AGENDA

Regular Meeting of the Lompoc City Council
Tuesday, August 21, 2018
City Hall, 100 Civic Center Plaza, Council Chamber

Please be advised that, pursuant to State Law, any member of the public may address the City Council concerning any Item on the Agenda, before or during Council consideration of that Item. Please be aware that Items on the Consent Calendar are considered to be routine and are normally enacted by one vote of the City Council. <u>If you wish to speak on a Consent Calendar Item, please do so during the first Oral Communications</u>.

"Members of the Public are Advised that all **PAGERS**, **CELLULAR TELEPHONES** and any **OTHER COMMUNICATION DEVICES** are to be **<u>turned off</u>** upon entering the City Council Chambers."

Regular City Council meetings will be videotaped and available for review on the City's website by the end of the day on the Thursday following the City Council Meeting. **The Agenda and related Staff reports are available on the City's web site: www.cityoflompoc.com the Friday before Council meetings between 9:00 a.m. and 5:00 p.m.**

Any documents produced by the City and distributed to a majority of the City Council regarding any item on this agenda will be made available the Friday before Council meetings at the City Clerk's Office at City Hall, 100 Civic Center Plaza, Monday through Friday between 9 a.m. and 5 p.m. and at the Information Desk at the Lompoc Library, 501 E. North Avenue, Lompoc, California, Monday - Thursday between 10 a.m. and 7 p.m. and Friday and Saturday between 1 p.m. and 5 p.m. The City may charge customary photocopying charges for copies of such documents.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, including review of the Agenda and related documents, please contact the City Clerk at (805) 875-8241 at least 72 hours prior to the meeting. This will allow time for the City to make reasonable arrangements to ensure accessibility to the meeting.

CLOSED SESSION

OPEN SESSION – 6:15 P.M. – Council Chamber

ROLL CALL: Mayor Bob Lingl
Mayor Pro Tempore Jenelle Osborne
Council Member James Mosby
Council Member Dirk Starbuck
Council Member Victor Vega

ORAL COMMUNICATIONS: (maximum of three minutes per speaker, limited to subject of "Closed Session")

CLOSED SESSION – City Council Conference Room

BUSINESS ITEM:

1. **CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION**: Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9 – One Matter.

OPEN SESSION - 6:30 P.M. – Council Chamber

REPORT ON ACTION TAKEN DURING CLOSED SESSION:

INVOCATION: Pastor Bernie Federmann

PLEDGE OF ALLEGIANCE: Mayor Bob Lingl

CITY MANAGER REPORT: (Information only)

- **List of City expenditures**
  - July 16 – 20, 2018 - $687,354.75
  - July 23 – 27, 2018 - $386,119.06
  - Payroll July 27, 2018 - $1,434,710.52

PUBLIC COMMENT ON CONSENT CALENDAR ITEMS (Maximum of 3 Minutes):

CONSENT CALENDAR: All items listed under Consent Calendar are considered to be routine and will be enacted, after one motion, in the form listed below. There will be no separate discussion of these items unless good cause is shown prior to the Council vote. Any items withdrawn from the Consent Calendar for separate discussion will be addressed immediately before the second Oral Communications, near the end of the meeting.

1. **Approval of Minutes** of the Lompoc City Council Regular Meeting of March 6, 2018

2. **Adoption of Resolution No. 6210(18) Approving Supplemental Appropriations for Public Works Project No. FY-18-P-2.**

   Fleet and Facilities & Parks Maintenance Manager Dirk Ishiwata
   d_ishiwata@ci.lompoc.ca.us

   Recommendation: Council adopt Resolution No. 6210(18), approving supplemental appropriations of $57,000 in Fiscal Year 2018-19. The Downtown Parking Lot Fund's Fund Balance is the source of funding to provide capital maintenance to City of Lompoc owned parking areas adjacent to "I" and Cypress Streets.

3. **Approval of Response to 2017-18 Santa Barbara Civil Grand Jury – Pensions in Santa Barbara County.**

   Management Services Director Brad Wilkie
   b_wilkie@ci.lompoc.ca.us

   Recommendation: Council review the Santa Barbara County Grand Jury for civil matters report entitled **Pensions in Santa Barbara County** and approve the proposed response letter presented on behalf of the City of Lompoc, pursuant to California Penal Code Sections 933(c) and 933.05(a), (b) and (c).

4. **Authorization for Renewal of Mental Health Mobile Crisis Services Agreement for Fiscal Years 2018-21.**

   Deputy City Manager Laura Dubbels
   l_dubbels@ci.lompoc.ca.us

   Recommendation: Council authorize the City Manager to execute the attached agreement to renew the Mental Health Mobile Crisis Services for three years, to be provided by Santa Barbara County during Fiscal Years 2018-21, for a total amount not to exceed $72,392.

STAFF PRESENTATIONS/ANNOUNCEMENTS/REQUESTS:

- Financial Services Staff will provide an update on the Financial System Upgrade.

ORAL COMMUNICATIONS (3 Minutes Maximum):

UNFINISHED BUSINESS:

5. **Second Reading of Ordinance No. 1647(18) to Approve a Zone Change for the Community Health Centers Project; Approval of a Payment In-Lieu of Taxes Agreement.**

   Planning Manager Brian Halvorson
   b_halvorson@ci.lompoc.ca.us

   Recommendation: Council take the following actions:

   a) Adopt Ordinance No. 1647(18), by second reading, by title only with further reading waived, approving a Zone Change of the Property from *Medium Density Residential Planned Development* to *Planned Commercial Development*; and

   b) Authorize the City Manager to sign one of the provided Agreements for Payment In-Lieu of Taxes (PILOT Agreement); or

   c) Deny the proposed Zone Change and General Plan Amendment; or

   d) Provide other direction.

(Public Comment)

WRITTEN COMMUNICATIONS:

ORAL COMMUNICATIONS (2 Minutes Maximum):

COUNCIL REQUESTS, COMMENTS, AND MEETING REPORTS:

ADJOURNMENT: Lompoc City Council will adjourn to a Regular Meeting at 6:30 P.M. on September 4, 2018.

I hereby certify under penalty of perjury under the laws of the State of California that the foregoing agenda was posted on the City Hall bulletin board not less than 72 hours prior to the meeting. Dated this 17th day of August 2018

/Stacey Haddon/
Stacey Haddon, City Clerk
By: Shannon Marrs

Proposed Future City Council Agenda Items

(Please note these items are tentatively scheduled and subject to change)

August 8, 2018

Council Mtg. Date/Subject	Department	Agenda Category
Sep 4		
Proclamation – Library Card Sign Up Month	Library	Presentation
Update to Handbook for BCC	Clerk's Office	Consent

Other Unscheduled Items	Proposed Date of Item	Department	Agenda Category
Authorization of Destruction of Certain Obsolete City Records	Sep	City Clerk's Office	Consent
Council Workshop to Review 2030 GenPlan		Planning	
Formation of Community Facilities District No. 2018-01 (Summit View Homes)		Planning	New Business
Discussion on Chickens			Council Request
Report from AdHoc Committee RE: Enterprise Reimbursement Study (Osborne)		Council Request	Presentation
Update on clean-up of SY Riverbed			Presentation
Evaluation of Extended Hours at City Hall (Osborne)			Council Request
AB1234 – Ethics Training	Dec 11		
Review of Solid Waste Rate Increase	Dec		Council Request
Certification of Election & Installation of Newly Elected Mayor & Council Members	Dec	Clerk's Office	Presentation
Approval of 2019 CC Meeting Calendar	Dec	Clerk's Office	Consent
Appt Boards/Commissions/Committees by newly Installed Council Members & Mayor	Jan 2019	Clerk's Office	Appointments
Appointment of Mayor Pro Tempore for 2017 Calendar Year & Approval of Council Meeting 2017 Calendar	Jan 2019	Clerk's Office	Appointments
Presentation of Costs Estimates for Multi-Sports Complex on City-owned property (Mayor Lingl)		Administration	Council Request
Estimates of costs on procuring engineering documents for future City projects (Ryon Park Rehabilitation, Construction of New Fire Station and New Police Station) (Mayor Lingl)			Council Request
Assessment of CCU License Application Deposit (Mosby)	April 2019		Council Request

g:futureagendalist 08-08-2018

August/Sept 2018 Master Calendar

DATE	ITEM	NOTES
8/2/2018	*Airport Commission Meeting – 7pm - Cancelled	Lompoc City Hall – Admin Conference Room - 100 Civic Center Plaza
8/2/2018	*Economic Development Committee – General Board Meeting – 6pm	Lompoc City Hall - Council Chamber - 100 Civic Center Plaza
8/3/2018	**Old Town Market – Open Streets**	
8/6/2018	*Human Services Commission - 6:00pm	Lompoc City Hall - Council Chamber - 100 Civic Center Plaza
8/7/2018	City Council Meeting - 6:30pm	Lompoc City Hall - Council Chamber - 100 Civic Center Plaza
8/8/2018	*Planning Commission Meeting 6:30pm - Cancelled	Lompoc City Hall - Council Chamber - 100 Civic Center Plaza
8/8/2018	*Beautification Commission Meeting 6:30pm - Cancelled	Lompoc City Hall - Administrative Conference Room - 100 Civic Center Plaza
8/8/2018	*Economic Development Committee – Executive Board Meeting – 6pm	Lompoc City Hall - Council Chamber - 100 Civic Center Plaza
8/10/2018	**Old Town Market**	
8/13/2018	*Utilities Commission Meeting – 6pm	Lompoc City Hall - Council Chamber - 100 Civic Center Plaza
8/14/2018	*Library Commission Meeting 10am	Lompoc Main Library - Grossman Gallery 501 E. North Avenue
8/14/2018	*Parks & Recreation Commission – 6:30pm	Lompoc City Hall - Council Chamber - 100 Civic Center Plaza
8/18/2018	**Beautification Commission Work Project**	D Street Plateau – Behind Water Treatment Plant
8/21/2018	City Council Meeting - 6:30pm	Lompoc City Hall - Council Chamber - 100 Civic Center Plaza
8/22/2018	*Planning Commission Special Meeting 6:30pm	Lompoc City Hall - Council Chamber - 100 Civic Center Plaza

DATE	ITEM	NOTES
9/3/2018	**City Holiday – City Hall Closed**	
9/4/2018	City Council Meeting - 6:30pm	Lompoc City Hall - Council Chamber - 100 Civic Center Plaza
9/6/2018	*Airport Commission Meeting – 7pm -	Lompoc City Hall – Admin Conference Room - 100 Civic Center Plaza
9/6/2018	*Economic Development Committee – General Board Meeting – 6pm	Lompoc City Hall - Council Chamber - 100 Civic Center Plaza
9/10/2018	*Human Services Commission - 6:00pm	Lompoc City Hall - Council Chamber - 100 Civic Center Plaza
9/10/2018	*Utilities Commission Meeting – 6pm	Lompoc City Hall - Council Chamber - 100 Civic Center Plaza
9/11/2018	*Library Commission Meeting 10am	Lompoc Main Library - Grossman Gallery 501 E. North Avenue
9/11/2018	*Parks & Recreation Commission – 6:30pm	Lompoc City Hall - Council Chamber - 100 Civic Center Plaza
9/12/2018	*Planning Commission Meeting 6:30pm - Cancelled	Lompoc City Hall - Council Chamber - 100 Civic Center Plaza
9/12/2018	*Beautification Commission Meeting 6:30pm - Cancelled	Lompoc City Hall - Administrative Conference Room - 100 Civic Center Plaza
9/24/2018	*Youth Commission Meeting – 7pm	Anderson Recreation Center – 125 W. Walnut Avenue

*One or more Council Members may attend this meeting. However, if a majority of Council Members are present at this meeting, then no Council Member may make any comments regarding any matter within the subject matter jurisdiction of the City if a majority of Council Members would be able to hear those comments. In addition, no Council Member attending this meeting should discuss (at the same time or serially or through an intermediary) with a majority of the Council Members, outside of the duly noticed Council meeting, what occurred at this meeting or his/her thoughts regarding the meeting.

**Only the two Council Members appointed to this Committee may attend this meeting. In addition, no Ad Hoc Committee Member should discuss (at the same time or serially or through an intermediary) with any Council Member outside of the duly noticed Council meeting, other than her/his Ad Hoc Committee co-member, what occurred at this meeting or his/her thoughts regarding this meeting.

PAYREGCS Jul-24-2018 08:55:15

CITY OF LOMPOC
PAYROLL REGISTER COVER SHEET - CITY
PAY DATE Jul-27-2018

		EMPLOYEE	CITY	TOTAL	
GRAND TOTAL	NET PAY	740,175.89			
PLUS	FED W/H	92,839.59			
	ST W/H	33,230.56			
	MED W/H	14,122.88	14,122.88	28,245.76	
	PERS	74,987.97	114,357.95	189,345.92	CHECK TO P.E.R.S
	TDMC (DEF PERS)	-74,662.84	74,662.84	.00	
	TDMC (RFND PERS)	.00	.00	.00	
	LIFE INSURANCE	.00	.00	.00	CHECK TO INS CO
	DENTAL INSURANCE	.00	.00	.00	CHECK TO INS CO
	HEALTH INSURANCE	72,930.06	211,017.75	283,947.81	CHECK TO INS CO
	PTRS: ICMA	1,716.05	1,716.05	3,432.10	
	PERS LTC INS	.00			
	OTHER INSURANCE	3,773.64			
	DEPENDENT CARE	192.30			
	MEDICAL REIM.	2,306.69			
	MWGOFF - POLIC				
	D COMP - ICMA	29,846.10			
	D COMP - PERS	8,488.62			
	- IBEWN				
	PAL				
	59SURV - FIRE	80.60			
	FLEX SVC CHARGE	1,359.00			
	CREDIT UNION	100.00			
	COFFEE FUND	162.50			
	UNION DUES	12,556.37			
	SURVIVOR BENEFITS	322.71			
	UNITED FUND	48.00			
	EDA DUES	177.50			
	ONE TIME	4,078.86			(-70,583.98 TTL ADJ + 74,662.84 DEF PERS)
	*GROSS WAGES	1,018,833.05	415,877.47	504,971.59	
PLUS CITY BENEFITS		415,877.47			
TOTAL TRANSFER		1,434,710.52			

