ADDRESS SERIES</u>
1.	Palm Avenue	200-699
2.	3rd Street	500-699

Zone 1

Sub-District #3/Seacoast Drive

	<u>STREET</u>	<u>ADDRESS SERIES</u>
1.	Seacoast Drive	600-1099
2.	Palm Avenue	000-199
3.	Dahlia Avenue	000-199
4.	Donax Avenue	000-199
5.	Daisy Avenue	000-199
6.	Date Avenue	000-199
7.	Elm Avenue	000-199
8.	Evergreen Avenue	000-199
9.	Elder Avenue	000-199
10.	Elkwood Avenue	000-199
11.	Ebony Avenue	000-199
12.	Imperial Beach Blvd.	000-199

Zone 2

Sub-District #4/13th Street Business Corridor

	<u>STREET</u>	<u>ADDRESS SERIES</u>
1.	Imperial Beach Blvd.	900-1489
2.	9 th Street	800-1099
3.	13 th Street	800-1099
4.	Emory Street	800-1099

Zone 2

Sub-District #5/Bayside Businesses

	<u>STREET</u>	<u>ADDRESS SERIES</u>
1.	Cherry Avenue	700-1099
2.	Boulevard Avenue	700-1300
3.	Basswood Avenue	700-799

The assessments for the District in Fiscal Year 2014-2015 are as follows and remain the same as first established in Ordinance No. 96-907:

Zone 1 – Highway 75/Palm Avenue, Old Palm Avenue, and Seacoast Drive

Zone 2 – 13th Street Business Corridor and around Imperial Beach Boulevard, Boulevard Avenue and Basswood Avenue

<u>Category</u>	<u>Zone 1</u>	<u>Zone 2</u>
1. Financial/Entertainment	\$600	\$600
2. General Retail	\$120	\$100
3. Service and Professional	\$100	\$85
4. Industrial/Manufacturing	\$85	\$65

Section 3. The report of the advisory board is on file with the City Clerk. Said report contains a full and detailed description of the improvements and activities provided and those to be provided in Fiscal Year 2014-2015.

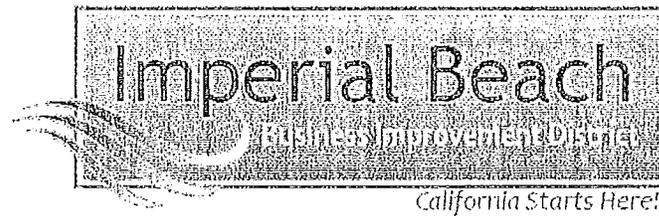
PASSED, APPROVED, AND ADOPTED by the City Council of the City of Imperial Beach at its regular meeting held on the 10th day of December 2014, by the following vote:

AYES: **COUNCILMEMBERS:**
NOES: **COUNCILMEMBERS:**
ABSENT: **COUNCILMEMBERS:**

SERGE DEDINA
MAYOR

ATTEST:

JACQUELINE M. HALD, MMC
CITY CLERK



The Business Improvement District Association (BID) has promoted Imperial Beach as an active business community and visitor destination during the fiscal year of July 2013 to June 2014. The Paint the Box was progressively pursued to help beautify the Business Improvement District, including repainting boxes with corrosion or graffiti. The Sunset Concert Series continued at the pavilion by the pier to run concurrently with the Farmer's Market to bring more patronage to our city. Funds were spent to promote decorations during the Holiday Season at businesses, giving out awards for First, Second and Third place. The BID joined the San Diego Tourism Authority to have more input over what our, Imperial Beach, page presents to possible tourists and visitors to our city. The Flags were purchased and with the assistance of the Imperial Beach Fire Department, put up along Palm Avenue, 13th Street, Imperial Beach Boulevard and Seacoast Drive. The Taste of IB was held to promote businesses in Imperial Beach residents and visitors. While 2013-2014 was a busy year, the BID is excited about the prospects for our city going forward. With the addition of exciting new businesses, we expect more visitors to patronize our city and its businesses. The BID will be promoting Imperial Beach, producing over 100,000 visitor's brochures that will be distributed throughout Southern California and beyond, as a destination city.

Mike Osborne
Past Business Improvement District Chairperson

Attachment B

BID Budget 2013-2014

Income			Budget		Actual	Difference
BID Fees			\$27,500			
		07/26/13			\$5,490.00	
		11/13/13			\$3,035.00	
		01/24/14			\$8,580.00	
		04/11/14			\$9,260.00	
Edco Grant					\$750.00	
Taste of IB			\$1,000			
		Tickets			\$40.00	
		Other			\$40.00	
Total Income			\$28,500			
Cash Reserves Carried Over from Jun 2012- Jul 2013			\$30,499			
Total Income Plus Cash Reserves			\$58,999			
Budgeted Expense			Budget		Subset Cost	
Administration/Operations			\$15,125			
	½ Fees to IB CoC			\$13,750		
		07/29/13			-\$2,745.00	
		Nov 2013			Missing?	
		01/20/14			-\$4,290.00	
		04/11/14			-\$4,630.00	
	Annual Audit			\$1,375		
		Nakawatase #3253			-\$1,375.00	
Parking Improvements			\$0			
Beautification/Special Projects			\$14,500			
	Paint the Box			\$8,000	-\$6,560.00	\$1,440.00
		09/16/13 David Williams #			-\$3,000.00	
		04/21/14 David Williams #3260			-\$1,170.00	
		05/06/14 David Williams #3262			-\$1,430.00	
		05/16/14 David Williams #3264			-\$960.00	
	Holiday Decorations			\$1,500	-\$150.00	\$1,350.00
		Seaside Con			-\$75.00	

Attachment B

BID Budget 2013-2014

Reserves/Miscellaneous			\$2,000		
	Miscellaneous			\$2,000	
		San Diego Tourism Auth #3268			-\$642.00
		Stop Payment			-\$25.00
Budgeted Total Expenses			\$53,275		
Budgeted Cash Reserves to Be carried over			\$5,724		
Total Budgeted			\$58,999		