THIS PAYROLL PAID Jul-27-2018

PERIOD ENDING Jul-20-2018

FOR CASH ACCOUNT: 999 100010 FOR: All Except Stale

CHECK #	CHECK DATE	TYPE	VENDOR	NAME	UNCLEARED	CLEARED	BATCH	CLEAR DATE
344249	07/23/2018	PRINTED	000340	H2O SOLUTIONS LLC	3,064.05			
344250	07/24/2018	PRINTED	009996	ADAM MILHOLLAND	67.36			
344251	07/24/2018	PRINTED	009996	ALCO GENERAL CONTRACTORS	77.26			
344252	07/24/2018	PRINTED	009996	ANN CARD	118.82			
344253	07/24/2018	PRINTED	009996	BRANDON BRICKMAN	51.38			
344254	07/24/2018	PRINTED	009996	BRECKENRIDGE PROPERTY	140.92			
344255	07/24/2018	PRINTED	009996	CARLOS SANCHEZ	117.36			
344256	07/24/2018	PRINTED	009996	CARRIE JONES	92.97			
344257	07/24/2018	PRINTED	009996	CHELSEY GIBB	151.40			
344258	07/24/2018	PRINTED	009996	CHRIS POPP	57.58			
344259	07/24/2018	PRINTED	009996	DANIEL MARTINEZ	39.01			
344260	07/24/2018	PRINTED	009996	DMH PROPERTIES INC	33.84			
344261	07/24/2018	PRINTED	009996	DMH PROPERTIES INC	33.84			
344262	07/24/2018	PRINTED	009996	DP INVESTMENTS	88.62			
344263	07/24/2018	PRINTED	009996	DP INVESTMENTS	124.79			
344264	07/24/2018	PRINTED	009996	EDGARDO RAMIREZ	165.86			
344265	07/24/2018	PRINTED	009996	FAUSTINO AGUILERA	154.17			
344266	07/24/2018	PRINTED	009996	GARY LEHMAN	209.26			
344267	07/24/2018	PRINTED	009996	GKT CENTRAL TOWNE	120.00			
344268	07/24/2018	PRINTED	009996	GO WIRELESS INC	238.63			
344269	07/24/2018	PRINTED	009996	GORDON BRATCHER	3.51			
344270	07/24/2018	PRINTED	009996	GRETCHEN HERNANDEZ	217.59			
344271	07/24/2018	PRINTED	009996	HERMINIO DUARTE	23.68			
344272	07/24/2018	PRINTED	009996	JACOB HUMMEL	172.09			
344273	07/24/2018	PRINTED	009996	JAMES PARRISH	135.92			
344274	07/24/2018	PRINTED	009996	JESSICA RAMIREZ	23.31			
344275	07/24/2018	PRINTED	009996	JESSICA VALDIVIA	81.32			
344276	07/24/2018	PRINTED	009996	JOEL PACHECO	76.73			
344277	07/24/2018	PRINTED	009996	KENNETH JAMES	85.70			
344278	07/24/2018	PRINTED	009996	KYLEE VENGELS	20.37			
344279	07/24/2018	PRINTED	009996	LAMAR ENDRIKAT	67.09			
344280	07/24/2018	PRINTED	009996	LUIS URQUILLA	115.19			
344281	07/24/2018	PRINTED	009996	LUISA GRANADOS	89.63			
344282	07/24/2018	PRINTED	009996	MARTA CLIFFORD	212.70			
344283	07/24/2018	PRINTED	009996	MIGULE SANDOVAL-OCHOA	220.50			
344284	07/24/2018	PRINTED	009996	MIKE PHILLIPS	185.63			
344285	07/24/2018	PRINTED	009996	OCEANWOOD APTS	34.22			
344286	07/24/2018	PRINTED	009996	PAUL CLINE	230.42			
344287	07/24/2018	PRINTED	009996	RALPH PARTNERS II LLC	235.35			
344288	07/24/2018	PRINTED	009996	RUBEN CHAVES	198.89			
344289	07/24/2018	PRINTED	009996	SAMANTHA BARRAGAN	1.43			
344290	07/24/2018	PRINTED	009996	STEPHEN EMMINGER	9.71			
344291	07/24/2018	PRINTED	009996	STEPHEN JEFFERS	9.88			
344292	07/24/2018	PRINTED	009996	SUETANNYA GOCOUL	56.20			
344293	07/24/2018	PRINTED	009996	TAMARA LEA	315.00			
344294	07/24/2018	PRINTED	009996	TODD VAN DEVSEN	41.96			
344295	07/24/2018	PRINTED	009996	WILLIAM RAUCH	15.86			
344296	07/24/2018	PRINTED	009996	WILLIAM ROSE	31.51			
344297	07/24/2018	PRINTED	009996	YAN SONG	79.44			
344298	07/26/2018	PRINTED	000644	ACECO EQUIPMENT RENTALS	3,546.31			
344299	07/26/2018	PRINTED	000138	ALTEC INDUSTRIES	2,744.52			
344300	07/26/2018	PRINTED	000294	AMERICAN INDUSTRIAL SUPPL	368.52			

FOR CASH ACCOUNT: 999 100010 FOR: All Except Stale

CHECK #	CHECK DATE	TYPE	VENDOR	NAME	UNCLEARED	CLEARED	BATCH	CLEAR DATE
344301	07/26/2018	PRINTED	000294	AMERICAN INDUSTRIAL PIPE	165.04			
344302	07/26/2018	PRINTED	001006	BEDFORD ENTERPRISES INC	1,240.40			
344303	07/26/2018	PRINTED	001005	BEE SAFE LOCK & KEY	54.83			
344304	07/26/2018	PRINTED	001010	BELLUZ UPHOLSTERY	1,258.33			
344305	07/26/2018	PRINTED	001382	BotScale LLC	88.00			
344306	07/26/2018	PRINTED	001413	BROUGH CONSTRUCTION, INC	42,685.39			
344307	07/26/2018	PRINTED	000098	C R S WEST INC	368.61			
344308	07/26/2018	PRINTED	000446	CONSOLIDATED ELECTRICAL D	1,045.85			
344309	07/26/2018	PRINTED	000054	CARRS BOOTS & WESTERN WEA	557.40			
344310	07/26/2018	PRINTED	000063	DR. MICHAEL D. HINKENS, D	80.00			
344311	07/26/2018	PRINTED	000479	CITY OF LOMPOC - Invoices	320.00			
344312	07/26/2018	PRINTED	000109	COMMUNITY PARTNERS IN CAR	2,500.00			
344313	07/26/2018	PRINTED	001528	CS-ASSOCIATED MUNICIPAL S	1,559.24			
344314	07/26/2018	PRINTED	000066	CULLIGAN INDUSTRIAL WATER	86.26			
344315	07/26/2018	PRINTED	000139	CULLIGAN WATER COND OF LO	197.50			
344316	07/26/2018	PRINTED	000195	EARTH SYSTEMS PACIFIC	5,490.00			
344317	07/26/2018	PRINTED	000220	ENVIRONMENTAL RESOURCE AS	330.69			
344318	07/26/2018	PRINTED	001478	ESO Solutions, Inc.	3,000.00			
344319	07/26/2018	PRINTED	001480	Eurofins Eaton Analytical	840.00			
344320	07/26/2018	PRINTED	000231	EWING IRRIGATION PRODUCTS	1,443.85			
344321	07/26/2018	PRINTED	000239	FARGEN SURVEYS INC	8,033.50			
344322	07/26/2018	PRINTED	000242	FASTENAL	351.27			
344323	07/26/2018	PRINTED	000236	FERGUSON ENTERPRISES INC	573.32			
344324	07/26/2018	PRINTED	000264	FISHER PUMP & WELL SERVIC	95.00			
344325	07/26/2018	PRINTED	000306	GIBBS INTERNATIONAL INC	1,220.27			
344326	07/26/2018	PRINTED	000341	HAAKER EQUIPMENT COMPANY	16.10			
344327	07/26/2018	PRINTED	000344	HACH COMPANY	1,432.75			
344328	07/26/2018	PRINTED	000426	HANSON AGGREGATES INC	1,485.39			
344329	07/26/2018	PRINTED	000366	HOME DEPOT CREDIT SERVICE	1,114.60			
344330	07/26/2018	PRINTED	000214	IDEXX DISTRIBUTION INC	247.63			
344331	07/26/2018	PRINTED	000385	EMERGENCY PHYSICIANS INDU	3,475.00			
344332	07/26/2018	PRINTED	001383	HANKERING CORPORATION	1,160.42			
344333	07/26/2018	PRINTED	000404	J B DEWAR INC	962.89			
344334	07/26/2018	PRINTED	000988	J R BARTO	393.78			
344335	07/26/2018	PRINTED	000958	JIM VREELAND FORD	1,357.67			
344336	07/26/2018	PRINTED	000427	KAMAN INDUSTRIAL TECHNOLO	154.53			
344337	07/26/2018	PRINTED	000431	KELLY PAPER	275.54			
344338	07/26/2018	PRINTED	000432	KERN COMPUTERS CONSULTANT	17,856.87			
344339	07/26/2018	PRINTED	001535	KSBY COMMUNICATIONS LLC	1,775.00			
344340	07/26/2018	PRINTED	000963	LARRY WALKER ASSOCIATES I	300.00			
344341	07/26/2018	PRINTED	000641	LAUREL LABOR SERVICES	1,065.60			
344342	07/26/2018	PRINTED	000457	LAWSON PRODUCTS INC	1,116.71			
344343	07/26/2018	PRINTED	000462	LEE WILSON ELECTRIC COMPA	3,088.02			
344344	07/26/2018	PRINTED	000302	LHOIST NORTH AMERICA OF A	32,588.16			
344345	07/26/2018	PRINTED	000471	LIEBERT CASSIDY WHITMORE	150.00			
344346	07/26/2018	PRINTED	000155	MAXIMUS CONSULTING SERVIC	1,560.00			
344347	07/26/2018	PRINTED	000541	MCMASTER-CARR SUPPLY CO	189.13			
344348	07/26/2018	PRINTED	000543	MCNEILUS TRUCK & MFG CO	3,396.01			
344349	07/26/2018	PRINTED	000566	MOBILE DIESEL SMOKE TESTI	568.93			
344350	07/26/2018	PRINTED	000606	NORTHERN CA POWER AGENCY	2.35			
344351	07/26/2018	PRINTED	000607	POWER DELIVERY PROGRAM IN	6,313.00			
344352	07/26/2018	PRINTED	000609	NOVACOAST INC	7,242.47			

FOR CASH ACCOUNT: 999 100010 FOR: All Except Stale

CHECK #	CHECK DATE	TYPE	VENDOR	NAME	UNCLEARED	CLEARED	BATCH	CLEAR DATE
344353	07/26/2018	PRINTED	001312	NYE, PEABODY, STIRLING, H	695.00			
344354	07/26/2018	PRINTED	001308	O'Reilly Auto Parts	220.79			
344355	07/26/2018	PRINTED	000614	OFFICE DEPOT	1,237.35			
344356	07/26/2018	PRINTED	000632	PACIFIC BRAKE & TIRE SERV	381.44			
344357	07/26/2018	PRINTED	000649	PAPE' MACHINERY INC	53.14			
344358	07/26/2018	PRINTED	000651	ORMONDE INC	2,932.27			
344359	07/26/2018	PRINTED	000662	PERRYS AUTO PARTS & SERVI	297.05			
344360	07/26/2018	PRINTED	000671	PINE CAR WASH	627.00			
344361	07/26/2018	PRINTED	000683	POWERSTRIDE BATTERY CO, I	595.15			
344362	07/26/2018	PRINTED	000674	PLEASANTON TRUCK & EQUIPM	831.79			
344363	07/26/2018	PRINTED	000702	QUINN COMPANY	26,077.21			
344364	07/26/2018	PRINTED	000711	RUSSELL GARY HICKS	3,600.00			
344365	07/26/2018	PRINTED	000720	REDWOOD TOXICOLOGY LAB IN	28.42			
344366	07/26/2018	PRINTED	000727	LUIS JAMES ESCOBAR	2,000.00			
344367	07/26/2018	PRINTED	001297	RINCON CONSULTANTS INC	9,213.79			
344368	07/26/2018	PRINTED	000746	ROADLINE PRODUCTS INC USA	185.51			
344369	07/26/2018	PRINTED	000748	ROBERTSON-GOMEZ AUTOMOTIV	424.15			
344370	07/26/2018	PRINTED	000784	S M TIRE INC	5,481.81			
344371	07/26/2018	PRINTED	000777	SB CO AIR POLLUTION CTRL	112.08			
344372	07/26/2018	PRINTED	000777	COMMUNITY SERVICES DEPART	14,685.66			
344373	07/26/2018	PRINTED	000819	VOIGT INC	257.00			
344374	07/26/2018	PRINTED	000657	STANTEC CONSULTING SERVIC	792.00			
344375	07/26/2018	PRINTED	000854	SUNSET AUTO CENTER INC	2,690.46			
344376	07/26/2018	PRINTED	000976	THOMSON REUTERS - WEST	1,387.74			
344377	07/26/2018	PRINTED	001066	UNIQUE MANAGEMENT SERVICE	143.20			
344378	07/26/2018	PRINTED	001409	Valley Auto Specialists/B	421.05			
344379	07/26/2018	PRINTED	000956	VISIT LOMPOC	37,099.10			
344380	07/26/2018	PRINTED	000183	AMERICAN TIRE DEPOT	108.31			
344381	07/27/2018	PRINTED	001059	AMERICAN FAMILY LIFE ASSU	7,547.28			
344382	07/27/2018	PRINTED	000023	STATE OF CALIFORNIA - DEP	191.70			
344383	07/27/2018	PRINTED	000057	CATHOLIC CHARITIES OF LOS	12,133.00			
344384	07/27/2018	PRINTED	007016	CECILIA ROJAS-BRIBIESCA	27.00			
344385	07/27/2018	PRINTED	000071	CENTRAL SOUND & LIGHTING	1,850.00			
344386	07/27/2018	PRINTED	000479	CITY OF LOMPOC	165.00			
344387	07/27/2018	PRINTED	000479	CITY OF LOMPOC	165.00			
344388	07/27/2018	PRINTED	000479	CITY OF LOMPOC	3,432.10			
344389	07/27/2018	PRINTED	000479	CITY OF LOMPOC PETTY CASH	138.90			
344390	07/27/2018	PRINTED	000479	CITY OF LOMPOC - D&M RIMB	2,498.99			
344391	07/27/2018	PRINTED	000479	CITY OF LOMPOC - MEDICARE	28,245.76			
344392	07/27/2018	PRINTED	000107	COMMUNITY ACTION COMMISSI	2,500.00			
344393	07/27/2018	PRINTED	001362	DEPARTMENT OF CONSERVATIO	823.43			
344394	07/27/2018	PRINTED	000177	DIVISION OF THE STATE AR	119.60			
344395	07/27/2018	PRINTED	000238	FAMILY SERVICE AGENCY	1,800.00			
344396	07/27/2018	PRINTED	000243	FEDERAL EXPRESS CORPORATI	141.06			
344397	07/27/2018	PRINTED	007006	GARY GAROFALLOW	27.00			
344398	07/27/2018	PRINTED	007062	GARY HAUENSTEIN	27.00			
344399	07/27/2018	PRINTED	007012	GEORGE NAUDUS	27.00			
344400	07/27/2018	PRINTED	000317	GOOD SAMARITAN SHELTER	1,880.31			
344401	07/27/2018	PRINTED	000385	EMERGENCY PHYSICIANS INDU	670.00			
344402	07/27/2018	PRINTED	008008	JASON CARTER	15.00			
344403	07/27/2018	PRINTED	008005	JOHN B SALTER	242.00			
344404	07/27/2018	PRINTED	008004	JOHN H SALTER	220.00			

FOR CASH ACCOUNT: 999 100010 FOR: All Except Stale

CHECK #	CHECK DATE	TYPE	VENDOR	NAME	UNCLEARED	CLEARED	BATCH	CLEAR DATE
344405	07/27/2018	PRINTED	008012	JONATHAN OSBORNE	165.00			
344406	07/27/2018	PRINTED	007004	JUANA CARRILLO	27.00			
344407	07/27/2018	PRINTED	008002	KEITH MARSHALL	94.50			
344408	07/27/2018	PRINTED	001399	TRANSITION HOUSE	250.00			
344409	07/27/2018	PRINTED	000493	SANTA MARIA TIMES INC	408.77			
344410	07/27/2018	PRINTED	008901	Lee Edie	6.54			
344411	07/27/2018	PRINTED	007013	MARIA HUITZ	27.00			
344412	07/27/2018	PRINTED	008003	MARTENA WILSON	84.00			
344413	07/27/2018	PRINTED	008013	MARY WALSH	72.00			
344414	07/27/2018	PRINTED	001280	MES VISION	3,162.61			
344415	07/27/2018	PRINTED	009999	Arbor Square GRCLA, LLC	1,800.00			
344416	07/27/2018	PRINTED	009999	County of Santa Barbara	50.00			
344417	07/27/2018	PRINTED	009999	Drew Brockington	100.00			
344418	07/27/2018	PRINTED	009999	Praetorian Digital	690.00			
344419	07/27/2018	PRINTED	009994	Tikan Singh	319.78			
344420	07/27/2018	PRINTED	009994	Tikan Singh	877.07			
344421	07/27/2018	PRINTED	009994	Zitlali Taporco	51.59			
344422	07/27/2018	PRINTED	009996	Kacie Simmons	100.00			
344423	07/27/2018	PRINTED	007002	PEGGY HALL	27.00			
344424	07/27/2018	PRINTED	000702	QUINN COMPANY	5,890.33			
344425	07/27/2018	PRINTED	007073	ROSA LEON	27.00			
344426	07/27/2018	PRINTED	007060	ROSANNA RUGLAND	27.00			
344427	07/27/2018	PRINTED	001323	SANDRA JENSEN	27.00			
344428	07/27/2018	PRINTED	007063	SANTIAGO GARCIA	27.00			
344429	07/27/2018	PRINTED	000838	CA DEPT OF TAX & FEE ADMI	52.68			
344430	07/27/2018	PRINTED	000838	CA DEPT OF TAX & FEE ADMI	9,093.76			
344431	07/27/2018	PRINTED	000826	SOUTHERN CALIFORNIA GAS	83.23			
344432	07/27/2018	PRINTED	008010	THEODORE JACKSON	222.00			
344433	07/27/2018	PRINTED	008006	TONY NUNES	440.00			
344434	07/27/2018	PRINTED	000905	TRANSITIONS MENTAL HEALTH	6,300.00			
344435	07/27/2018	PRINTED	008007	WAYNE BROWN	480.00			
			187 CHECKS	CASH ACCOUNT TOTAL	386,119.06	.00		

		UNCLEARED	CLEARED
187 CHECKS	FINAL TOTAL	386,119.06	.00

** END OF REPORT - Generated by Ruth Poorbaugh **

FOR CASH ACCOUNT: 999 100010 FOR: All Except Stale

CHECK #	CHECK DATE	TYPE	VENDOR	NAME	UNCLEARED	CLEARED	BATCH	CLEAR DATE
344120	07/20/2018	PRINTED	000294	AMERICAN INDUSTRIAL SUPPL	1,789.32			
344121	07/20/2018	PRINTED	000294	AMERICAN INDUSTRIAL PIPE	1,268.19			
344122	07/20/2018	PRINTED	000405	AMERICAN TELESOURCE INC	6,237.00			
344123	07/20/2018	PRINTED	000570	AQUATIC BIOASSAY & CONSUL	1,170.00			
344124	07/20/2018	PRINTED	001522	Ashley & Vance Engineerin	9,400.00			
344125	07/20/2018	PRINTED	001042	BAKER & TAYLOR	4,411.11			
344126	07/20/2018	PRINTED	001006	BEDFORD ENTERPRISES INC	135.00			
344127	07/20/2018	PRINTED	001005	BEE SAFE LOCK & KEY	92.64			
344128	07/20/2018	PRINTED	001010	BELLUZ UPHOLSTERY	165.00			
344129	07/20/2018	PRINTED	001019	BETHEL ENGINEERING	10,493.75			
344130	07/20/2018	PRINTED	001032	BOMAR SECURITY & INVESTIG	3,680.86			
344131	07/20/2018	PRINTED	001361	Bragg Investment Company,	941.60			
344132	07/20/2018	PRINTED	000098	C R S WEST INC	320.93			
344133	07/20/2018	PRINTED	001352	STATE OF CALIFORNIA	1,931.00			
344134	07/20/2018	PRINTED	000446	CONSOLIDATED ELECTRICAL D	1,749.27			
344135	07/20/2018	PRINTED	000917	CALPORTLAND CONSTRUCTION	2,552.55			
344136	07/20/2018	PRINTED	000054	CARRS BOOTS & WESTERN WEA	1,043.48			
344137	07/20/2018	PRINTED	001553	WILLAMETTE COMMUNITY HEAL	287.00			
344138	07/20/2018	PRINTED	000003	CCI CENTRAL INC	246.93			
344139	07/20/2018	PRINTED	000063	DR. MICHAEL D. HINKENS, D	265.00			
344140	07/20/2018	PRINTED	000075	CHAPARRAL BUSINESS MACHIN	46.86			
344141	07/20/2018	PRINTED	000479	CITY OF LOMPOC	50.00			
344142	07/20/2018	PRINTED	000479	CITY OF LOMPOC	345.00			
344143	07/20/2018	PRINTED	000479	CITY OF LOMPOC - Utilitie	295,432.24			
344144	07/20/2018	PRINTED	000479	CITY OF LOMPOC PETTY CASH	153.15			
344145	07/20/2018	PRINTED	001487	Clean Harbors Environment	4,687.07			
344146	07/20/2018	PRINTED	001519	CLEVERBRIDGE AG	1,079.00			
344147	07/20/2018	PRINTED	000132	THE CREDIT BUREAU OF SANT	308.00			
344148	07/20/2018	PRINTED	000133	CREDIT DATA SOLUTIONS LLC	10.50			
344149	07/20/2018	PRINTED	000066	CULLIGAN INDUSTRIAL WATER	317.83			
344150	07/20/2018	PRINTED	001051	DEMCO INC	1,058.52			
344151	07/20/2018	PRINTED	000184	DOUBLE RADIUS INC	332.43			
344152	07/20/2018	PRINTED	000209	ENGEL & GRAY INC	25,731.25			
344153	07/20/2018	PRINTED	001189	Farwest Line Specialties,	731.20			
344154	07/20/2018	PRINTED	000236	FERGUSON FACILITIES SUPPL	188.56			
344155	07/20/2018	PRINTED	000341	HAAKER EQUIPMENT COMPANY	96.20			
344156	07/20/2018	PRINTED	000344	HACH COMPANY	1,724.00			
344157	07/20/2018	PRINTED	001052	VALLEY GARBAGE & RUBBISH	39.68			
344158	07/20/2018	PRINTED	000372	HOUSING AUTHORIITY OF SB	500.00			
344159	07/20/2018	PRINTED	000383	INDEPENDENT STATIONERS IN	4.03			
344160	07/20/2018	PRINTED	001383	HANKERING CORPORATION	968.70			
344161	07/20/2018	PRINTED	000404	J B DEWAR INC	52,647.45			
344162	07/20/2018	PRINTED	000988	J R BARTO	330.79			
344163	07/20/2018	PRINTED	000863	JOHNSON CONTROLS FIRE PRO	2,177.17			
344164	07/20/2018	PRINTED	000457	LAWSON PRODUCTS INC	451.30			
344165	07/20/2018	PRINTED	000493	SANTA MARIA TIMES INC	484.88			
344166	07/20/2018	PRINTED	000472	LIFE-ASSIST INC	228.17			
344167	07/20/2018	PRINTED	000482	LOMPOC FIRE EQUIPMENT SVC	3,525.13			
344168	07/20/2018	PRINTED	000486	LOMPOC VALLEY MEDICAL CEN	38.50			
344169	07/20/2018	PRINTED	000552	MILLER LANDSCAPING MAINT	270.00			
344170	07/20/2018	PRINTED	000569	MOELLERS COPIER REPAIR	165.07			
344171	07/20/2018	PRINTED	000579	MUNICIPAL EMERGENCY SVCS	2,321.35			

FOR CASH ACCOUNT: 999 100010 FOR: All Except Stale

CHECK #	CHECK DATE	TYPE	VENDOR	NAME	UNCLEARED	CLEARED	BATCH	CLEAR DATE
344172	07/20/2018	PRINTED	000134	NORTH COUNTY RAPE CRISIS	15,196.00			
344173	07/20/2018	PRINTED	001312	NYE, PEABODY, STIRLING, H	275.00			
344174	07/20/2018	PRINTED	000614	OFFICE DEPOT	6,128.44			
344175	07/20/2018	PRINTED	009999	Faustino Aguilera	1,500.00			
344176	07/20/2018	PRINTED	000638	P G & E	362.80			
344177	07/20/2018	PRINTED	001306	RAVATT ALBRECHT & ASSOCIA	968.75			
344178	07/20/2018	PRINTED	001063	RECORDED BOOKS LLC	106.67			
344179	07/20/2018	PRINTED	001220	Roadrunner Management Ser	88,835.39			
344180	07/20/2018	PRINTED	000165	SOMACH SIMMONS & DUNN	3,904.38			
344181	07/20/2018	PRINTED	000835	STAPLES ADVANTAGE	366.88			
344182	07/20/2018	PRINTED	000838	CALIFORNIA DEPT OF TAX AN	13,665.40			
344183	07/20/2018	PRINTED	001503	RAMUNDSEN SUPERIOR HOLDIN	160.00			
344184	07/20/2018	PRINTED	000826	SOUTHERN CALIFORNIA GAS	4,592.15			
344185	07/20/2018	PRINTED	000937	V W R INTERNATIONAL INC	595.80			
344186	07/20/2018	PRINTED	001465	Westridge Environmental	8,912.47			
344187	07/20/2018	PRINTED	001025	ADVANCED INFRASTRUCTURE	2,678.99			
344188	07/20/2018	PRINTED	000130	ALLIANCE FOR PHARMACEUTIC	530.00			
344189	07/20/2018	PRINTED	001462	PLAYCORE WISCONSIN INC	11,310.00			
344190	07/20/2018	PRINTED	000309	UNITED BOYS & GIRLS CLUB	5,720.00			
344191	07/20/2018	PRINTED	000479	CITY OF LOMPOC	50.00			
344192	07/20/2018	PRINTED	000479	CITY OF LOMPOC	345.00			
344193	07/20/2018	PRINTED	000479	CITY OF LOMPOC PETTY CASH	100.00			
344194	07/20/2018	PRINTED	000479	CITY OF LOMPOC - REC DIV	658.00			
344195	07/20/2018	PRINTED	000102	COMCAST	461.07			
344196	07/20/2018	PRINTED	001035	CREATIVE BRAIN LEARNING	390.00			
344197	07/20/2018	PRINTED	000180	DOMESTIC VIOLENCE SOLUTIO	100.00			
344198	07/20/2018	PRINTED	001291	FARMER BROTHERS CO	205.20			
344199	07/20/2018	PRINTED	000317	GOOD SAMARITAN SHELTER	832.19			
344200	07/20/2018	PRINTED	000319	GOVT FINANCE OFFICERS ASS	50.00			
344201	07/20/2018	PRINTED	000372	HOUSING AUTHORIITY OF SB	1,227.00			
344202	07/20/2018	PRINTED	000385	EMERGENCY PHYSICIANS INDU	85.00			
344203	07/20/2018	PRINTED	008008	JASON CARTER	67.50			
344204	07/20/2018	PRINTED	000493	SANTA MARIA TIMES INC	145.61			
344205	07/20/2018	PRINTED	000464	LEGAL AID FOUNDATION	400.00			
344206	07/20/2018	PRINTED	000486	LOMPOC VALLEY MEDICAL CEN	38.50			
344207	07/20/2018	PRINTED	000544	MEALS ON WHEELS	642.00			
344208	07/20/2018	PRINTED	000722	NEOPOST USA, INC	235.46			
344209	07/20/2018	PRINTED	000134	NORTH COUNTY RAPE CRISIS	2,803.17			
344210	07/20/2018	PRINTED	000609	NOVACOAST INC	5,950.00			
344211	07/20/2018	PRINTED	009999	Casa Serena	350.00			
344212	07/20/2018	PRINTED	009999	FCG Environmental	552.50			
344213	07/20/2018	PRINTED	009999	FCG Environmental	707.50			
344214	07/20/2018	PRINTED	009999	FGG Environmental	552.50			
344215	07/20/2018	PRINTED	009999	Grocery Outlet Bargain Ma	977.50			
344216	07/20/2018	PRINTED	009999	Lompoc Intergroup Committ	50.00			
344217	07/20/2018	PRINTED	009999	Plants 101	155.00			
344218	07/20/2018	PRINTED	009999	Rebecca Hernandez	793.00			
344219	07/20/2018	PRINTED	009999	Vine by Vintage	1,292.00			
344220	07/20/2018	PRINTED	009999	William Malinen	750.00			
344221	07/20/2018	PRINTED	009994	Anthony Hudley	425.95			
344222	07/20/2018	PRINTED	009994	Brian Halvorson	40.27			
344223	07/20/2018	PRINTED	009994	Christie Alarcon	108.88			

FOR CASH ACCOUNT: 999 100010 FOR: All Except Stale

CHECK #	CHECK DATE	TYPE	VENDOR	NAME	UNCLEARED	CLEARED	BATCH	CLEAR DATE
344224	07/20/2018	PRINTED	009994	Dave Campo	259.20			
344225	07/20/2018	PRINTED	009994	Greg Stones	63.66			
344226	07/20/2018	PRINTED	009996	Alexandra Bialobos	35.00			
344227	07/20/2018	PRINTED	009996	ANSLEM GUNAWICKREMA	40.00			
344228	07/20/2018	PRINTED	009996	Challenger Sports	300.00			
344229	07/20/2018	PRINTED	009996	Christopher Lumsdaine	30.00			
344230	07/20/2018	PRINTED	009996	Emily Wilson	40.00			
344231	07/20/2018	PRINTED	009996	Jesus Romero	80.00			
344232	07/20/2018	PRINTED	009996	Joshua Stathem	100.00			
344233	07/20/2018	PRINTED	009996	Patricia Sevilla	50.00			
344234	07/20/2018	PRINTED	009996	Singh Sawarnjit	30.00			
344235	07/20/2018	PRINTED	009996	Steven Hubert	66.00			
344236	07/20/2018	PRINTED	009996	Veronica Ramirez	500.00			
344237	07/20/2018	PRINTED	009996	Victory Outreach Lompoc	100.00			
344238	07/20/2018	PRINTED	000636	TIMOTHY DANA BOWEN	2,088.00			
344239	07/20/2018	PRINTED	000786	SANTA YNEZ RIVER WATER CO	33,589.03			
344240	07/20/2018	PRINTED	008020	SARAH RAINES	3,289.80			
344241	07/20/2018	PRINTED	008010	THEODORE JACKSON	606.00			
344242	07/20/2018	PRINTED	000934	V & J ROCK TRANSPORT INC	498.75			
344243	07/20/2018	PRINTED	008009	VITO PASCUA	240.00			
344244	07/20/2018	PRINTED	000961	WAGEWORKS INC	279.00			
344245	07/20/2018	PRINTED	000480	WORKERS COMPENSATION ADMI	3,095.73			
344246	07/20/2018	PRINTED	000480	WORKERS COMPENSATION ADMI	10,000.00			
		127 CHECKS		CASH ACCOUNT TOTAL	687,354.75	.00		

		UNCLEARED	CLEARED
127 CHECKS	FINAL TOTAL	687,354.75	.00

** END OF REPORT - Generated by Ruth Poorbaugh **

MINUTES

Regular Meeting of the Lompoc City Council
Tuesday, March 6, 2018 – 6:30PM
City Hall, 100 Civic Center Plaza, Council Chamber

Council Members Present: Victor Vega, James Mosby, Jenelle Osborne, Dirk Starbuck, and Mayor Bob Lingl.

Staff Present: Interim City Manager Teresa Gallavan, City Clerk Stacey Haddon, City Attorney Joseph Pannone, Police Captain Joseph Mariani, Financial Services Manager Melinda Wall, Principal Civil Engineer Craig Dierling, Safety Officer Jo Cavanaugh, and Human Resources Manager Gabe Garcia.

Others Present: Erin Nagel, Rob Traylor, Lorriane Waldau, Deb Andrews, Ron Bischof, Cameron Porter, Michael Glaze, Ryan Brickman, Rich Smith, Shiloh Belgard, and John Linn.

Reverend Michael Cook gave the invocation and Mayor Bob Lingl led the **Pledge of Allegiance**.

PRESENTATIONS:

- Mayor Lingl presented a Proclamation in honor of National Women's History Month.
- Safety Officer Jo Cavanaugh presented the City of Lompoc's Central Safety Committee quarterly **Above and Beyond Awards**.
- Lompoc Chamber of Commerce and Visitor's Bureau gave a report on events and meetings held during the last quarter.
- Kathi Froemming from the Lompoc Unified School District gave a presentation on the School Districts Local Control Accountability Plan.
- The Auditor's Report was presented by Erin Nagel of Glenn Burdett and Management Services Director Brad Wilkie.