	A	B	C	D	E
1	Budget 2014-2015		Proposed budget		
2					
3	Income			Budget	
4	BID Fees			\$28,000.00	
5	Taste of IB			\$1,000.00	
6	Total Income			\$29,000.00	
7	Cash Reserves Carried Over from Jul 2013 - Jun 2014			\$17,468.00	
8	Carry over from Taste of IB 2013			\$1,916.93	
9	Total Income Plus Cash Reserve			\$48,384.93	
10	Budgeted Expenses			Budget	Subset Cost
11			Administration		
12			1/2 Fees to IB COC	\$14,000	\$14,000
13			Annual Audit		
14	Parking Improvements			\$10,000	
15			Bike Racks		8500
16			Sidewalk Stencils		1500
17					10000
18	Beautification/Special Projects			\$5,000	
19			Paint the box		\$3,300
20			Holiday Decorations		\$1,700
21			Holiday Flags		
22					\$5,000
23	General Promotions			\$9,558	
24			Brochure Production/distribution		\$5,000
25			Sunset Celebrations Permits		\$600
26			Taste of IB 2014		\$1,500
27			Sunset Celebrations		\$1,200
28			Beach BBQ & Blues		\$300
29			Vistors Planning Guide		\$958
30					\$9,558
31	Special Events/Promotions/Advertising			\$3,900	
32			San Diego Tourism Auth		\$1,700
33			Event Promotions		\$1,000
34			Postage		200
35			Printing		1000
36	Misc.				\$3,900
37					
38		Budgeted Total Expenses		\$42,458.00	
39		Budget Cash Reserves to be carried over		\$5,927	
40		Total Budget		\$48,384.93	



**STAFF REPORT
CITY OF IMPERIAL BEACH**

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: ANDY HALL, CITY MANAGER *AH*
MEETING DATE: DECEMBER 10, 2014
ORIGINATING DEPT.: PUBLIC SAFETY *DE fr 10*
SUBJECT: ADOPT RESOLUTION NO. 2014-7537 RATIFYING THE CITY MANAGER'S SIGNATURE ON THE APPLICATION FOR THE FISCAL YEAR 2015/16 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ADDITIONAL ESTIMATED FUNDING OF \$12,083 TO BE USED TO PARTIALLY REIMBURSE THE CITY OF IMPERIAL BEACH FOR THE PURCHASE OF SELF-CONTAINED BREATHING APPARATUS FOR THE FIRE-RESCUE DEPARTMENT.

EXECUTIVE SUMMARY:

A revised estimate for the Fiscal Year 2015/16 Imperial Beach Community Development Block Grant allocation is \$12,083 higher than the previous estimate used for the fire engine reimbursement. The fire engine is not eligible for additional reimbursement from these remaining funds. There is a need in the Fire-Rescue Department to replace four of the Self-Contained Breathing Apparatus (SCBA) devices, for a total cost of approximately \$22,000. The Fiscal Year 2015/16 application has been signed by the City Manager and submitted to use these funds to partially reimburse this expense. This action holds a public hearing on the recommended use of funds or other input, and ratifies the signature of the City Manager on the submitted 2015/16 CDBG application.

BACKGROUND:

The Community Development Block Grant Program (CDBG) is funded through the Department of Housing and Urban Development Department (HUD). The County of San Diego's Department of Housing and Community Development (HCD) allocates funds to participating cities based on a formula that considers factors such as population, income level, and overcrowded housing.

On October 17, 2012, City Council previously approved the use of three years of CDBG funding for a total of \$304,403 to go towards the purchase of the fire engine. The County established the following funding breakdown:

Fiscal Year 2013/14 -	\$103,766
Fiscal Year 2014/15 -	\$108,954
<u>Fiscal Year 2015/16 -</u>	<u>\$ 91,683</u>
Total	\$304,403

On November 5, 2014, City Council received a report explaining that \$12,083 additional funding is expected to be available for the 2015/16 CDBG allocation to Imperial Beach. Since the additional funds are not eligible to utilize for the Fire Engine, it was recommended to use the funds to partially reimburse the City for Self-Contained Breathing Apparatus scheduled for purchase during Fiscal Year 2015/16. The application was signed by the City Manager and submitted to the County on the October 24, 2014 deadline. Council approved taking the recommendation forward for consideration in a public hearing.

ANALYSIS:

A revised estimate of \$103,766 has been provided for the Imperial Beach CDBG Fiscal Year 2015/16 allocation which is \$12,083 higher than the previous estimate of \$91,683 which was allocated to the fire engine reimbursement. The City had been working with the County in an attempt to apply these remaining funds to the engine per the intent of the original City Council action, however, since the engine has already been received and the funds have been expended for it, further reimbursement for the engine has been deemed ineligible by the County per CDBG requirements.

This minimal amount of grant award does not lend itself to traditional construction projects, and HCD advised that fire equipment would be an eligible and well-suited use of the funds. The Fire-Rescue Department identified two upcoming needs to replace aging equipment, including replacement of four SCBA devices and replacement of several hundred feet of fire hose. The department has identified the SCBA devices as being the higher priority. Based on this, the City submitted an application to use the remaining estimated allocation towards reimbursement of this expense, estimated to be approximately \$22,000. This application was signed by the City Manager and submitted to the HCD on the October 24, 2014 deadline.

ENVIRONMENTAL DETERMINATION:

Not a project as defined by CEQA.

FISCAL IMPACT:

While the actual amount of CDBG funds will not be determined until the HCD receives all CDBG funding requests and receives HUD notification of available funds, sometime in the spring of 2015, the additional Fiscal Year 2015-2016 CDBG allocation is estimated to be \$12,083 based upon current estimates.

RECOMMENDATION:

1. Declare the public hearing open;
2. Receive report and entertain testimony;
3. Close public hearing;
4. Motion to adopt Resolution No. 2014-7537 ratifying the City Manager's signature on the 2015/16 CDBG application for partial reimbursement of Self-Contained Breathing Apparatus for the Fire-Rescue Department; and
5. Authorize the City Manager to execute the appropriate agreement with the County of San Diego for the use of CDBG funds for partial reimbursement of Self-Contained Breathing Apparatus for the Fire-Rescue Department.

Attachment: 1. Resolution No. 2014-7537

RESOLUTION NO. 2014-7537

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IMPERIAL BEACH, CALIFORNIA, RATIFYING THE CITY MANAGER'S SIGNATURE ON THE APPLICATION FOR THE FISCAL YEAR 2015/16 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ADDITIONAL ESTIMATED FUNDING OF \$12,083 TO BE USED TO PARTIALLY REIMBURSE THE CITY FOR THE PURCHASE OF SELF-CONTAINED BREATHING APPARATUS (SCBA) FOR THE FIRE-RESCUE DEPARTMENT.

WHEREAS, The City Council of the City of Imperial Beach conducted one public hearing to consider project proposals for the Fiscal Year 2015/16 Community Development Block Grant Program; and

WHEREAS, the City Council received testimony from staff and offered the community the opportunity to identify projects that would benefit and enhance the livability of the community; and

WHEREAS, the City Manager, upon advice from the County of San Diego Department of Housing and Community Development and the Imperial Beach Public Safety Department, has signed and submitted the 2015/16 CDBG application for the purchase of said SCBA devices, and hereby recommends this use for City Council consideration; and

WHEREAS, the City Council has recognized that the purchase of Self-Contained Breathing Apparatus to replace old devices is essential to the safety of both firefighters and the community; and

WHEREAS, the City Council of the City of Imperial Beach desires to utilize the remaining allocation of the 2015/16 CDBG funds to offset the cost of purchasing the replacement SCBA devices for the Imperial Beach Fire-Rescue Department.