CITY MANAGER REPORT:

Interim City Manager Teresa Gallavan reported the City is expecting to realize an annual savings of 9.3% on the cost of the bonds issued for the Water Treatment Plant and the Waste Water Treatment Plant due to the refinancing the City's Finance Department was able to complete recently; announced there will be a viewing area for the upcoming May 5, 2018 **Mission to Mars** launch at the City of Lompoc Airport; stated City Staff has contacted the appropriate office regarding debris on the Railroad property; and reminded everyone of the upcoming **Dancing Lompoc** fundraising event happening on Saturday, March 10, 2018 at the DeWees Community and Senior Center in Lompoc.

PUBLIC COMMENT ON CONSENT CALENDAR ITEMS (Maximum of 3 Minutes): None

CONSENT CALENDAR:

Human Resources Manager Gabriel Garcia stated there are two program errors on Consent Item No. 4 – Job No. 158 and Job No. 666 will have "education incentives" deleted.

ACTION: Motion/Second: Starbuck/Vega. By a 5-0- vote Council:

1. Approved the Minutes of the Lompoc City Council Regular Meeting of September 19, 2017

2. Approved the expenditures for:
   Payroll of 02/09/2018 - $1,157,041.29
   Voucher Register of 01/29/2018 – 02/02/2018 -$1,007,318.95
   Voucher Register of 02/05/2018 – 02/09/2018 -$831,666.96

CONSENT CALENDAR: (cont'd)

3. **Approval of Revised 2018 City Council Meeting Calendar.**

   Approved the revised 2018 City Council Meeting Calendar.

4. **Adoption of Resolution No. 6161(18) Eliminating Certain Job Classifications and Amending and Restating the Master Pay Schedule as Required by California Public Employees' Retirement System.**

   Adopted Resolution No. 6161(18), which will eliminate certain obsolete temporary Job Classifications from the Master Pay Schedule; and amend and restate the previously adopted Master Pay Schedule for all represented and unrepresented employee classifications of the City of Lompoc covered by a City adopted compensation plan or City Council approved labor Memorandum of Understanding.

STAFF PRESENTATIONS/ANNOUNCEMENTS/REQUESTS:

Police Captain Joseph Mariani gave a brief presentation on school safety and emergency preparedness.

ORAL COMMUNICATIONS (3 Minutes Maximum):

1. Rob Traylor encouraged every citizen to complete the on-line City Manager survey.

2. Lorraine Waldau announced the upcoming **March for Our Lives** event to be held inside the City on March 24, 2018.

3. Deb Andrews spoke against having a code of conduct for the City Council.

4. (Name not given) – suggested Council discuss and work towards the installation of fiber optics Citywide.

5. Ron Bishoff stated he would like to have all dance studios removed from the list of recognized youth centers and removed from the City's buffer zone maps.

PUBLIC HEARING:

5. **Public Hearing to Consider Measure A Five-Year Local Program of Projects for Fiscal Years 2018-2023; Adoption of Resolution No. 6163(18).**

   Principal Civil Engineer Craig Dierling presented the Staff report and recommendations.

Council Member Mosby asked Staff to clarify Pavement Condition Index (PCI), specifically what a zero PCI means. Principal Civil Engineer Craig Dierling explained a zero PCI means a road has come to the end of its usability.

Public Comment: None

ACTION: Motion/Second: Mosby/Vega. By a 5-0- vote Council held the Public Hearing to take public input on Measure A Five-Year Local Program of Projects (LPP) for Fiscal Years (FYs) 2018-2023; adopted Resolution No. 6163(18), approving the LPP for FYs 2018-2023.

COUNCIL REQUESTS:

6. **Discussion and Direction Whether Dance Studios are to be Considered Youth Centers for Buffer Zones Near Cannabis Uses.** (Requested by Council Member Mosby).

   City Attorney Joseph Pannone presented the Staff report.

Council Member Mosby asked if hours of operation were considered. City Attorney Joseph Pannone explained Staff did research the hours of operation as well as the age of the patrons.

Council Member Starbuck stated he believes the City is over-reaching by defining dance studios as youth centers.

Council Member Osborne stated she does not want to begin listing specific businesses as a youth center or not a youth center, asked Mr. Pannone if the City could require any business or organization that wants to be considered a youth center for buffer zones near cannabis uses, to provide an outline or application or written argument for the City's consideration. Mr. Pannone cautioned Council on moving towards this type of method to define a youth center.

Public Comment:

1. Rob Traylor, Cameron Porter, Michael Glaze, Ryan Brickman, Brian (Unknown Last Name), (Name not given), and John Linn, all spoke in favor of determining dance studios are not youth centers.

2. (Name not given), suggested reducing the size of buffer zones.

3. Rich Smith requested Council define youth center.

4. Shiloh Belgard spoke about his belief in the health benefits for cannabis users and the revenues that will be realized by the City when the cannabis industry is up and running in the City.

Council Member Vega motioned for Council to determine dance studios not be considered youth centers for purposed of buffer zones near cannabis uses. The motion was seconded by Council Member Starbuck and defeated by a 2-3 vote, with Council Members Mosby and Osborne, and Mayor Lingl voting No.

Council Member Mosby motioned for Council make all determinations of a youth center to be based on the total hours open based on a 40 hour work week and the majority of clientele be under the age of 18 years old. The motion died for a lack of a second.

Council Member Osborne requested Staff to return at a later date with an amendment to Ordinance No. 1640(17), allowing retail dispensaries inside Industrial Zones with a Conditional Use Permit. The request was seconded by Council Member Vega and carried by Council Member Starbuck.

Council Member Vega asked Staff if buffer zones could be reduced. Mr. Pannone would not advise the City to make this type of adjustment.

Council Member Vega requested Staff return at a later date with an item for Council discussion and action on the reduction of buffer zones. The request died for a lack of second.

RECESS: At 9:13 P.M. Council recessed to a Closes Session. At 9:24 P.M., the meeting reconvened with all Council Members present.

CLOSED SESSION – City Council Conference Room

BUSINESS ITEM:

1. **CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION:** Paragraph (1) of subdivision (d) of Section 54956.9 Name of Case: Storer Transit Systems v. City of Lompoc, Santa Barbara Superior Court Case No. 17CV02066

REPORT ON ACTION TAKEN DURING CLOSED SESSION:

City Attorney Joseph Pannone reported no reportable Council action was taken during the Closed Session.

WRITTEN COMMUNICATIONS: None

ORAL COMMUNICATIONS (2 Minutes Maximum): None

COUNCIL REQUESTS, COMMENTS, AND MEETING REPORTS:

Council Member Mosby announced he want on a ride-along with the Lompoc Police Department; asked for Staff to return with a policy regarding the disposal of historical City documents at a future meeting, for Council's discussion and possible action, the request was seconded by Council Member Starbuck and carried by Council Member Vega.

Council Member Osborne reported she attended the Healthy Eating Active Living (HEAL) Forum, the City of Lompoc Human Services Commission meeting, the Promise Announcement at Allan Hancock College; and announced the Commission for Women will be hosting an event at the Lompoc Boys and Girls Club on march 14, 2018.

Mayor Lingl stated he attended a Northern California Power Agency (NCPA) meeting in Roseville, California on February 21, 22, and 23, 2018; and reminded everyone the new phone area code overlay of 805 and 820 will begin on June 2, 2018.

ADJOURNMENT: At 9:30 P.M. Mayor Lingl adjourned the Lompoc City Council to a Regular Meeting on March 20, 2018 at 6:30 P.M., in City of Lompoc Council Chamber.

Respectfully, submitted to Council for review on August 16, 2018 by: /Stacey Haddon/

Stacey Haddon, City Clerk

City Council Agenda Item

City Council Meeting Date: August 21, 2018

TO: Jim Throop, City Manager

FROM: Dirk Ishiwata, Fleet, Facilities & Parks Maintenance Manager
d_ishiwata@ci.lompoc.ca.us

SUBJECT: Adoption of Resolution No. 6210(18) Approving Supplemental Appropriations for Public Works Project No. FY-18-P-2

Recommendation:

Staff recommends the City Council adopt Resolution No. 6210(18) (Attachment 1) to approve supplemental appropriations of $57,000 in Fiscal Year (FY) 2018-19. The Downtown Parking Lot Fund's Fund Balance is the source of funding to provide capital maintenance to City of Lompoc (City) owned parking areas adjacent to "I" and Cypress Streets (Public Works Project FY-18-P-2) (Project).

Background:

In the early 1980s, the former Lompoc Redevelopment Agency (RDA) acquired several lots in the downtown core generally bound by Ocean Avenue and Cypress Street on the north and south and by the alley between H and I Streets to the east and J Street to the west. Utilizing several funding resources, the RDA improved the parcels between 1984 and 1987 into what is now commonly known as the City Downtown Public Parking Lots or I Street Parking Lots (Lots). Beginning in 1987 and continuing until 2012 the RDA contributed to the Downtown Parking Lot Fund (Fund) on an annual basis to provide for maintenance of the Lots. In 2011, the State of California dissolved all redevelopment agencies in the State of California. Effective February 1, 2012, the RDA was dissolved and the ongoing funding for maintenance of the Lots ceased.

Following the dissolution of the RDA in 2012, ownership of the Lots was transferred to the City in 2015 as a General Fund asset. The Fund continued to provide resources for operational maintenance of the property until its resources were exhausted, which occurred by approximately June 30, 2016. While the Fund provided the resources, the City's Parks Division performed the annual operational maintenance with an annual reimbursement to the Division for the work performed. The Fund also paid for utility services for water service and electric lighting of the Lots. No General Fund resources were used to maintain the Lots between 1987 and 2018.

On January 1, 2013, the City contracted with the Santa Barbara County Association of Governments (SBCAG) to provide contract management for SBCAG's Clean Air Express commuter service. As part of the contract management, SBCAG provided lease rental income to the City for maintenance of the Lots as a park and ride facility. Lease rental income since January 1, 2013, has accumulated in the Fund's balance for the purposes of operational and capital maintenance of the Lots. Effective with the FY 2019-21 biennial budget, the Parks Division intends to provide funding for the Lots' operational maintenance using General Fund resources while the accumulation of SBCAG rental funds is intended for capital maintenance of the Lots. At June 30, 2018, approximately $57,000 of discretionary Fund Balance are available for capital maintenance of the Lots.

Public Works' records show the last significant capital maintenance of the Lots occurred in 2003 when a slurry seal was applied. Industry standards call for this procedure to be performed every 5 years in order to maintain a serviceable asphalt surface. A recent review of the site reveals the need for this work.

Discussion:

The dissolution of the RDA by the State of California in 2012 eliminated the primary funding source for operational and capital maintenance of the Lots. Following the subsequent transfer of the Lots to the City, the City's General Fund became the funding source for future maintenance of the Lots, barring any other funding sources. The City's General Fund is impacted and funding for new services must compete with several existing services based on City Council's priorities.

Based on time and the recent review, the Lots are overdue for capital maintenance. The asphalt of the Lots require capital maintenance to prevent further degradation of the asphalt surface. A pavement preservation application will be peformed to include surface patch with hot mix asphalt, crack filling, and slurry seal. The Parks Division proposes to award the Project in the Fall of 2018.

Fiscal Impact:

The Project was not included in the Biennial Budget FYs 2017-19 and requires a supplemental appropriation of funds in order to move forward with the planning, design, and construction award of the Project. As the Project relates to the Lots and not to street rights-of-way, Measure A, Gas Tax and other streets and road funding sources cannot be used for either the construction of the capital improvements of the Project.

The proposed Project funding and supplemental appropriation of funds to provide for the Project are the following:

	Table 1 – Project Funding Summary			
Program	**Acct. No.**	**Account Description**	**Source**	**Use**
Downtown Parking Fund	127-340990	Downtown Parking – Fund Balance	$57,000.00	
18-P-2	127DLL-721120	Downtown Parking Lot Maintenance Parking Lot Improvements		57,000.00
Totals			**$57,000.00**	**$57,000.00**

Table 2 – Supplemental Appropriations			
Account No.		**Account Name**	**Amount**
From/ Decrease	127-340990	Downtown Parking – Fund Balance	$57,000.00
To/ Increase	127DLL-721120	Downtown Parking Lot Maintenance Parking Lot Improvements	57,000.00

All Project costs are anticipated to be expended during the construction phase of the Project. The proposed required supplemental appropriations are for FY 2017-18 and Resolution No. 6204(18) includes authority to carry forward unexpended funds to provide for completion of the Project in FY 2018-19. Construction work is anticipated to be started in the Fall of 2018 and be completed during FY 2018-19.

Conclusion:

Approving the supplemental revenues and appropriations authorizing the expenditure of funds will allow the completion of the Project by the Parks Division. Funding will be provided from accumulation of rental funds collected for the Clean Air Express park and ride facility. The Project is necessary in order to rehabilitate the asphalt of the Lots and extend their useful life.

Respectfully submitted,

____

Dirk Ishiwata, Fleet, Facilities, and Parks Manager

APPROVED FOR SUBMITTAL TO THE CITY MANAGER:

____

Kevin McCune, Public Works Director

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

Jim Throop, City Manager

Attachment: Resolution No. 6210(18)

RESOLUTION NO. 6210(18)

**A Resolution of the Council of the City of Lompoc,
County of Santa Barbara, State of California,
Approving Supplemental Appropriations for
Project No. FY-18-P-2**

WHEREAS, the City owns property in the downtown overlay district previously acquired and improved by the Lompoc Redevelopment Agency as public parking lots (Lots) in 1987; and

WHEREAS, the Lots' asphalt surface requires pavement preservation application to include surface patch with hot mix asphalt, crack filling, and slurry seal to avoid continued deterioration; and

WHEREAS, the City has collected approximately $57,000 of lease rental income from the use of the Lots as a commuter park-and-ride lot for the Clean Air Express, a commuter bus service to Goleta and Santa Barbara, from January 1, 2013, to June 30, 2018, in the Downtown Parking Lot Fund (Fund) with the accumulated funds dedicated to maintenance and capital rehabilitation of the Lots; and

WHEREAS, the Public Works Department and the Parks Division have developed plans and design specifications to extend the life of the asphalt surface of the Lots (Project) subsequent to the adoption of the Biennial Budget Fiscal Years 2017-19; and

WHEREAS, the Project construction work along with the cost of design, planning, engineering, bidding, and construction management for the Project, is proposed to be funded with $57,000 utilizing accumulated fund balance reserves of the Fund; and

WHEREAS, the City Council desires to appropriate $57,000 for the completion of the Project for costs incurred in Fiscal Year (FY) 2017-18 and anticipated to be expended during the current FY 2018-19.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LOMPOC, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The City Council authorizes the supplemental appropriation of funds from unrestricted, unobligated fund balance resources for the Project as follows:

2017-18 Supplemental Appropriations			
Account No.		**Account Name**	**Amount**
From/ Decrease	127-340990	Downtown Parking – Fund Balance	$57,000.00
To/ Increase	127DLL-721120	Downtown Parking Lot Maintenance Parking Lot Improvements	57,000.00

SECTION 2. In recognition the Project has been designed, planned, and bid starting during FY 2017-18 and Project construction is anticipated during FY 2018-19, the City Council authorizes the carryover of the listed supplemental appropriations to FY 2018-19 after accounting for actual FY 2017-18 expenditure of funds for the Project.

SECTION 3. Effective Date. This Resolution is effective on the day of its adoption. The supplemental appropriations are effective beginning in the 2017-18 fiscal year.

The foregoing Resolution was proposed by Council Member _______________________, seconded by Council Member __________________________, and was duly passed and adopted by the Council of the City of Lompoc at its regular meeting on August 21, 2018, by the following vote:

AYES: Council Member(s):

NOES: Council Member(s):

ABSENT: Council Member(s):

____
Bob Lingl, Mayor
City of Lompoc

ATTEST:

____
Stacey Haddon, City Clerk
City of Lompoc

City Council Agenda Item

City Council Meeting Date: August 21, 2018

TO: Jim Throop, City Manager

FROM: Brad Wilkie, Management Services Director
b_wilkie@ci.lompoc.ca.us

SUBJECT: Approval of Response to the 2017-18 Santa Barbara County Grand Jury for Civil Matters Report – "Pensions in Santa Barbara County"

Recommendation:

Staff recommends the City Council review the Santa Barbara County Grand Jury for civil matters (Grand Jury) report entitled "Pensions in Santa Barbara County" (Attachment 1) and approve the proposed response letter presented on behalf of the City of Lompoc (City), pursuant to California Penal Code Sections 933(c) and 933.05(a), (b) and (c) (Attachment 2).

Background:

Each year, the Grand Jury surveys various operations involving governmental services provided for the benefit of the residents of the County of Santa Barbara (County). The 2017-18 Grand Jury has selected "Pensions in Santa Barbara County" as an area of focus because of "received complaints about the nine principal public pension systems in Santa Barbara County." Similar to the 2010-11 Grand Jury's "Local Government Post Employment Benefits in Santa Barbara County – Complicated and Costly," the 2017-18 Grand Jury provided a report with recommendations for municipal agencies in the County, the County itself, and the eight incorporated cities in the County.

The 2017-18 Grand Jury published the report "Pensions in Santa Barbara County" on June 20, 2018. All jurisdictions noticed in the Grand Jury Report must file a response to the findings and recommendations pursuant to the above referenced California Penal Code sections no later than September 18, 2018. The Grand Jury report included a total of 12 findings and 2 recommendations. The Grand Jury requested the City respond to findings 4, 7, 8, 9, and 10 and to both recommendations. While the Grand Jury did not request the City respond to Finding 3, the City is named in that finding and, therefore, staff included a response in the proposed response letter.

The City implemented what are commonly known as "second tier" pension programs for all City members and groups in 2011. The State adopted the California Public Employees'

Pension Reform Act (PEPRA) effective January 1, 2013, effectively implementing third tiers for all bargaining groups and members. Both the Tier 2 and Tier 3 plans were implemented after the Great Recession of 2008. The two Tier 1 plans have enjoyed the growth in the pension plans since 2009; however, they also have to recover from the drop in the pension assets resulting from the Great Recession of 2008. The timing of those changes provide significant differences in the plans as addressed by the Grand Jury.

As the 2010-11 report title described, pensions are a very broad and complex topic to address in a comprehensive manner. The Grand Jury should be commended for the time and effort put forth to provide a meaningful report.

Discussion:

While the 2010-11 Grand Jury report entitled “Local Government Post Employment Benefits in Santa Barbara County – Complicated and Costly” was written to cover all jurisdictions of Santa Barbara County, the 2017-18 Grand Jury report entitled “Pensions in Santa Barbara County” focused on nine of the approximate 55 public agencies in the County. By narrowing the scope of the report, several agencies within the County, and also in the California Public Employees’ Retirement System (CalPERS) pension program, were not analyzed. As such, there is a narrower variety of plans, benefits and systems used by the analyzed agencies in the County compared with the scope of the 2010-11 Grand Jury report. The 2017-18 Grand Jury report also focuses on pension benefits while the 2010-11 Grand Jury report included an analysis of all post employment benefits. The City’s responses to the Findings and Recommendations are related to the City’s circumstances. However, comparisons to other agencies may be beneficial for a frame of reference in providing responses to some of the items as they pertain to the City.

In general, the Grand Jury report focuses on future obligations of the City that have been earned by employees, general assumptions regarding revenue growth of reported agencies, and the possible consequences of investment growth less than the CalPERS projections for investment growth over time. While the 2017-18 Grand Jury report compares pension plans based on their “pre-PEPRA” or “post-PEPRA” status, nowhere in the report does the Grand Jury identify the four initiatives instituted by the CalPERS governing board to gradually increase contributions over time, reducing the overall “discount” rate from 7.5% to 6.5%, and reducing the default amortization period for gains, losses, assumption changes, method changes, and benefit changes from 30 years to 20 years. Those three factors reduce all agencies’ long term risks, quantified by the 2017-18 Grand Jury as “Solvency” risk and “Liquidity” risk. The following summarizes the CalPERS policies implemented to bolster the financial status of all agencies’ plans:

- On April 17, 2013, the CalPERS Board of Administration approved changes to CalPERS amortization and smoothing policies. The changes were effective with contributions rates for Fiscal Year (FY) 2015-16, with a five-year phase in of the policies, through FY 2019-20.

- On December 21, 2016, the CalPERS Board of Administration approved changes to the CalPERS discount rate assumption from 7.5% to 7.0% over a three-year period, each annual reduction, phased in over five years as follows:

  - Reduction of the discount rate assumption from 7.5% to 7.375% based on the valuation of 6-30-2016 for contributions beginning with FY 2018-19, phased on over five years.

  - Reduction of the discount rate assumption from 7.375% to 7.25% based on the valuation of 6-30-2017 for contributions beginning with FY 2019-20, phased in over five years.

  - Reduction of the discount rate assumption from 7.25% to 7.0% based on the valuation of 6-30-2018 for contributions beginning with FY 2020-21, phased in over five years.

- On November 17, 2015, the Finance and Administration Committee approved a Funding Risk Mitigation Policy designed to reduce the CalPERS Discount Rate assumption to 6.5% in approximately 19 years. That policy was originally intended to be effective for valuations as of 6-30-2017 with contributions affected during FY 2019-20. The implementation of the policy was deferred for one year with the implementation of the December 21, 2016, Administration Policy to reduce the discount rate to 7.0%. The policy reduces future discount rates each and every year in which the actual investment returns exceed certain thresholds above the existing discount rate assumption until the discount rate is equal to 6.5% as follows:

  - When actual investment returns exceed the discount rate by 2%, the discount rate used for that year's valuation reporting is reduced by 0.05%;

  - When investment returns exceed the discount rate by 7%, the reduction is 0.10%;

  - When investment returns exceed the discount rate by 10%, the reduction is 0.15%;

  - When investment returns exceed the discount rate by 13%, the reduction is 0.20%;

  - When investment returns exceed the discount rate by 17%, the reduction is 0.25%;

- On February 14, 2018, the CalPERS Board of Administration approved changes to the CalPERS Actuarial Amortization Policy effective with the actuarial valuations for June 30, 2019, for contributions during FY 2021-22. The change reduces the default amortization period to 20 years for all agency plans from the current default

30-year amortization period for all future amortization "layers." Current amortization layers remain at 30 years unless affirmatively reduced by the agency.

The report describes an analysis of a "revenue shock" due to an unexpected fall in municipal revenue, due to, for example, the effects of the Thomas Fire on property valuations and business activity. The report fails to recognize this "one size fits all" approach ignores the service differences of the analyzed agencies. The City's exposure to General Fund revenue shocks such as property tax valuation changes is similar to other municipal agencies in the County; however, as a "full service" City, the City's exposure to such shocks is limited to approximately 20% of its overall Miscellaneous pension plan.

On August 2, 2018, CalPERS provided the City with its contribution valuations for all six of its pension plans. The funding ratio for both the City's Tier 1 safety and Tier 1 miscellaneous plans increased as of June 30, 2017 compared to June 30, 2016. The Tier 1 safety plan increased 1.3% to a funding ratio of 67.5% while the Tier 1 miscellaneous plan increased 1.4% to a funding ratio of 71.4%. It is anticipated the two plans will also increase their funding ratios as of June 30, 2018 based on the reported investment return of 8.6% that exceeds the expected return of 7.25%.

While not addressed in the 2017-18 Grand Jury report, the 2010-11 Grand Jury report addressed Other Post Retirement Benefits (OPEB) such as retiree healthcare. The City has such a benefit and has prefunded the cost of the benefit since joining the California Employers' Retirement Benefit Trust (CERBT), a Section 115 Irrevocable Trust administered by CalPERS (separate from pension funds administered by CalPERS for the City). Since inception in 2009, the City's average return on investments in the CERBT has exceeded 9% and has reduced the City's actuarial net liability for OPEB by more than $2.5 Million since June 30, 2015, providing flexibility to the City in addressing actuarial net liabilities for pensions for the most recent two biennial budgets (FYs 2015-17 and 2017-19) and for future budget cycles.

The attached response to the Grand Jury identifies specific responses for each finding and each recommendation that provides the Grand Jury information on the City's circumstances. Responses to the findings and recommendations meet the requirements of California Penal Code section 933.05.

Fiscal Impact:

The attached response to the Grand Jury findings and recommendations to their report titled "Pensions in Santa Barbara County" does not have a fiscal impact to the City.

Conclusion:

After reviewing the Santa Barbara County Civil Grand Jury report entitled "Pensions in Santa Barbara County" and the attached proposed response letter presented, staff recommends the City Council approve the attached response letter and authorize the delivery of the response to the Grand Jury no later than September 18, 2018, in accordance with the Grand Jury instructions.

Respectfully submitted,

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Brad Wilkie, Management Services Director/Finance Director/Treasurer

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

____

Jim Throop, City Manager

Attachments: 1) 2017-18 Grand Jury Report "Pensions in Santa Barbara County"
2) City of Lompoc response to the Grand Jury Report

MAILING ADDRESS:

COUNTY COURTHOUSE
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SANTA BARBARA, CA 93101

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FAX: (805) 569-3301
EMAIL: SBCGJ@SBCGJ.ORG
HTTP://WWW.SBCGJ.ORG

GRAND JURY
SANTA BARBARA COUNTY

June 18, 2018

City Council
City of Lompoc
100 Civic Center Plaza
Lompoc, CA 93436

Dear Council Members:

On behalf of the 2017-18 Santa Barbara County Grand Jury, I am enclosing a copy of the report for your review and response:

Pensions in Santa Barbara County

The Grand Jury, County Counsel and the Presiding Judge, Patricia L. Kelly, have approved this report. The pertinent sections of the California Penal Code §933.05 require the following:

- You are receiving this report two working days prior to its release to the public; you shall not disclose this report prior to its public release.
- You must respond to each relevant Finding and Recommendation in this report.
- You must submit your original response to Presiding Judge Kelly.
- If you are an elected county officer or agency head, the response time is no later than 60 days from the date of receipt of the report.
- If you are the governing body of a public agency subject to the reviewing authority of the Grand Jury, the response time is no later than 90 days of receipt of the report.
- If your response to a Recommendation is "Requires Further Analysis," you must provide an analysis completion schedule which shall not exceed six months from the report publication date.

Your response will be posted on the Grand Jury website. Please send your response to:

The Honorable Patricia L. Kelly
Superior Court Presiding Judge
County of Santa Barbara
1100 Anacapa Street
Santa Barbara, CA 93101

We request that you send a copy of your response to:

Santa Barbara County Grand Jury
1100 Anacapa Street
Santa Barbara, CA 93101

Respectfully yours,

Mary Tighe

Mary Tighe
Foreperson
2017-18 Santa Barbara County Grand Jury

PENSIONS IN SANTA BARBARA COUNTY

SUMMARY

The 2017-18 Santa Barbara County Jury (Jury) received complaints about the nine principal public pension systems in Santa Barbara County (County) – the County of Santa Barbara Employee Retirement System (SBCERS), which is not part of the California Public Employee Retirement System (CalPERS) risk pool, and the eight municipal systems of Buellton, Carpinteria, Goleta, Guadalupe, Lompoc, Santa Maria, the City of Santa Barbara and Solvang, which manage 32 plans within the CalPERS risk pool.[1] Following those complaints and given the public concern about the viability of defined benefit pensions in the County, the Jury analyzed risks to the County and municipal pension systems over the period 2018-2047.

The Jury found the highest risks in the plans of Lompoc (six pension plans), the City of Santa Barbara (four pension plans), and Santa Maria (seven pension plans), which are the largest in the County. It found moderate risks in Guadalupe (five pension plans) and Solvang (three pension plans). It found minimal to moderate risks in Buellton (two pension plans) and Goleta (two pension plans). Risks in SBCERS are moderate and well managed.

INTRODUCTION

Citizens and public officials have occasionally expressed concern about the viability of public pensions in the County.[2] An independent analysis[3] of the risks to California's public defined benefit pension systems found that several of the Santa Barbara systems have among the highest employer's contributions rates in the State and that such high rates might not be sustainable without new revenue or changes in benefit structures. Such claims justify a transparent analysis by the Jury of threats to the viability of pension plans in the County.

PEPRA is the California Public Employees' Pension Reform Act, which took effect on January 1, 2013. It "changes the way CalPERS retirement and health benefits are applied and places compensation limits on members" (https://www.calpers.ca.gov/page/about/laws-regulations/regulatory-actions/pepra). The summary of PEPRA, which may be found at https://www.calpers.ca.gov/docs/forms-publications/summary-pension-act.pdf, defines its effects

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[1] In this Report a "pension plan" is a given package of retirement contributions and benefits, for example, the Miscellaneous Plan of the City of Goleta. A "pension system" is the set of pension plans under one management; for example, the pension system of the City of Goleta consists of the Miscellaneous Plan of Goleta and the PEPRA Miscellaneous Plan of Goleta.

[2] 2010-11 Santa Barbara County Grand Jury Report: "Local Government Post-Employment Benefits in Santa Barbara County: Complicated and Costly."

[3]http://www.cacities.org/Resources-Documents/Policy-Advocacy-Section/Hot-Issues/Retirement-System-Sustainability/League-Pension-Survey-(web)-FINAL.aspx

in such important areas as definition of classic and new members, benefit formulas, retirement ages, replacement plans, and "Employer Paid Member Contributions."

Table 1 presents measures of system size, assets and liabilities in the eight municipal systems and in SBCERS. As Table 1 shows, the eight cities of the County manage 32 plans that participate in the CalPERS risk pool.[4] The ninth system – the SBCERS – manages 15 different plans in a separate risk pool. The SBCERS plans, like those of the eight cities, are governed by the California State Public Employees' Pension Reform Act (PEPRA) which took effect in January 2013. Each of the eight municipal pension systems manages a Miscellaneous Plan for employees hired before December 31, 2012 and a PEPRA Miscellaneous Plan for employees hired after that date. There are separate plans for the police and fire services in Guadalupe, Santa Maria, Lompoc and the City of Santa Barbara, including PEPRA variants, except in the City of Santa Barbara.

Table 1: Santa Barbara Pension Systems in Recent Fiscal Years

City	Population (~mid-2018)	Plans in system (number)	2016-17 Active Staff (FTE)	Forecast 2017-18 Contributions ($, in 000s	Forecast 2017-18 Contributions % payroll	2015-16 Accrued Liability (AL in $, 000s)	2015-16 Market Value of Assets (MVA in $, 000s)	2015-16 Unfunded Accrued Liability (UAL in $, 000s)
Buellton	5,021	2	19	330	15.8	8,102	6,027	2,076
Carpinteria	13,553	3	43	868	18.9	26,575	19,255	7,320
Goleta	30,850	2	60	957	11.2	13,220	10,526	2,693
Guadalupe	7,252	5	31	504	11.5	12,625	9,644	2,981
Lompoc	43,712	6	395	9,727	40.1	261,383	180,153	81,230
Santa Barbara	91,930	4	1,035	38,434	51.6	965,108	645,059	320,049
Santa Maria	103,642	7	498	15,962	31.7	397,017	275,946	121,071
Solvang	5,363	3	35	662	27.1	14,786	10,924	3,862
Municipal totals	301,323	32	2,116	67,445	41.4	1,698,815	1,157,533	541,282

[4] There are a total of 76 pension plans in the County, of which 32 plans are in the eight cities and one is managed by the County. The other 43 are in Special Districts, Fire Districts, Insurance and Risk Management institutions, a Law Library, the various sanitation districts, and other public institutions. This Report does not discuss those 43 plans. Nor does it analyze the California Teachers Retirement System or other non-pension benefit systems in SB County.