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

1. Ratifies the signature of the City Manager on the 2015/16 Community Development Block Grant application;
2. Authorizes the City Manager to execute the appropriate agreement with the County of San Diego for the use of CDBG funds toward the purchase of Self-Contained Breathing Apparatus devices.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Imperial Beach at its meeting held on the 10th day of December 2014, by the following vote:

**AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:**

SERGE DEDINA, MAYOR

ATTEST:

**JACQUELINE M. HALD, MMC
CITY CLERK**



AGENDA ITEM NO. 5.1

STAFF REPORT
CITY OF IMPERIAL BEACH

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: ANDY HALL, CITY MANAGER *AH*

MEETING DATE: DECEMBER 10, 2014

ORIGINATING DEPT.: CITY MANAGER/COMMUNITY DEVELOPMENT *AW*

SUBJECT: CITY COUNCIL BRIEFING NO. 4 – PALM AVENUE MIXED USE
& COMMERCIAL CORRIDOR MASTER PLAN UPDATE AND
ANNOUNCEMENT OF SECOND COMMUNITY WORKSHOP

EXECUTIVE SUMMARY:

The last City Council update on the Palm Avenue Mixed Use and Commercial Corridor Master Plan (Master Plan) was provided on August 6, 2014. At that time it was reported that, after several weeks of close coordination with Caltrans to determine whether elements of the project would comply with the State Highway Design Manual or, potentially, could be processed as "design exceptions" through Caltrans Headquarters, it had been determined that several key elements of the project would not meet Caltrans' standards nor would they be eligible for design exceptions. Despite this information, and after consulting with SANDAG (the administrator for the \$400,000 Smart Growth Incentive Program grant awarded for the project), staff recommended and the City Council directed staff and its consultant team to proceed with the design and environmental work as currently proposed in order to complete this phase of the design in conformance with the design for which grant funds were awarded. This recommendation acknowledged that some elements of the project could not be implemented unless a relinquishment of all or portions of State Route (SR) 75 were ultimately accepted by the City. Since that time, the consultant team has been finalizing the 30% construction drawings upon which the environmental review document will be based. With those drawings now complete and submitted to the City for review, staff will provide the City Council with an update on the project and will announce the upcoming second community workshop which is scheduled for Thursday, January 15, 2015.

BACKGROUND:

On January 18, 2013, staff submitted an application to the San Diego Association of Governments (SANDAG) for Fiscal Year 2013 Smart Growth Incentive Program (SGIP) funding which allocated funding for local transportation-related infrastructure and planning efforts that support smart growth development in the region. The funding was available for two types of projects: capital and planning. On January 23, 2013, the City Council adopted Resolution Number 2013-7294, authorizing and supporting the submittal of a SGIP planning grant application in the amount of \$400,000. The City Council also authorized City matching funds in the amount of \$50,000 and up to \$45,000 in in-kind contributions (staff expenses).

On June 28, 2013, the SANDAG Board of Directors approved the SGIP Fiscal Year 2013 projects for funding. Among the projects awarded full funding was Imperial Beach's Palm Avenue Mixed Use & Commercial Corridor Master Plan (Master Plan). On July 15, 2013, the City received a Notice of Award from SANDAG for \$400,000 of SGIP planning grant funding. On August 21, 2013, the City Council authorized issuance of the RFQ/P to solicit civil engineering, landscape architecture, urban design and environmental planning consultant services, with the City intending to utilize its on-call traffic engineering consultant, KOA Corporation, for this effort.

The purpose of the SGIP grant will be to develop the prior Master Plan concepts into engineering drawings sufficient to also prepare and process the corresponding environmental review document. On December 18, 2013, after a competitive RFQ/P process, the City Council authorized the execution of a professional services agreement with Project Design Consultants (PDC) as the lead civil engineering consultant of the consultant team including MIG (urban design, landscape architecture & lighting), Katz & Associates (public engagement & outreach), RECON (environmental review), SCS Engineers (environmental site assessment), and GEOCON (geotechnical engineering).

On January 24, 2014, a fully executed copy of the Smart Growth Incentive Grant Agreement between the City and SANDAG was delivered to staff along with a Notice to Proceed with the project. After issuance of the Notice to Proceed, City staff and the consultant team reviewed the Master Plan Study and prepared concept drawings based on the Master Plan recommendations for discussions purposes and to reaffirm the Master Plan recommendations and to fully assess them for application and implementation with the Palm Avenue/SR 75 corridor. A comprehensive Community Engagement effort was then initiated. As part of this outreach effort, a dedicated web page has been created on the City's web site (www.ImperialBeachCA.gov/PalmMasterPlan) and a contact email address has been established both to receive information and updates on the project and to provide comments. This web page has been updated regularly with pertinent project information.

On April 16, 2014, staff provided the City Council with its first regular Briefing on the project, during which a detailed Community Engagement Strategy prepared by the consultant team's Outreach & Engagement Consultant, Katz & Associates was presented. Also at this meeting, staff reminded the City Council that the first of two Community Workshops was to take place on April 29, 2014.

On Tuesday, April 29, 2014, the first of two Community Workshops on the Master Plan was held in the City Hall Community Room. The objective of the workshop was to reintroduce the project to the community, explain the work plan for the current phase and its relationship to the established vision, and solicit community feedback on a variety of streetscape/landscape design concepts proposed for the Palm Avenue corridor. A total of 32 community members signed in at the workshop, though it appeared that several more were in attendance. The focus of the first workshop was aimed at reintroducing the community to the project and providing Workshop attendees with sufficient project information while allowing ample time for attendees to provide their input. A presentation of the project was given and input received at the following additional outreach meetings:

- May 15, 2014 – Design Review Board Meeting Presentation
- May 20, 2014 – Presentation to the Kiwanis Club
- May 22, 2014 – Chamber of Commerce Presentation

- May 27, 2014 – Business Improvement District Presentation

Project information was also posted online and comments received via email. Generally speaking, the overwhelming majority of people who submitted comments were quite supportive of the Master Plan as proposed. Though most of the comments were supportive, concerns expressed by those in attendance were directed primarily at potential traffic impacts and the potential costs of implementation. As promised, the concerns raised have been and will continue to be analyzed and addressed as the project progresses.