County of Santa Barbara	148,677	15	4,218	171,858	48.8	2,742,012	2,156,247	585,765
County totals[5]	450,000	47	6,334	239,303	NA	4,440,827	3,313,780	1,127,047

METHODOLOGY

To carry out its analysis, the Jury reviewed:

- the audited financial reports of the County of Santa Barbara and of the eight cities for various years plus related data in the public domain and as provided by the eight municipalities;
- the 2014, 2015, and 2016 CalPERS valuation reports for the 32 plans within the eight municipal systems, plus related data in the public domain and as provided by the municipal plan administrators;
- SBCERS Annual Reports and data provided by SBCERS; and
- published analyses of public defined pension plans included in the sample of this report.

Based on the information in the documents reviewed and from the interviews with various officials of the eight cities, the County and SBCERS, the Jury constructed a numeric model to verify the existing risk analyses for 32 municipal plans and to conduct complementary risk analyses of those plans as discussed in Appendix B. The Jury examined the risk analyses done for SBCERS and notes salient findings therefrom. http://cosb.countyofsb.org/sbcers/default.aspx?id=19048

This report applies the CalPERS definitions of various technical terms, as shown at https://www.calpers.ca.gov/page/employers/actuarial-services/employer-contributions/public-agency-actuarial-valuation-reports, and in the Glossary found in Appendix A.

OBSERVATIONS AND ANALYSIS

Risks to the Pension Systems

Solvency and Liquidity of Pension Risks [6]

[5] Notes to Table 1: "FTE" is Full Time Employee. "Contributions" include employee contributions, normal cost employer contributions, and contributions to repay unfunded liabilities. "Accrued Liability" means, "The total dollars needed as of the valuation date to fund all benefits earned in the past for current members," as shown in Appendix A ("Glossary"). "Market Value of Assets" is the net present value of assets held by a pension date on the stated valuation date. "Unfunded accrued liability" means, "When a plan or pool's Value of Assets is less than its Accrued Liability, the difference is the plan or pool's Unfunded Accrued Liability." Sources: CALPERS Valuation Reports, 2015-16, for municipal plans, aggregated to system levels, and municipal CAFR 2016-17; SBCERS Valuation Reports and SBCERS Annual Reports.

[6] Appendix B gives some simple pension analytics for this report.

The Jury defined "solvency risks" as threats to the long-term capacity of the plan to pay benefits. The indicator of this risk is its "funded ratio" -- the market value of assets (MVA) divided by the value of actuarial liabilities (AL) at the end of a fiscal year.[7] A plan with a funded ratio less than 1 is said to be "underfunded."

The Jury defines "liquidity risks" as threats to a plan's annual cash flow. One specific measure of liquidity risk is that benefit payments to retirees will exceed the sum of contributions - employee, normal cost employer, and payments on the unfunded actuarial liabilities (UAL) - plus the return on the MVA in any given year. A second measure of liquidity risk is that total employer's contributions - normal cost employer plus payments on the UAL - exceed some threshold ratio to municipal payroll. The first indicator of liquidity risk used in this report is the number of years, between 2018 and 2047 with plan negative cash flow, meaning benefit payments are greater than the sum of contributions plus return on MVA in a given year. A second indicator is the number of years following 2017-18 in which the employer's contribution to payment of the UALs exceeds the employer's normal cost contribution, both expressed as a share of municipal payroll.[8].

Solvency Risks in the Municipal Plans

Appendix C gives funded ratios for the 32 municipal plans. The Jury defines three categories of solvency risk for this Report: high risk, moderate risk and minimal risk. Plans with funded ratios less than 0.7 are said to be at "high risk" because they have elevated ratios of unfunded liabilities to assets. Plans with funded ratios greater than or equal to 0.7 and less than 0.9 are said to be at "moderate risk" because they have lower ratios of unfunded liabilities to assets. Plans with funded ratios greater than or equal to 0.9 are said to be at "minimal risk" because their ratios of unfunded liabilities are low compared to their assets.

There are six large municipal plans with high solvency risks: Carpinteria Safety[9]; Lompoc Safety, City of Santa Barbara Miscellaneous, City of Santa Barbara Fire, City of Santa Barbara Police, and City of Santa Maria Miscellaneous. Those plans show a weighted average 2017-18 funded ratio of 0.67 (range of 0.63 to 0.68) and hold 75 percent of municipal liabilities in the County, not counting SBCERS liabilities. The six plans at high risk have 78 percent of the total of unfunded liabilities among the 32 municipal plans. Santa Maria has taken steps to end their policy of employer contributions in lieu of employee contributions in its pension plans; this step moves some of the burden of repaying its unfunded pension liabilities from the City to its active employees.

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[7] The CalPERS Valuation Reports define the AL "as the total dollars needed as of the valuation date to fund all benefits earned in the past for current members." The Valuation Reports further define the Present Value of Benefits (PVB) as the "total dollars needed as of the valuation date to fund all benefits earned in the past or expected to be earned in the future for current members." For the new PEPRA plans, which began in 2014, the PVB is higher than the AL because the former counts expected future benefits for current members and the latter does not.

8 We use "municipal payroll" rather than "plan payroll" because municipal revenue is fungible and can be used to pay pension liabilities from any plan in a given system.

[9] Among the six plans with "high" risk, the Carpinteria Safety Plan is closed with no active members and no payroll. Projecting with the current CalPERS actuarial discount rate, the Carpinteria Safety Plan will fully amortize its UAL by 2047.

There are 18 municipal plans at moderate risk. They have a weighted average 2017-18 funded ratio of 0.71 (range of 0.70 to 0.90), 25 percent of the total amount of all municipal liabilities and 22 percent of all unfunded liabilities.

There are eight municipal plans[10] at minimal risk. They have a weighted average 2017-18 funded ratio of 0.95 (range of 0.91 to 1.00) and less than 1 percent of actuarial liabilities in the 32 plans.

PEPRA is the California Public Employee's Pension Reform Act, which reduced pension benefits for employees hired on or after January 1, 2013. The 12 PEPRA plans have less than 1 percent of the municipal liabilities and a weighted average funded ratio of 0.90. The 20 non-PEPRA plans have more than 99 percent of municipal liabilities and an average funded ratio of 0.68.

CalPERS Risk Analysis

CalPERS analyzes pension fund risks with respect to "discount rate assumption." The actuarial discount rate is a nominal rate that converts the flow of future annual liabilities – payments to pension holders – into net present value terms, as given by the term AL in equation (1). See Appendix B. The CalPERS Valuation Reports present funded ratios for each plan at discount rates of 6 percent, 7 percent, and 8 percent. The resulting funded ratios are shown in Appendix C (column labelled "Funded Ratio (range by discount rate)"). At a discount rate of 6 percent, the lowest rate modeled by CalPERS, the Safety Plans of Lompoc and the City of Santa Barbara, and the Miscellaneous Plan of Santa Maria have funded ratios less than 0.6; at a discount rate of eight percent, the highest rate modeled by CalPERS, the plans at greatest solvency risks (Lompoc Safety, Santa Barbara Safety Police and Safety Fire) do have higher funded ratios but they rarely increase above 0.75.

CalPERS further reports the effects of "future investment returns" on participating plans. CalPERS simulated returns at a plus 7 percent long-term average, a plus 3 percent average (called here the "second worst rate"), and a minus 3 percent average (called here the "worst rate") over the period 2019-20 to 2022-23.

Table 2 summarizes the CalPERS analyses of investment returns, as presented in its June 30, 2016 Valuation Reports for each of the 32 funds, aggregated to the system level for each city.

The CalPERS liquidity risk analysis for each plan first "determine[s] the effects of various future investment returns on required employer contributions" over the period 2017-18 through 2022-23. The "required employer contributions" are the employer's normal cost contributions plus required payments of the UAL, expressed as a percentage of the municipal payroll in each system. The lower returns have weak effects on the ability of most plans to sustain benefits; for example, cutting the CalPERS return from the actuarial average of plus 7.0 percent to the postulated "worst" of minus 3 percent would only increase the ratio of employer contributions to total payroll by more than 1 percentage point in five of the eight municipal systems (this is the change from column (1) to column (2) in Table 2). The weak effect of low returns on employer contributions is partly due

[10] Among the eight plans with "minimal" risk, the Solvang Safety Plan is closed with no active members and no payroll. Projecting with the current CalPERS actuarial discount rate, the Solvang Safety Plan will fully amortize its UAL by 2026.

to the structure of the CalPERS analysis, which assumes that returns revert to the actuarial investment return of 7 percent after only four bad years.

Table 2: Pension System Liquidity Risks Caused by Revenue Growth and CalPERS Investment Returns

	Average revenue growth (3% /year)		Negative revenue growth (- 2 % year)	
	CalPERS average return (1)	CalPERS worst return (2)	CalPERS average return (3)	CalPERS worst return (4)
Buellton				
Employer's contributions of pay	15.8	16.7	15.2	16.1
Years of negative cash flow	0	9	2	16
Carpinteria				
Employer's contributions of pay	17.9	19.0	17.9	19.0
Years of negative cash flow	9	10	9	10
Goleta				
Employer's contributions of pay	7.9	8.3	8.0	8.3
Years of negative cash flow	0	0	0	0
Guadalupe				
Employer's contributions of pay	10.6	11.2	10.6	11.2
Years of negative cash flow	6	6	6	6
Lompoc				
Employer's contributions of pay	40.5	41.7	40.5	41.7
Years of negative cash flow	8	7	8	7
City of Santa Barbara				
Employer's contributions of pay	50.2	51.9	50.2	51.9
Years of negative cash flow	8	8	8	8
Santa Maria				
Employer's contributions of pay	30.0	31.2	30.0	31.2
Years of negative cash flow	7	7	7	7
Solvang				
Employer's contributions of pay	23.7	24.8	24.8	26.0
Years of negative cash flow	5	5	5	5

Source: Calculated by 2017-18 Grand Jury.

In Santa Maria, liquidity risks are lower than in Lompoc and the City of Santa Barbara in that Santa Maria projects no years of negative cash flows. However, Santa Maria would have negative cash flow if CalPERS investment returns fall below their projected actuarial values.

Complementary Risk Analysis

The Jury did a complementary risk analysis that considered the effects of "revenue shocks" on the municipal pension plans. A "revenue shock" is an unexpected fall in municipal revenue, due to, for example, the effects of the Thomas Fire on property valuations and business activity. Revenue shocks are modeled for the eight municipal plans as follows:

- A six-year period from 2017-18 through 2022-23 in which municipal revenue, from all sources, grows at a rate of minus 2 percent per year; compared to
- A six-year period from 2019 through 2024 in which municipal revenue, from all sources, grows at the rate as projected by CalPERS of plus 3 percent per year

- Both scenarios are computed under an average CalPERS "future investment return" of plus 7 percent and again under a "worst" investment return of plus 3 percent.

Table 2 shows that cutting revenue projections from the CalPERS projected average of plus 3 percent to minus 2 percent would not add much to the fiscal burden of the plans consolidated at the city levels under a "worst return" scenario; this is the change from column (2) to column (4) in Table 2. However, the effect of lower revenue projections would be much stronger for the Lompoc (3 percent), Santa Barbara (4 percent), and Santa Maria systems (2.20 percent) in increased employer's contributions, as shown by the change from column (2) to column (4) in Table 2. The City of Santa Barbara is the only one of the four cities[11] that has not created a separate PEPRA plan for new members of its police force hired after December 31, 2012. (It has created a PEPRA plan for new fire department employees hired after that date.)

Effects of the PEPRA Law

The PEPRA law of 2012 that went into effect in 2013 made significant changes in California pension systems. PEPRA plans typically increased the retirement age at which members became eligible for a given benefit formula, changed the annual benefit factor for which members become eligible, capped the annual salary used to calculate the benefit base, and forbade the practice of "Employer Paid Member Contributions" for new PEPRA members. While specific PEPRA options vary within each plan and system, the general effect of the PEPRA law will be to reduce future liabilities. Though specific PEPRA plans do not yet cover 1 percent of the total liabilities across the 32 municipal plans in the County, they do seem to be more solvent than the older plans; the 12 PEPRA plans have a funded ratio of 0.90 and the 20 non-PEPRA plans have a funded ratio of 0.68. It is not possible with the information available to the Jury to calculate funded ratios for PEPRA options *within* the Miscellaneous Plans of the largest cities (Lompoc, Santa Maria and the City of Santa Barbara),[12] in which most of the AL are held.

Policy Measures Beyond the PEPRA Law

Funding the SBCERS and many of the municipal plans could, at some point, require new policy measures by governments. Such new measures might include freezing public salaries or drawing on General Fund (GF) reserves to pay employers contributions.[13] Accordingly, we have modeled the pension systems of the three largest cities (Lompoc, Santa Barbara and Santa Maria), noting that those systems hold 96 percent of the AL in the eight cities.

- Freezing public payrolls -- the Jury examined the effect on total employer's contributions rates of freezing public payrolls for 5 years, beginning in 2019-20; and
- Drawing on GF Reserves -- the Jury considered the effect on total employer's contributions rates of lowering the GF reserve target from 25 percent of GF revenue to 20 percent.

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[11] Buellton, Carpinteria, Goleta and Solvang contract with the County of Santa Barbara for public safety services and therefore do not have municipal pension plans for their safety services.

[12] Lompoc, Santa Maria and the City of Santa Barbara include PEPRA options for new hires in their Miscellaneous Plans without having separate "PEPRA Miscellaneous Plans," as do Buellton, Carpinteria, Goleta, Guadalupe, and Solvang.

13 Increases in employees' contributions cannot be modeled because they are part of labor negotiations and hence feasible solutions are unknown.

Neither measure had any significant effect on total employer's contribution rates in Lompoc, Santa Maria or the City of Santa Barbara.

One other possible measure would be to freeze capital spending. The Jury was unable to examine the effect on total employer's contributions rates of freezing public capital due to the wide disparities in relative capital spending among cities and between the cities and the County. Moreover, because much of capital spending at all levels depends on grants from the State and from the Federal Government, such spending has a random element outside the control of city and County governments that cannot be easily modeled. Another measure might be to cut numbers of staff by attrition or layoffs. The Jury did not look at the potential impact of staff layoffs given that the terms of any future layoffs would have to be negotiated with labor unions and it is impossible to predict the outcome. The Jury notes that city and County governments could analyze all existing taxes and revenue sources under their control for possible increases.

SBCERS Risk Analyses

SBCERS managed about $2.16 billion dollars in assets on the valuation date of June 30, 2017.[14] The funded ratio was 0.78 on that valuation date. The SBCERS analysis done of its discount rate sensitivity gave values from 0.66 at a discount rate of 6 percent to 0.86 at a discount rate of eight percent. SBCERS has done a comprehensive analysis of its systemic risks, in addition to modeling the discount rate, and the Jury has nothing different to complement the SBCERS analysis. It further notes that SBCERS has achieved portfolio returns comparable to those of CalPERS over the past 25 years.

CONCLUSION

There are substantial liquidity and solvency risks to the sustainability of many of the public defined benefit pension plans in the County. Management of those risks may require new policy measures. The 2017-18 Santa Barbara County Grand Jury concludes that the State of California, in passing the new PEPRA law, which went into effect on January 1, 2013, has already imposed a statewide measure which has had a modest positive effect on the liquidity and solvency of the Santa Barbara County public pension systems. However, if there are additional fiscal shocks, such as an exogenous fall in tax revenue or a period of low returns on pension assets held by CalPERS, then other new policies may be required. Such measures could be to reduce salaries and other non-pension benefits, to raise employee and employer contributions or to cut benefits, apply fiscal measures to fund higher employer contributions, as well as start new negotiations with labor unions to raise contributions from employees, or to otherwise modify benefits not covered by the new PEPRA Law of 2013.

14 The estimated SBCERS valuation on March 31, 2018 was roughly $2.8 billion.

FINDINGS AND RECOMMENDATIONS

Finding 1
Pension solvency risks are moderate in Buellton and Goleta; pension liquidity risks, as indicated by projected years of negative cash flow under projected CalPERS actuarial returns, are nil.

Finding 2
In Carpinteria, Guadalupe and Solvang, pension solvency risks are minimal to moderate, except in the closed Carpinteria Safety Plan. Pension liquidity risks in those cities are higher, with several years in all three cities having projected negative cash flows under projected CalPERS actuarial returns.

Finding 3
In Lompoc, Santa Maria and the City of Santa Barbara, solvency risks are high in the pre-PEPRA plans that have most of the Actuarial Liabilities in the municipal plans.

Finding 4
In Lompoc and the City of Santa Barbara, liquidity risks are high as measured by projected years of negative cash flow. Managing those risks will require employer's pension contributions of 40 percent of payroll in Lompoc and 50 percent in the City of Santa Barbara at least until 2030.

Finding 5
While the City of Santa Barbara does not have a "PEPRA Police Plan," it does respect the 2013 PEPRA Law for those hired after December 31, 2012. Therefore, the absence of a "PEPRA Police Plan" does not adversely affect the funded ratio or other risk indicators for the City of Santa Barbara system.

Finding 6
Liquidity risks in Santa Maria are lower than in Lompoc and the City of Santa Barbara, in that Santa Maria projects no years of negative cash flows. However, Santa Maria would have negative cash flow if CalPERS investment returns fall below their projected actuarial values. Managing that liquidity risk requires that Santa Maria maintain high total employer contributions to its pension plans until at least 2034.

Finding 7
The City of Santa Maria faces greater pension risks because of its comparatively low General Fund revenue per capita, which is less than 50 percent of that of the City of Santa Barbara and less than 67 percent of that of Lompoc. Santa Maria has taken steps to end employer contributions in lieu of employee contributions in its pension plans; this step moves some of the burden of repaying its unfunded pension liabilities from the City to its active employees.

Finding 8
The 12 PEPRA plans in the cities of the County of Santa Barbara have a funded ratio of 0.90 and the 20 non-PEPRA plans have a funded ratio of 0.68. This is a small, but positive, sign that the

PEPRA law is having the intended effect of strengthening the security of pension benefits in the County.

Finding 9

Funded ratios of the municipal pension systems in Santa Barbara County are sensitive to the discount rate applied by CalPERS. A cut in that rate to 6 percent, from the 2018-19 rate of 7 percent, would push the funded ratios of several municipal systems close to 0.5 and might impose further increases in the employer's contributions in Lompoc, in the City of Santa Barbara and in Santa Maria.

Finding 10

It is unlikely that the largest municipal plans - Lompoc Safety; City of Santa Barbara Miscellaneous; City of Santa Barbara Fire; City of Santa Barbara Police; and City of Santa Maria Miscellaneous - can apply the revised CalPERS amortization schedule of 20 years to all their unfunded liabilities without higher new employer's contributions. Such new contributions would be particularly problematic in Lompoc and in the City of Santa Barbara given the high employer's contribution rates that already apply in those cities.

Finding 11

The solvency risks to the SBCERS plans are moderate and manageable. The SBCERS decision to apply an accelerated amortization schedule to the unfunded liabilities generated during the 2007-09 period of low asset returns is appropriate because it will shorten the period in which high employer contributions are necessary.

Finding 12

The SBCERS policy of not participating in the CalPERS risk pool is appropriate because SBCERS has achieved portfolio returns comparable to those of CalPERS over the past 25 years.

Recommendation 1

That in view of the 12 Findings, the governments of the cities of Buellton, Carpinteria, Goleta, Guadalupe, Lompoc, Santa Barbara, Santa Maria and Solvang and of the County of Santa Barbara analyze capital spending, employer/employee contribution rates, staffing levels, and all existing taxes and revenue sources under their control to identify potential revenue gains and cost savings.

Recommendation 2

That the governments of the cities of Buellton, Carpinteria, Goleta, Guadalupe, Lompoc, Santa Barbara, Santa Maria and Solvang and of the County of Santa Barbara issue public reports, to be discussed at open sessions of their respective governing bodies, on the potential revenue gain and cost-saving measures that may be necessary to ensure continued adequate funding of their pension plans.

REQUEST FOR RESPONSE

Pursuant to *California Penal Code §933 and §933.05*, the Grand Jury requests each entity or individual named below to respond to the enumerated Findings and Recommendations within the specified statutory time limit:

Responses to Findings shall be either:

- Agree
- Disagree Wholly, with an explanation
- Disagree Partially, with an explanation

Responses to Recommendations shall be one of the following:

- Has been implemented, with a brief summary of the implemented actions
- Will be implemented, with an implementation schedule
- Requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a completion date that is not more than 6 months after the issuance of this report
- Will not be implemented because it is not warranted or is not reasonable, with an explanation

City Council of Buellton - 90 Days
Finding 1, 8, 9
Recommendation 1, 2

City Council of Carpinteria - 90 Days
Finding 2, 8, 9
Recommendation 1, 2

City Council of Goleta - 90 Days
Finding 1, 8, 9
Recommendation 1, 2

City Council of Guadalupe - 90 Days
Finding 2, 8, 9
Recommendation 1, 2

City Council of Lompoc - 90 Days
Finding 4, 7, 8, 9, 10
Recommendation 1, 2

City Council of Santa Barbara - 90 Days
Finding 3, 4, 5, 6, 7, 8, 9, 10
Recommendation 1, 2

City Council of Santa Maria - 90 Days

Finding 3, 6, 7, 8, 9, 10
Recommendation 1, 2

City Council of Solvang- 90 Days

Finding 2, 8, 9
Recommendation 1, 2

Santa Barbara County Board of Supervisors – 90 Days

Finding 11, 12
Recommendation 1, 2

APPENDIX A
Glossary

CalPERS Pension Terms

Accrued Liability (also called Actuarial Accrued Liability or Entry Age Normal Accrued Liability) The total dollars needed as of the valuation date to fund all benefits earned in the past for current members.

Actuarial Valuation The determination, as of a valuation date of the Normal Cost, Accrued Liability, and related actuarial present values for a pension plan. These valuations are performed annually or when an employer is contemplating a change to their plan provisions.

Classic Member (under PEPRA) A classic member is a member who joined CalPERS prior to January, 1, 2013 and who is not defined as a new member under PEPRA. (See definition of new member below)

Discount Rate Assumption The actuarial assumption that was called "investment return" in earlier CalPERS reports or "actuarial interest rate" in Section 20014 of the California Public Employees' Retirement Law (PERL).

Funded Status A measure of how well funded, or how "on track" a plan or risk pool is with respect to assets versus accrued liabilities. A ratio greater than 100 percent means the plan or risk pool has more assets than liabilities and a ratio less than 100 percent means liabilities are greater than assets.

GASB 68 Statement No. 68 of the Governmental Accounting Standards Board The accounting standard governing a state or local governmental employer's accounting and financial reporting for pensions. GASB 68 replaces GASB 27 effective the first fiscal year beginning after June 15, 2014.

New Member (under PEPRA) A new member includes an individual who becomes a member of a public retirement system for the first time on or after January 1, 2013, and who was not a member of another public retirement system prior to that date, and who is not subject to reciprocity with another public retirement system.

Normal Cost The annual cost of service accrual for the upcoming fiscal year for active employees. The normal cost should be viewed as the long-term contribution rate.

PEPRA The California Public Employees' Pension Reform Act of 2013.

Present Value of Benefits (PVB) The total dollars needed as of the valuation date to fund all benefits earned in the past or expected to be earned in the future for current members.

Unfunded Accrued Liability (UAL) When a plan or pool's Value of Assets is less than its Accrued Liability, the difference is the plan or pool's Unfunded Accrued Liability (or unfunded liability). If the unfunded liability is positive, the plan or pool will have to pay contributions exceeding the Normal Cost.

OTHER TERMS

Benefit Factor. The percentage of pay to which members are entitled for each year of service.

Complementary risk analysis. Additional risk analysis beyond what is presented in the CalPERS Valuation Reports.

"Employer Paid Member Contributions" refers to the practice of pension plan employers paying the employee's contributions in some instances.

Pension plan. In this Report, a "pension plan" is a given package of retirement contributions and benefits, for example, the Miscellaneous Plan of the City of Goleta.

Pension system. In this Report, a "pension system" is a set of pension plans under one management; for example, the pension system of the City of Goleta consists of the Miscellaneous Plan of Goleta and the PEPRA Miscellaneous Plan of Goleta.

APPENDIX B
Pension Analytics

Pension analytics for a given plan are expressed by the identity

$$AL - MVA = UAL$$

where AL is actuarial liabilities (expected pension payments to beneficiaries) in net present value (NPV) terms, UAL is unfunded actuarial liabilities in NPV terms, and MVA is the market value of the assets held by the plan at the valuation date. CalPERS defines the AL "as the total dollars needed as of the valuation date to fund all benefits earned in the past for current members"[15]. The valuation date of June 30, 2016 is used here for municipal plans in Santa Barbara County because it is the date for which the most recent CalPERS valuations are available.

The "funded ratio" is MVA/AL. A plan with zero UAL has a funded ratio of 1. A plan with MVA equal to 75 percent of its AL has a funded ratio of 0.75. An example is the Lompoc Miscellaneous Plan which, at the most recent CalPERS valuation date of June 30, 2016, had an AL of $175.1 million, an MVA of $122.6 million giving a funded ratio of 0.70 (i.e., 122.6/175.1) and a UAL of $52.5 million (i.e., $175.1 million – $122.6 million).

A second analytic relation is the annual cash flow of a plan, expressed as

$$C + rMVA - PB = CF.$$

The term C is the sum of contributions (employee, normal cost employer, and employer contributions to service the debt represented by the unfunded liabilities), r is the projected actuarial return on assets given by CalPERS, MVA is the market value of assets held for the plan in the CalPERS risk pool, PB is pension benefits paid, and CF is cash flow.[16] An analogous relation holds for SBCERS but without the intermediation of CalPERS.

[15] The CalPERS Valuation Reports define the Present Value of Benefits (PVB) as the "total dollars needed as of the valuation date to fund all benefits earned in the past or expected to be earned in the future for current members." For the new PEPRA plans, which began in 2014, the PVB is higher than the AL because the former counts expected present and future benefits for current members and the latter only counts present benefits for current members. The total PVB for the 32 municipal plans is $1.96 billion.

[16] This formulation does not take account of administration costs at the plan or CalPERS levels, nor does it consider changes in actuarial parameters such as life expectancy or retirement age decisions.

APPENDIX C – Santa Barbara Municipal Pension Plans, 2017-18

City	Plan	2017-18 GF Payroll in 000s $	2017-18 Total Contributions in 000s $	2015-2016 AL [2]	2015-2016 MVA [2]	2015-2016 UAL [2]	Funded Ratio (MVA/AL)	Funded Ratio (range by discount rate)	Solvency Risk
Buellton	PEPRA Misc.	2,095	12	31	28	3	0.90	.66 -13	Moderate
Buellton	Misc.	2,095	317	8,071	5,998	2,072	0.74	.63 - .8	Moderate
Carpinteria	Safety Plan	906	204	9,342	6,365	2,976	0.68	.6 - .72	High
Carpinteria	Misc.	906	632	17,149	12,814	4,335	0.75	.63 - .8	Moderate
Carpinteria	PEPRA Misc.	906	31	83	73	9	0.89	.61 -15	Moderate
Goleta	PEPRA Misc.	1,443	110	328	294	33	0.90	.69 -1.	Moderate
Goleta	Misc.	1,443	846	12,891	10,231	2,660	0.79	.64 - .87	Moderate
Guadalupe	Misc.	3,060	258	6,957	5,182	1,774	0.74	.62 - .8	Moderate
Guadalupe	PEPRA Misc.	3,060	10	24	22	2	0.89	.66 -11	Moderate
Guadalupe	PEPRA Safety Police	3,060	40	103	92	11	0.89	.7 - .98	Moderate
Guadalupe	PEPRA Safety Fire	3,060	8	7	6	0	0.93	.69 -16	Minimal
Guadalupe	Safety	3,060	187	5,531	4,340	1,191	0.78	.64 - .86	Moderate
Lompoc	Safety Plan	13,883	2,993	84,988	56,367	28,621	0.66	.55 - .72	High
Lompoc	Misc.	13,883	6,246	175,064	122,561	52,502	0.70	.59 - .75	Moderate
Lompoc	PEPRA Safety Police	13,883	101	210	188	22	0.89	.68 -11	Moderate
Lompoc	Safety Police Second Tier	13,883	133	365	340	25	0.93	.66 -18	Minimal
Lompoc	Safety Fire Second Tier	13,883	95	409	382	27	0.93	.73 -13	Minimal

PENSIONS IN SANTA BARBARA COUNTY

City	Plan	2017-18 GF Payroll in 000s $	2017-18 Total Contributions in 000s $	2015-2016 AL [2]	2015-2016 MVA [2]	2015-2016 UAL [2]	Funded Ratio (MVA/AL)	Funded Ratio (range by discount rate)	Solvency Risk
Lompoc	PEPRA Safety Fire	13,883	156	344	313	31	0.91	.66 -14	Minimal
Santa Barbara	Misc. Plan	66,300	23,270	538,824	367,521	171,302	0.68	.57 - .73	High
Santa Barbara	PEPRA Safety Fire	66,300	45	276	251	25	0.91	.66 -15	Minimal
Santa Barbara	Safety Fire	66,300	7,041	177,687	112,520	65,166	0.63	.53 - .68	High
Santa Barbara	Safety Police	66,300	8,076	248,320	164,765	83,555	0.66	.56 - .72	High
Santa Maria	PEPRA Safety Fire	49,079	149	317	281	35	0.89	.67 -1.	Moderate
Santa Maria	Misc.	49,079	8,645	214,526	145,538	68,987	0.68	.57 - .73	High
Santa Maria	PEPRA Safety Police	49,079	549	1,072	953	118	0.89	.66 -11	Moderate
Santa Maria	Safety Fire First Tier	49,079	2,210	57,908	41,990	15,918	0.73	.61 - .78	Moderate
Santa Maria	Safety Fire Second Tier	49,079	181	759	725	34	0.95	.68 -1.11	Minimal
Santa Maria	Safety Police First Tier	49,079	4,168	121,692	85,719	35,972	0.70	.59 - .76	Moderate
Santa Maria	Safety Police Second Tier	49,079	57	741	737	3	10	.77 -1.11	Minimal
Solvang	PEPRA Misc.	1,100	21	51	46	4	0.91	.64 -17	Minimal
Solvang	Misc.	1,100	629	14,172	10,374	3,797	0.73	.61 - .79	Moderate
Solvang	Safety	1,100	9	562	502	59	0.89	.75 - .96	Moderate
TOTAL		720,452	67,444	1,698,815	1,157,533	541,282	NA	NA	NA

September 18, 2018 [to be changed to date of mailing]

The Honorable Patricia L. Kelly
Superior Court Presiding Judge
County of Santa Barbara
1100 Anacapa Street
Santa Barbara, CA 93101

Re: Grand Jury Report – *Pensions in Santa Barbara County*

Dear Judge Kelly:

The 2017-18 Santa Barbara County Grand Jury recently released its report entitled *Pensions in Santa Barbara County.* The City of Lompoc (Lompoc) is named as an affected agency and is required to respond to applicable findings and recommendations within 90 days of receipt of the report.

Following are Lompoc's responses to the individual applicable findings and recommendations in accordance with California Penal Code, Section 933.05(b)(2.).

FINDINGS

Finding 3: *In Lompoc, Santa Maria and the City of Santa Barbara, solvency risks are high in the pre-PEPRA plans that have most of the Actuarial Liabilities in the municipal plans.*

Lompoc's Response: While Lompoc was not directed to respond to this finding, Lompoc is named in the finding, and, therefore will respond.

Lompoc disagrees wholly with the finding.

The Grand Jury developed three categories of solvency risk (high, moderate, low) based on funded status of retirement plans, and rated all of Lompoc's non-PEPRA plans as "High." This rating is misleading in that it does not take into consideration important factors as described below.