To date, staff and the consultant team have also provided City Council Briefings on the project on the following dates:

- April 16, 2014
- May 21, 2014
- August 6, 2014

On April 2, 2014, staff and its consultant team provided Caltrans staff with a set of the conceptual engineering drawings for the Master Plan. On April 29, 2014, staff received a letter from Caltrans providing their comments on their initial review of the Master Plan concepts. Based upon the comments in their letter, some of which would all but preclude the implementation of several key elements of the Master Plan, staff and members of its consultant team, including the lead civil engineer (PDC) and the traffic engineer (KOA), met with Caltrans staff on Thursday, May 1, 2014, to discuss the issues raised in the letter. During the meeting, Caltrans agreed to seek a preliminary determination from their Caltrans headquarter liaison as to whether the key design issues could be potentially be approved through as "design exceptions" by Caltrans.

On May 28, 2014, staff received a preliminary determination from Caltrans that several items of the Master Plan would not be eligible for design exceptions. During additional correspondence, Caltrans provided final notification on June 23, 2014, that the following elements of the project would neither meet nor be eligible for design exceptions to Caltrans State Highway Design Standards:

- The 12-foot lane widths cannot be reduced in width due to the design speed exceeding 45 mph west of 9th street and the truck volumes exceeding 250 per lane
- The intersection/crosswalk bulb-outs would not be allowed due to the design speed exceeding 35 mph
- The local access side medians would not be allowed due to the requirement to provide 8 to 10-foot shoulders on a minimum of one side of the two through lanes
- Two different speed limits on the same roadway would not be permitted

The above restrictions would preclude the implementation of the proposed local access lanes and local access medians in the Mid-Town Sector. This is a key element of the Master Plan which received significant support during the community outreach workshop and presentations. These restrictions would also preclude the proposed design of the pedestrian crosswalks in all sectors of the proposed Master Plan. Given this information, therefore, and in order for the City to proceed with implementation of the Master Plan as proposed, a relinquishment of the SR 75

right-of-way or portions of it would have to be accepted by the City. Upon receipt of this information, staff inquired about the status of the Transportation System Analysis and Evaluation for SR 75 (the “TSAE”) being prepared by Caltrans to assess the possible relinquishment of SR 75 to the City. A final, signed copy of the TSAE was provided to the City on July 11, 2014.

The TASE provided to staff concluded that SR 75 was both eligible and appropriate for potential relinquishment to the City. Further, the TSAE indicated that Caltrans District 11 viewed the potential relinquishment of this segment of SR 75 as an initial move towards complete relinquishment of the entire route. As has been discussed with Caltrans and conveyed to the City Council, acceptance of a relinquishment of SR 75 by the City would allow staff and the City Council to be more responsive to community interests and development along Palm Avenue as the City would have more flexibility to add design features currently limited by State highway regulations. Additionally, as stated in the TSAE, a relinquished Palm Avenue/SR-75 would allow the City the ability to issue permits to new developments for roadway connections and proposed public improvements thereby eliminating the need to obtain state encroachment permits or state involvement. And, of course, a relinquishment would allow for approval and implementation of the Master Plan as currently proposed and supported during the community outreach effort.

The TSAE was primarily focused on assessing the appropriateness of the potential relinquishment of SR 75 to the City. As noted above, although the TSAE concluded that SR 75 is suitable for relinquishment, it did not include any assessment of the need for necessary improvements to bring the roadway into compliance with applicable highway design standards. That analysis and assessment would be expected in the next step of the relinquishment process – the Project Scope Summary Report (the “PSSR”).

ANALYSIS:

Potential Relinquishment Process

On August 6, 2014, staff provided the City Council with its third briefing of the Master Plan during which the above information was reported. At that time, it was also reported that Caltrans required a written request from the City in order to proceed with preparation of the PSSR. Caltrans has estimated that preparation of a PSSR could take up to a year to complete. Based upon input from the City Council at the August 6th meeting, City staff sent a letter dated August 11, 2014, requesting the preparation of the PSSR (see Attachment 1). On August 22, 2014, the City received a response to its request from Caltrans District 11 Director, Laurie Berman, agreeing to initiate the preparation of the PSSR (see Attachment 2). As with the TSAE, the City's request to proceed with this phase of the process does not commit the City to acceptance of a relinquishment, however, it does confirm the City's desire to proceed with the formal assessment of a potential relinquishment. The PSSR would also provide the City Council with the type of information it has requested during prior Council Briefings on this project.

Among other objectives, the PSSR would include “Costs to Relinquish” options for the roadway which would form the basis of a negotiated agreement under which the City could accept relinquishment of SR 75. One of several options for providing the improvements identified in the PSSR would be a negotiated Financial Contribution Only (“FCO”) option in which a mutually agreed upon amount of funding would be provided to the City by Caltrans to implement the necessary improvements in the future. Those funds would be provided to the City upon the

City's acceptance of the relinquished SR 75 right-of-way.

Also at the August 6th City Council meeting, staff sought direction from the City Council on how to proceed given the fact that the above-described elements of the Master Plan could not be implemented under State Highway Design Standards. Based upon direction provided by SANDAG in a meeting on July 28, 2014, acting in their role as the Smart Growth Incentive Program (SGIP) Grant administrator, the City Council agreed that, because the Master Plan was awarded SGIP grant funding based upon the merits and design of the project as proposed, the best course of action was to continue with the proposed design and the environmental review based upon that design.

In an email on December 1, 2014, staff was advised by Caltrans that completion of the PSSR is anticipated by the end of June 2015. Waiting for the completion of the PSSR and/or the outcome of that analysis, therefore, could put the project funding in jeopardy by requiring approval of SANDAG's Regional Planning Committee. In proceeding with the Master Plan project as designed, the environmental review document will acknowledge that elements of the project, as proposed, could not be implemented under current state highway design standards but would also acknowledge that the Master Plan design would most effectively achieve the objectives of the project to provide a more desirable "main street", multi-modal corridor conducive to pedestrians, bicyclists, transit and vehicles as well as to businesses and new, infill development. Caltrans staff has indicated that, as long as the environmental document acknowledges the need for a relinquishment to implement certain elements of the Master Plan, they would not seek to challenge the certification of the document and approval of the Master Plan. By continuing on with the Master Plan as currently proposed, therefore, the City will best position itself to carry out the desired objectives of the Master Plan along with the desires of a majority of the community members who have voiced their support for the project.

Navy Coastal Campus Impacts

Also during the City Council Briefing on August 6th, some concerns were raised about the potential impacts of the proposed Naval Base Coronado (NBC) Coastal Campus at the Naval Radio Receiving Facility (NRRF). Specifically, given that traffic impacts have already been expressed as a primary concern in feedback received during both the community outreach efforts and from the City Council, greater concerns were expressed by Council Members on August 6th about the potential impacts the addition of a project such as the NBC Coastal Campus might have with the future implementation of the Master Plan. Since the August 6th meeting, therefore, the City's traffic engineering consultant has completed their Traffic Impact Report which carefully analyzes the Master Plan and also considers the potential "cumulative impacts" of the NBC Coastal Campus, the Bernardo Shores Project, the Breakwater Project, the Bikeway Village project and the build-out scenario of the City's Commercial Zoning Amendments. Looking at the potential cumulative impacts of these projects, the traffic analysis determined that there would be no significant impacts along any of the Palm Avenue/SR 75 corridor segments or at any of the corridor intersections for both the AM and PM peak hour conditions for the Horizon year scenario (2035 and beyond). In fact, the traffic analysis determined that the "with project" condition actually shows improvement over the "without project" condition at the Rainbow/SR 75 intersection which is already expected to perform at a level of service (LOS) F in the horizon years. A substantial reason for that is that signal timing along the corridor can be reprogrammed to better support local traffic.

As part of the services provided for the Master Plan, traffic visual simulations have been prepared for the corridor visually illustrating the AM and PM peak conditions with all of the

cumulative projects including the Master Plan design elements. These simulations will be shown at the City Council Briefing on December 10th.

Master Plan Design

The consultant team has completed the 30% civil engineering drawings for the Master Plan, an important milestone of the project. These plans were submitted to the City for review at the end of November. The plans incorporate the proposed design objectives of the Master Plan Study, the SGIP, and the input and comments received from the community, the Design Review Board and the City Council. Some specific design elements that were discussed during the outreach and engagement process have been addressed.

During the community outreach and engagement efforts, certain elements of the Master Plan received strong support. One of these elements was the creation of a local access lane and local access median in the "Mid Town Sector" of the corridor between 9th Street and Florida Street. So strong was this support that many also supported the possible extension of the local access lanes eastward to 12th Street or even 13th Street. Staff and its consultant team have evaluated this possibility, however, and, after careful consideration, are recommending against it for several reasons. First, as discussed above, this element of the Master Plan already presents challenges regarding state highway design standard compliance. Even if these challenges can be overcome, either by an accepted relinquishment or other mechanism, the extension of the local access lanes further east also creates traffic and circulation challenges entering and exiting the City limits and transitioning into the City of San Diego's jurisdiction. Finally, the original intent of the Mid-Town Sector was to clearly and uniquely distinguish this central area of the corridor from the East-End and Park sectors. Extending the local access lanes would compromise this design objective. As such, the current design reflects the original intent of the Master Plan with the local access lanes extending from 9th Street to Florida Street as originally proposed.

Additionally, in further response to comments received during the community outreach and engagement, the current design has incorporated turn-out and/or "mountable curbs" within the local access lane areas to allow vehicles in the center through-lanes to pull out of traffic and onto and/or within the local access median. This will alleviate the potential for traffic impacts due to stalled vehicles in the center through-lanes within this area.

A primary objective of the Master Plan is to improve pedestrian safety throughout the corridor. As such, crosswalks with corner "pop-outs" are proposed at various intersections which serve both to calm vehicular traffic and to decrease the crossing distance for pedestrians. Originally, pop-outs were proposed at both the 9th Street and 13th Street intersections for these reasons. Having considered applicable truck turning radius design standards for these two intersections, however, the proposed pop-outs have been eliminated. The Master Plan will still seek to create safe pedestrian crossings at these intersections with clearly marked crosswalks and median pedestrian refuges.

Second Community Workshop

As part of the community outreach and engagement effort for the Master Plan, two community workshops are included. The first workshop conducted on April 29, 2014, was intended to reaffirm the design elements proposed in the Master Plan Study and to seek additional comments and input on the future design. The second workshop has been scheduled for Thursday, January 15, 2015, in the Community Room at City Hall. The purpose of this second

workshop will be to update the community about the project, including presenting the results of the traffic study and demonstrating the traffic visual simulation. The meeting will also serve as an opportunity for the consultant team to share a variety of streetscape/landscape design elements such as street furnishings, street lighting and sidewalk paving as well as landscaping and gather community feedback on those elements of the project.

ENVIRONMENTAL DETERMINATION:

The prior phase of the Master Plan was exempt from CEQA pursuant to CEQA Guidelines Sections 15262 and 15306. This phase of the Master Plan will include the preparation of the required environmental review document to analyze the proposed project. This may result in an amendment to the City's General Plan and Local Coastal Program as well as the processing of a coastal development permit, site plan review, and design review for the proposed capital improvements.

FISCAL IMPACT:

The City has been awarded \$400,000 in SGIP planning grant funding. The City has authorized a City match of \$50,000 and up to \$45,000 in in-kind City services. It is expected that the City's \$50,000 matching funds will come from one-time general fund reserves.

RECOMMENDATION:

That the City Council receives City Council Briefing No. 4 on the Palm Avenue Mixed Use and Commercial Corridor Master Plan (Master Plan) and provide input and additional comments as necessary.

Attachments:

1. Letter to Caltrans Requesting Preparation of Project Scope Summary Report (PSSR) – August 11, 2014
2. Letter from Caltrans Agreeing to Prepare a PSSR – August 22, 2014



City of Imperial Beach, California

OFFICE OF THE CITY MANAGER

825 Imperial Beach Blvd., Imperial Beach, CA 91932 Tel: (619) 423-8303 Fax: (619) 628-1395

August 11, 2014

Attachment 1

Laurie Berman
District 11 Director
California Department of Transportation, District 11
4050 Taylor Street
San Diego, CA 92110

SUBJECT: LETTER OF REQUEST – PREPARATION OF A PROJECT SCOPE STUDY REPORT (PSSR) FOR THE POTENTIAL RELINQUISHMENT OF STATE ROUTE 75/PALM AVENUE IN THE CITY OF IMPERIAL BEACH, CA

Dear Ms. Berman:

The City of Imperial Beach (City) is in receipt of and would like to thank District 11 of the California Department of Transportation (Caltrans) for the Final Transportation System Analysis and Evaluation (TSAE) for State Route 75/Palm Avenue (SR 75). As the TSAE found that SR 75 in Imperial Beach would be appropriate for potential relinquishment, the City is now interested in having Caltrans proceed with the preparation of a Project Scope Study Report (PSSR) that would analyze the City's segment of SR 75, inclusive of needed infrastructure improvements and maintenance costs that would form the basis of a negotiated agreement under which a potential relinquishment might occur.

At their meeting on August 6, 2014, our City Council authorized City staff to issue this letter of request to initiate preparation of the PSSR. As the PSSR will be essential for City staff and the City Council to assess and adequately consider the possibility of the relinquishment of the segment of SR 75 within the City, it is understood that this letter constitutes the City's written request only to proceed with the PSSR but does not commit the City to acceptance of the relinquishment of SR 75. The City does desire, however, to continue working with Caltrans to assess the possibility of a relinquishment of SR 75.

The City respectfully requests, therefore, that Caltrans proceed with the preparation of a PSSR as part of its current work plan to continue the assessment of the portion of SR 75 within the City's boundaries for its possible relinquishment to the City.

If you have any questions regarding this request, please do not hesitate to contact me.

Sincerely,
Signature on file

Andy Hall
City Manager

cc: Jim Janney, Mayor
Greg Wade, Assistant City Manager/Community Development Director
Hank Levien, Public Works Director
Joe Hull, District Chief, Traffic Operations
Bill Figge, Deputy District Director, Planning

DEPARTMENT OF TRANSPORTATION

DISTRICT 11

4050 TAYLOR STREET, M.S. 120

SAN DIEGO, CA 92110

PHONE (619) 688-6668

FAX (619) 688-3122

TTY 711

www.dot.ca.gov



ATTACHMENT 2

*Serious drought.
Help save water!*

August 22, 2014

Mail Log # 2014-1283

Mr. Andy Hall
City Manager
City of Imperial Beach
825 Imperial Beach Boulevard
Imperial Beach, CA 91932

CITY MANAGER
 CITY OF IMPERIAL BEACH
 2014 AUG 25 PM 2:33

Dear Mr. Hall:

Thank you for your letter dated August 11, 2014, to the California Department of Transportation (Caltrans) expressing interest in the relinquishment of State Route 75 (SR-75). Your letter serves as a request for Caltrans to proceed with the formal process of preparing a Project Scope Study Report (PSSR) to assess the segment of SR-75 within the City of Imperial Beach (City) boundaries for potential relinquishment to the City. Per your request Caltrans will initiate the formal relinquishment process and preparation of the PSSR.

The PSSR will document the cost-benefit analysis over a ten year period, comparing the costs to operate and maintain the road with the cost to relinquish. Information from the PSSR will provide the basis for both the City and Caltrans to negotiate and agree to terms of the relinquishment. Ultimately the removal of a state highway, either in whole or in part from the State Highway System, requires a relinquishment approved by the California Transportation Commission (CTC), along with supporting legislation.

Highways or local roads under Caltrans jurisdiction that do not serve regional or statewide transportation needs should be considered for relinquishment. Relinquishment allows local agencies more control in the administration, planning, construction and operation of transportation facilities that better represent community interests and vision. Additionally, local control removes the Caltrans encroachment permit process and other constraints. For these reasons, and based on the appropriateness of relinquishment documented in the SR-75 Transportation System Analysis and Evaluation (TSAE) report previously provided to the City, Caltrans supports the City's request for the process of relinquishment.

If you have any questions or require further information, please contact Bill Figge, Deputy District Director of Planning, at (619) 688-6681 or by email at bill.figge@dot.ca.gov.

Sincerely,

Signature on file

 LAURIE BERMAN
District Director

Mr. Andy Hall
August 22, 2014
Page 2

c: Jim Janney, Mayor, City of Imperial Beach
Greg Wade, Assistant City Manager/Community Development Director, City of Imperial Beach
Hank Levien, Public Works Director, City of Imperial Beach
Ross Cather, Deputy District Director, Caltrans District 11
Bill Figge, Deputy District Director, Caltrans District 11
Joe Hull, District Division Chief, Caltrans District 11
Jacob Armstrong, Branch Chief, Caltrans District 11



STAFF REPORT
CITY OF IMPERIAL BEACH

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: ANDY HALL, CITY MANAGER *AH*
MEETING DATE: DECEMBER 10, 2014
ORIGINATING DEPT.: CITY CLERK *DMH*
SUBJECT: RESOLUTION NO. 2014-7535 APPROVING THE CALENDAR AND SETTING THE TIME FOR CITY COUNCIL MEETINGS FOR THE YEAR 2015

EXECUTIVE SUMMARY:

Adopt Resolution No. 2014-7535 approving the Calendar and setting the time for City Council meetings for the year 2015.

BACKGROUND:

In accordance with Imperial Beach Municipal Code §2.12.040.A, the City Council must hold regular meetings on the first and third Wednesdays of each month at an hour to be set by resolution. Additionally, the City Council has historically adopted the meeting calendar for the upcoming year after review of potential meeting schedule conflicts.

ANALYSIS:

Upon review of the holiday schedule and the annual conferences scheduled for 2015, staff determined that no scheduling conflicts exist.

In accordance with City Council Policy 102, a meeting will not be scheduled on the third Wednesday of December unless required for urgent City business. Therefore, staff recommends cancellation of the December 16, 2015 City Council meeting.

Staff further recommends cancellation of the January 6, 2016 City Council meeting due to the holiday and furlough closures.

Note: The January 7, 2015 City Council meeting was cancelled by previous City Council action on December 4, 2013.

ENVIRONMENTAL DETERMINATION:

Not a project as defined by CEQA.

FISCAL IMPACT:

None associated with this report.

RECOMMENDATION:

That the City Council discuss a time for setting the start of regular City Council meetings and any meeting schedule conflicts. Staff further recommends adoption of Resolution No. 2014-7535 approving the calendar and setting the time for City Council meetings for the year 2015.

Attachments:

1. Resolution No. 2014-7535 and 2015 City Council meeting calendar (Exhibit A)
2. 2014-2015 City of Imperial Beach Holiday & Alternate Friday Schedule

RESOLUTION NO. 2014-7535

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IMPERIAL BEACH, CALIFORNIA, APPROVING THE CALENDAR AND SETTING THE TIME FOR CITY COUNCIL MEETINGS FOR THE YEAR 2015

WHEREAS, Section 2.12.040.A of the Imperial Beach Municipal Code states that unless otherwise adopted by resolution, the City Council must hold regular meetings on the first and third Wednesdays of each month at an hour to be set by resolution; and

WHEREAS, the City Council has historically reviewed potential meeting schedule conflicts prior to adopting the upcoming City Council meeting calendar;

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

1. That regular City Council meetings shall begin at (insert time determined by City Council) p.m. and
2. That the 2015 City Council meeting calendar, attached hereto as Exhibit A, is hereby approved.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Imperial Beach at its meeting held on the 10th day of December 2014, by the following vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

SERGE DEDINA, MAYOR

ATTEST:

JACQUELINE M. HALD, MMC
CITY CLERK

City of Imperial Beach Council Meeting Calendar

January						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

February						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

March						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

April						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

May						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

June						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

July						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

August						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

September						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

October						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

November						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

December						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

-  Council Meetings 6 PM
-  Friday Closures
-  City Holiday / City Hall Closed



City of Imperial Beach 2014-15 Holiday & Alternate Friday Schedule

2014 Holiday Schedule

Wednesday, January 1	New Year's Day	City Hall Offices Closed
Monday, January 20	Martin Luther King, Jr. Day	City Hall Offices Closed
Monday, February 17	Washington's Birthday	City Hall Offices Closed
Monday, March 31	Cesar Chavez Day	City Hall Offices Closed
Monday, May 26	Memorial Day	City Hall Offices Closed
Friday, July 4	Independence Day	City Hall Offices Closed
Monday, September 1	Labor Day	City Hall Offices Closed
Tuesday, November 11	Veterans Day	City Hall Offices Closed
Thursday, November 27	Thanksgiving Day	City Hall Offices Closed
Friday, November 28	Day After Thanksgiving	Dark Friday – Holiday Bank
Wednesday, December 24	Christmas Eve	City Hall Offices Closed
Thursday, December 25	Christmas Day	City Hall Offices Closed
December 29 & 30	Furlough	City Hall Offices Closed for the Holidays
Wednesday, December 31	New Year's Eve	City Hall Offices Closed

2015 Holiday Schedule

Thursday, January 1, 2015	New Year's Day	City Hall Offices Closed
Friday, January 2, 2015	Furlough	City Hall Offices Closed for the Holidays
Monday, January 19	Martin Luther King, Jr. Day	City Hall Offices Closed
Monday, February 16	Washington's Birthday	City Hall Offices Closed
Tuesday, March 31	Cesar Chavez Day	City Hall Offices Closed
Monday, May 25	Memorial Day	City Hall Offices Closed
Friday, July 3	Independence Day (Observed)	City Hall Offices Closed
Monday, September 7	Labor Day	City Hall Offices Closed
Wednesday, November 11	Veterans Day	City Hall Offices Closed
Thursday, November 26	Thanksgiving Day	City Hall Offices Closed
Friday, November 27	Day After Thanksgiving	Dark Friday – Holiday Bank
Thursday, December 24	Christmas Eve	City Hall Offices Closed
Friday, December 25	Christmas Day	Dark Friday – Holiday Bank
December 28, 29 & 30	Furlough	City Hall Offices Closed for the Holidays
Thursday, December 31	New Year's Eve	City Hall Offices Closed
Friday, January 1, 2016	New Year's Day	City Hall Offices Closed

2014 9/80 Alternative Friday Schedule

- October 3
- October 17
- October 31
- November 14
- November 28
- December 12
- December 26

2015 9/80 Alternative Friday Schedule

- January 9
- January 23
- February 6
- February 20
- March 6
- March 20
- April 3
- April 17
- May 1
- May 15
- May 29
- June 12
- June 26
- July 10
- July 24
- August 7
- August 21
- September 4
- September 18
- October 2
- October 16
- October 30
- November 13
- November 27
- December 11
- December 25



STAFF REPORT
CITY OF IMPERIAL BEACH

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: ANDY HALL, CITY MANAGER AH
MEETING DATE: DECEMBER 10, 2014
ORIGINATING DEPT.: CITY CLERK DMH
SUBJECT: ANNUAL CITY COUNCIL REPRESENTATION ASSIGNMENTS FOR 2015

EXECUTIVE SUMMARY:

Prior to the start of a new calendar year, the Mayor establishes assignments for individual Councilmembers to represent the City on various intergovernmental and other outside organizations.

BACKGROUND:

Pursuant to Section 2.08.030.D, the Mayor represents the City in all regional public agencies which require an elected City Official, unless otherwise determined by the City Council.

CALIFORNIA ENVIRONMENTAL QUALITY ACT:

Not a project as defined by CEQA.

FISCAL IMPACT:

None.

RECOMMENDATION:

Review and discuss the Mayor's City Council Representation Assignments List for 2015.

Attachments:

1. Draft City Council Representation Assignment List for 2015

**2015 CITY OF IMPERIAL BEACH
CITY COUNCIL REPRESENTATION ASSIGNMENTS**

<p>SOUTH BAY MAYORS AND CITY MANAGERS COMMITTEE: National City, Chula Vista, Coronado, and San Diego meet to discuss mutual concerns relating to South Bay.</p> <p>Primary - Mayor Dedina (Proposed) 1st Alternate – Mayor Pro Tem Bilbray (Proposed)</p>	<p>Contact: Yolie Garcia, Executive Secretary for the City Manager's Office City of Chula Vista 276 Fourth Avenue Chula Vista, CA 91910 (619) 691-5031 ygarcia@chulavistaca.gov</p> <p>Location: Location rotates between the four cities. Meetings: Usually 4th Monday of each month by the host city at 12:00 p.m.</p>
<p>SD DIVISION, LEAGUE OF CALIFORNIA CITIES: A coalition of California cities meeting on issues of statewide concern.</p> <p>Primary – Mayor Dedina (Proposed) 1st Alternate – Councilmember Spriggs (Proposed)</p>	<p>Contact: City of San Marcos Phill Scollick, City Clerk (760) 744-1050 Ext. 3105 pscollick@san-marcos.net</p> <p>Location: Four Points Sheraton 8110 Aero Drive San Diego, CA 92123</p> <p>Meetings: 2nd Monday of each month - 11:30 a.m.-1:00 p.m.</p>
<p>SD DIVISION, LEAGUE OF CALIFORNIA CITIES – LEGISLATIVE SUB-COMMITTEE: A coalition of San Diego County cities that reviews and provides direction to the San Diego Division membership on bills pending before the Legislature.</p> <p>Primary – Mayor Pro Tem Bilbray (Proposed) 1st Alternate – Councilmember Spriggs (Proposed)</p>	<p>Contact: Catherine Hill, Regional Public Affairs Manager San Diego Imperial Division League of California Cities PO Box 82081 San Diego, CA 92138-2081 (619) 295-8282 chill@cacities.org</p> <p>Location: Four Points Sheraton 8110 Aero Drive San Diego, CA 92123</p> <p>Meetings: Not meeting regularly but on call of the Division President periodically.</p>
<p>LEAGUE OF CALIFORNIA CITIES - COASTAL CITIES INTEREST GROUP A coalition of California cities meeting on statewide coastal issues.</p> <p>Primary – Councilmember Spriggs (Proposed) 1st Alternate – Mayor Dedina (Proposed)</p>	<p>Contact: Sara Rounds, Associate Regional Public Affairs Manager League of California Cities 1400 K Street, 4th Floor Sacramento, CA 95814 rounds@cacities.org (916) 658-8243</p> <p>Location: TBD - Conference calls; Periodic in person meetings at conferences.</p> <p>Meetings: TBD</p>
<p>METROPOLITAN TRANSIT SYSTEMS BOARD: Public transportation issues.</p> <p>Primary – Councilmember Bragg (Proposed) 1st Alternate – Mayor Pro Tem Bilbray (Proposed)</p>	<p>Contact: Julia Sansone, Executive Assistant to CEO Paul Jablonski and Clerk of the Board (619) 557-4515 julia.sansone@sdmts.com</p> <p>Location: 1255 Imperial Ave., Ste. 1000 San Diego, CA 92101-7490 (619) 231-1466</p> <p>FAX: (619) 234-3407</p> <p>Meetings: Typically 2nd or 4th Thursdays of each month at 9:00 a.m. \$150/meeting</p>
<p>SAN DIEGO ASSOCIATION OF GOVERNMENTS (SANDAG) BOARD: The regional council of governments, which fosters cooperation on solving regional issues, such as transportation.</p> <p>Primary – Councilmember Patton (Proposed) 1st Alternate – Councilmember Spriggs (Proposed) 2nd Alternate – Mayor Dedina (Proposed)</p>	<p>Contact: Tessa Lero, Clerk of the Board (619) 699-1991 tessa.lero@sandag.org</p> <p>Location: 401 B Street, Ste. 800 Wells Fargo Building San Diego, CA 92101 (619) 699-1995</p> <p>FAX: (619) 699-1995</p> <p>Meetings: Executive Committee: 2nd Friday of each month at 9:00 a.m. Board Policy/Business: 2nd Friday of each month at 10:00 a.m. Board Business: 4th Friday of each month at 9:00 a.m.</p> <p>\$150 Board meeting/\$100 Regional Transportation Commission – held simultaneously with the SANDAG Board. \$100 Policy Advisory Committee (Appointments made by each sub-region)</p>

**2015 CITY OF IMPERIAL BEACH
CITY COUNCIL REPRESENTATION ASSIGNMENTS**

<p>SANDAG – SHORELINE PRESERVATION WORKING GROUP: To advise SANDAG on issues related to the adopted Shoreline Preservation Strategy and opportunities for beach replenishment.</p> <p>Primary – Mayor Pro Tem Bilbray (Proposed) 1st Alternate – Councilmember Patton (Proposed)</p>	<p>Contact: Katie Levy, Environmental Planner II (619) 699-7312 katie.levy@sandag.org</p> <p>Location: 401 B Street, Ste. 800 Wells Fargo Building San Diego, CA 92101</p> <p>FAX: (619) 699-1905</p> <p>Meetings: Generally meets quarterly at 11:30 a.m. on the first Thursday of the month.</p>
<p>SANDAG – BAYSHORE BIKEWAY WORKING GROUP: Purpose is to promote improvements to the 26-mile bikeway around San Diego Bay.</p> <p>Primary – Mayor Pro Tem Bilbray (Proposed) Alternate – Councilmember Spriggs (Proposed)</p>	<p>Contact: Stephan Vance, SANDAG (619) 699-1924 stephan.vance@sandag.org</p> <p>Location: 401 B Street, Ste. 800 Wells Fargo Building San Diego, CA 92101</p> <p>Meetings: TBD – Meets on an as needed basis</p>
<p>CHAMBER OF COMMERCE LIAISON:</p> <p>Primary – Councilmember Bragg (Proposed) 1st Alternate – Mayor Pro Tem Bilbray (Proposed)</p>	<p>Contact: Sara Moore and Candy Unger, Executive Assistants (619) 424-3151</p> <p>Location: California American Water 1025 Palm Ave.</p> <p>Meetings: 2nd Wednesday of each month at 5:00 p.m.</p>
<p>METRO WASTEWATER COMMISSION/JPA: Oversees the sewage system for the San Diego area and makes decisions regarding financial expenditures relating to the sewage system.</p> <p>Primary – Councilmember Spriggs (Proposed) Alternate – Councilmember Bragg (Proposed)</p>	<p>Contact: Lori Anne Peoples, Secretary to Metro JPA City of Chula Vista (619) 548-2934 (cell) LPeoples@ci.chula-vista.ca.us</p> <p>Location: 9192 Topaz Way, MOC II Auditorium San Diego, CA 92123</p> <p>Meetings: 1st Thursday of each month 12:00 p.m. - 1:30 p.m. (\$150/meeting)</p>
<p>JOB CORPS LIAISON: Community Relations Council</p> <p>Primary – Mayor Dedina (Proposed) Alternate – Mayor Pro Tem Bilbray (Proposed)</p>	<p>Contact: Bobby Brown, Center Director (619) 429-8500</p> <p>Location: 1325 Iris Ave., Building 60 Imperial Beach, CA 91932</p> <p>Meetings: Once every quarter (notified in advance) at 11:30 a.m.</p>
<p>SOUTH COUNTY ECONOMIC DEVELOPMENT COUNCIL (SCEDC): To encourage private investment in the South San Diego County region as well as to promote the cultural, educational, social, and geographic opportunities of the area.</p> <p>Primary – Councilmember Patton (Proposed) 1st Alternate – Mayor Pro Tem Bilbray (Proposed)</p>	<p>Contact: Cindy Gomper Graves, President & CEO (619) 424-5143 cindy@southcountyedc.com South County Economic Development Council 1111 Bay Blvd., Ste. E Chula Vista, CA 91911</p> <p>Location: South County Regional Education Center 800 National City Blvd., National City</p> <p>Meetings: 1st Tuesday of each month Networking - 7:30 a.m., Meeting – 8:00 a.m.</p>

CITY COUNCIL AD-HOC COMMITTEES

Youth Ad-Hoc Committee – Established 02/27/13

- Mayor Pro Tem Patton
- Councilmember Spriggs

Sports Park Ad-Hoc Committee – Established 06/26/13

- Mayor Pro Tem Patton
- Councilmember Bilbray



AGENDA ITEM NO. 5.4

**STAFF REPORT
CITY OF IMPERIAL BEACH**

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: ANDY HALL, CITY MANAGER

MEETING DATE: DECEMBER 10, 2014

ORIGINATING DEPT.: CITY ADMINISTRATION

SUBJECT: RESOLUTION NO. 2014-7539 AWARDING A PUBLIC WORKS CONTRACT, TO WIT: CITY HALL PUBLIC AREA FLOORING PROJECT AND APPROPRIATION OF AN AMOUNT NOT TO EXCEED \$25,000 FROM THE FACILITY MAINTENANCE FUND TO PROJECT

The staff report will be provided at or prior to the meeting.