1. The State of California implemented the Public Employees' Pension Reform Act (PEPRA) on January 1, 2013. PEPRA added a third tier for Lompoc's Safety and Miscellaneous plan members employed after December 31, 2012, providing a less costly pension plan. However, Lompoc had implemented a second tier for its Safety and Miscellaneous members before the implementation of PEPRA,

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significantly reducing Lompoc's risks going forward. Following is a summary of those proactive changes made by Lompoc through negotiated bargaining with the its various union groups:

a. A second tier for Miscellaneous plan members provides what is commonly known as the 2% at 60 plan for employees hired after August 12, 2011. Any "Classic" Miscellaneous members hired by Lompoc after December 31, 2012, are hired into this plan. Lompoc effectively closed the 2.7% at 55 plan to new and "Classic" members on August 12, 2011, reducing its long-term liabilities over time.

b. A second tier for Fire Safety plan members provides what is commonly known as the 3% at 55 plan for employees hired after September 23, 2011. Any "Classic" Fire Safety members hired by Lompoc after December 31, 2012, are hired into this plan. Lompoc effectively closed the 3.0% at 50 plan to new and "Classic" Fire Safety members on September 23, 2011.

c. A second tier for Police Safety plan members provides what is commonly known as the 3% at 55 plan for employees hired after November 18, 2011. Any "Classic" Police Safety members hired by Lompoc after December 31, 2012, are hired into this plan. Lompoc effectively closed the 3.0% at 50 plan to new and "Classic" Police Safety members on November 18, 2011.

2. Upon implementation of Lompoc's Tier 2 pension plans between August 12, 2011, and November 18, 2011, Lompoc also negotiated the full payment of the employee's contribution in all its pension plans to be paid by its employees. While some groups had their full employee portion paid by Lompoc prior to 2011, the negotiated change transferred the full employee portion to the employee in 2011. While this policy change is highlighted in the report for the City of Santa Maria, the report is silent on the proactive changes made by Lompoc that were fully implemented by November 18, 2011, almost seven years ago.

3. CalPERS made significant changes in funding of small plans (those with less than 100 active members) effective with the June 30, 2003, agency valuations. Risk pooling combined assets and liabilities across employers by plans to reduce or eliminate large fluctuations in an employer's retirement contribution rate caused by unexpected demographic events. In May 2014, CalPERS authorized the further combination of all existing risk pools into two pools; one for all Miscellaneous groups and one for all Safety groups. In 2003, Lompoc had more than 100 active members in its Miscellaneous plan; and, therefore, was not pooled with other agencies in any risk pool. Lompoc's Safety groups did not have more than 100 active members in 2003 and thus were pooled with other agencies in like plans. The implementation of risk pools is not discretionary on the part of CalPERS agencies as implied by the report (page 7, footnote 12). CalPERS pools Lompoc's Tier 1, Tier 2, and PEPRA tier Miscellaneous members in Lompoc's single

valuation report produced annually. This combination allows for the averaging of employer contribution rates for Tier 1 members with Tier 2 and PEPRA tier members. One of the reasons CalPERS implemented the second combination of pooling in 2014 was due to the effective closed nature of all existing pooled plans with the implementation of PEPRA. Without combining all pooled Miscellaneous plans and combining all pooled Safety plans, eventually all closed plans would mirror the Safety plan of Carpinteria, which has no active members, no payroll and remaining unfunded actuarial liability (UAL) payments due to "active" retirees in their system. Current resources are required to amortize the retiree benefits being paid until the closed plan pays out the final pension obligations for retirees, likely in the mid 2040s but possibly much later than that.

4. Lompoc has been proactive in addressing the challenges faced by contribution increases imposed by CalPERS.

   a. The primary way Lompoc addressed the challenges was with the closures of the 2.7% at 55 Miscellaneous Plan and the 3.0% at 50 Safety Plan in 2011, prior to the implementation of PEPRA. With this proactive approach, Lompoc currently (effective June 2018) has the following makeup of active members in its three tiers of pension plans, with Tiers 2 and PEPRA more affordable and cost efficient plans:

	Active Members				
Plan Type	**Total**	**Tier 1**	**Tier 2**	**PEPRA Tier**	**% in Tier 1 & 2**
Miscellaneous	275	163	19	93	40.7%
Safety					
Police	44	27	5	12	38.6%
Fire	28	12	3	13	57.1%
Total	347	202	27	118	41.8%

   b. It is important to note the State identified PEPRA as a long-term solution and that significant savings are expected to be realized over the long term of 30 years or more. The same can be said for the changes implemented by Lompoc in 2011 to eliminate the 2.7% at 55 and the 3.0% at 50 plans. The savings from those eliminations will be realized over the life of the members in those plans as active members and retired members are dropped from the system. Lompoc knows of approximately 60 agencies that implemented second tiers before PEPRA was enacted. Those agencies, including Lompoc, have reduced their risks of additional liabilities due to transfers into their system of "Classic" members with the implementation of the second tier structure prior to implementation of PEPRA by the State.

c. A second way Lompoc addressed the challenges was the elimination of any payment of employee contributions by Lompoc which was also accomplished in 2011 as discussed above.

d. A third, and ongoing way Lompoc is addressing the challenges is the annual prepayment of the various annual UAL obligations at the beginning of each fiscal year (FY) since 2015-16. This seemingly small measure will reduce Lompoc's long-term payments to CalPERS to provide for contractual obligations by more than $5,000,000 over the life of the existing UAL amortization periods through 2045.

e. Another CalPERS policy change will affect contributions of all plans going forward, effective with the contribution valuations as of June 30, 2019. With the June 30, 2019, valuations, CalPERS is changing the default amortization period for new layers of UAL payments from 30 years to 20 years, and to a "level dollar" payment, which will accelerate funding while greatly reducing the interest paid over the amortization period.

f. A number of agencies are prepaying significant lump sum payments against their UALs. The State of California utilized available cash to prepay $6 Billion of UAL payments with the expectation the prepayment will save approximately $11 Billion over a 20-year period. Several local agencies are also prepaying obligations including the Cities of Pismo Beach, Santa Cruz, Irvine, Newport Beach, and several others. This approach, if used by Lompoc, would reduce its UAL over time.

5. The rating created by the Grand Jury report (three categories of solvency risk [high, moderate, low]]) suggests Lompoc's non-PEPRA plans are at a high risk of not being able to pay the benefits due to current retirees and future retirees into the foreseeable future. That is just not the case. While Lompoc's Tier 1 plans' funded status are not ideal, the plans have sufficient assets to pay current benefits for many years. In addition, Lompoc's non-PEPRA Tier 2 plans provide a moderate benefit that is comparable with Lompoc's PEPRA tiers and are virtually fully funded as of June 30, 2016, at 93.3%. Lompoc's Miscellaneous Plan, which incorporates Lompoc's two tiers and the State's PEPRA tier in a single plan, had total assets as of June 30, 2016, of $122.6 Million and currently pays approximately $7.9 Million in benefits annually. Assuming no more contributions are made by either employees or Lompoc, and no additional investment returns are generated, it would take over 15 years to fully consume existing assets. Neither premise is realistic but the example supports Lompoc's assertion its non-PEPRA plans do not have a high solvency risk.

6. The Grand Jury's use of the current funded ratio alone, without context, as a basis to draw its conclusions, does not tell a complete story. Between 2001 and 2008, the United States suffered two major economic downturns, one created by the "dot-

com" bust (and exacerbated by the terrorist attacks on September 11, 2001) and then the real-estate driven Great Recession. In FYs 2001 and 2002, CalPERS realized investment losses of 7.2% and 6.1%. Then in FYs 2008 and 2009, CalPERS realized investment losses of 5.1% and 24%. That latter loss is unprecedented and consistent with the fact the last time the U.S. experienced a recession of that magnitude was during the Great Depression. Over a 24-year period (from FYs 1993 through 2016), the four losses noted above were the only years CalPERS realized investment losses and both were caused by external shocks to the economy. In the same FYs 1993 to 2016 period, there has been no four-year period in which CalPERS investments earned less than 7% annually in each and every year. Prior to the "dot-com" bust and the Great Recession, based on valuations as of June 30, 2000, and 2007, Lompoc's Miscellaneous plan had funding statuses of 140.9% and 103.1%, respectively. Lompoc's Safety plans had funding statuses of 109.1% and 99.0% respectively. Due to the Great Recession, Lompoc's Miscellaneous Plan dropped from 103.1% as of June 30, 2007, to 70.0% as of June 30, 2016, while Lompoc's Safety Plan (Tier 1) dropped from 99.0% to 66.3%. Other plans throughout the CalPERS system experienced similar drops. Generally, a pension system is considered appropriately funded with an 80% funded status. Having, 70% and 66.3% funded statuses is certainly not ideal, but given the backdrop of the two recessions, it is not unreasonable and does not in any way suggest pending insolvency. Subsequent to the issuance of the Grand Jury report, Lompoc received the June 30, 2017, valuations for all its plans. Lompoc's Miscellaneous Plan's funding status increased to 71.4% at June 30, 2017. Lompoc's Safety Plan (Tier 1) increased to 67.5% at June 30, 2017.

7. The Grand Jury's assessment of solvency risk does not take into consideration the purpose and impacts of the three recent CalPERS actions to (i) eliminate previously implemented smoothing policies over five years beginning with FY 2016 contribution rates, (ii) lowering the discount rate from 7.5% to 7% over eight years starting with the actuarial valuations for the fiscal year ended June 30, 2016 (for FY 2019 contribution rates), and (iii) gradually shift to less risky investments over 20 years, which is expected to lower the discount rate about 100 basis points (1%) (beginning with actuarial valuations for the fiscal year ending June 30, 2019). While putting more financial pressure on participating agencies and active employees, that decision actually strengthens the plans by relying less on investment returns and relying more on employer/employee contributions to fund retirement benefits. In fact, CalPERS' decision was less about its ability to earn the previous assumed rate of return target of 7.5%, as some may contend, and more about 'CalPERS' intent to strengthen the plans and increase the likelihood of achieving a funded status above 80% within the next ten years. The two policy decisions to reduce the assumed rate of return target to 7.0% in eight years and to 6.5% over 20 years also reduces the risk of the investment portfolio experiencing significant investment losses during that period.

8. Lompoc is unique in the County of Santa Barbara as it provides municipal electrical services to its customers and itself. Lompoc also provides water and wastewater utility services, solid waste collections and landfill services. Those full-service aspects of Lompoc utilize Miscellaneous plan employees to provide many of the services. Lompoc's pension costs for all Miscellaneous plan members of the municipally-owned utilities and support services are recovered in Lompoc's service charges for the applicable utilities. A significant percentage of active and retired members of Lompoc's Miscellaneous plan are or were employed by Lompoc's utilities. That fact reduces Lompoc's exposure to "revenue shocks," as described on page 6 of the Grand Jury report under the title of "Complementary Risk Analysis" related to municipal tax revenues such as property taxes, sales taxes and other similar revenues subject to economic shocks.

9. Lompoc Safety plans other than its Tier 1 plan were initiated after the Great Recession of 2008. None of the newer four plans have to replace resources lost due market corrections of the Great Recession. This is a significant difference between the newer plans and the Tier 1 safety plan. As Lompoc's Miscellaneous plan incorporates all three tiers, the benefits of the newer-post Great Recession plans are also incorporated into the overall funding status of the plan.

Finding 4: *In Lompoc and the City of Santa Barbara, liquidity risks are high as measured by projected years of negative cash flow. Managing those risks will require employer's pension contributions of 40 percent of payroll in Lompoc and 50 percent in the City of Santa Barbara at least until 2030.*

Lompoc's Response: Lompoc partially disagrees with the finding.

The liquidity risk offered by the Grand Jury as a measure of pension system risk is fatally flawed in a number of ways in its attempt to assign a ranking of level of risk to individual agencies. The primary flaw is the method simplistically reduces the complexities to total contributions by employees and employers, total investment returns and total payments to retirees. In addition, the premise that periods of negative cash flow point to a liquidity risk ignores the underlying idea of pensions; that they are a promise to pay all earned benefits over the lives of the members using assets accumulated in a fund. The finding presumes negative cash flows for Lompoc's system for as long as 12 years; however, the funding horizon for Lompoc's Miscellaneous Plan includes employees just hired in their early 20s who will not be retiring until approximately age 62 providing up to 40 years to accumulate resources in order to pay the promised benefits before retirement.

There are fundamental differences between the cities in Santa Barbara County that make the analysis of overall risk more complex than one simple measure of annual cash flow including:

- The age of the cities and the length of time the cities have been members of CalPERS. Guadalupe, Lompoc, Santa Maria and Santa Barbara are much older than Buellton, Solvang, Goleta and Carpinteria.
- The number of member employees in each agency is vastly different as are the number of retirees from each agency.
- Whether the city has public safety as a direct expense, indirect expense or is not responsible for either the fire or police components of public safety.
- The complexity of the cities. As mentioned in the report, the cities of Buellton, Carpinteria, Goleta, and Solvang contract with Santa Barbara County for Police services. Carpinteria and Goleta have no utility services. Buellton, Carpinteria, Goleta, and Solvang are served by the Santa Barbara Fire Protection District or another special district.
- The retiree to active ratio of the cities vary widely. Goleta's ratio is the lowest with 0.3 retirees per every active employee. Carpinteria's ratio is the highest with 2.4 retirees per every active employee. Guadalupe, Lompoc, Santa Barbara, Santa Maria and Solvang's ratios are between a 1.0 and 1.7 ratio of retirees to active members. [Note: All ratios are derived from information readily available from public documents based on the June 30, 2016, contribution actuarial valuations for each agency.]
- Whether cities mitigated their long-term exposure by implementing a "Classic" second tier lower than the most beneficial formula (from the employee's point of view). Only Lompoc and Santa Maria implemented a "Classic" second tier for Miscellaneous and Safety members prior to implementation of PEPRA.

Besides the above differences, which all affect each city's overall liability obligations, the assertion Lompoc's liquidity risks are high is based strictly on the assumption that, absent any actions already taken by Lompoc, potentially taken in the future, other factors that improve its finances, other factors that improve the finances of the CalPERS Pension Plan as a whole, or future court decisions affecting Lompoc's ability to modify existing pension plans, Lompoc will see negative cash flows for the next seven to eight years due to retirement payments, net of Lompoc and employee contributions and investment returns. In reality, the measured increases in Lompoc's contributions due to CalPERS policy changes mentioned in Response 7 to Finding 3, above, exceed Lompoc's anticipated base revenue growth only in FYs 2017-18 to 2020-21. Beyond FY 2020-21, average base tax revenue growth will exceed the increases in pension contribution growth by an average of $500,000 per year through FY 2032-33.

In addition, since FY 2015-16 (the first year available), Lompoc has utilized the annual lump sum payment option for its UAL obligations for Safety plans. Lompoc has also utilized the annual lump sum payment option for its Miscellaneous plans since FY 2017-18 (the first year available). Realized savings to date are approximately $500,000 for the four years from FYs 2015-19 with $171,000 anticipated to be saved in FY 2018-19. Continued over the existing amortization period of Lompoc's two UAL obligations, that single annual cash flow action will save Lompoc approximately $5,000,000 over the remaining amortization periods (approximately 28 years).

Unlike the unexpected losses from the Great Recession, Lompoc has the benefit of knowing what is coming due to the phased in approach of the CalPERS policy changes. With that foreknowledge, Lompoc has taken, and intends to take, measures to reduce the impacts of rising pension costs in the near future. Specifically, Lompoc has balanced historical budgets and will balance its future budgets based on (i) measures to control non-pension costs and (ii) new revenue not factored into the Grand Jury's projections. Each of those is described below.

1. Measures to Control Costs – Over the last several years, Lompoc implemented cost controlling measures to ensure it was able to adopt balanced budgets. Those measures included the following:

   a. Shifting more of the responsibility of pension costs to employees. Beginning after the 2008 Great Recession and completed in 2011, all members of the Miscellaneous and Safety plans have gone from having some or all of the employee share paid by Lompoc to paying all of the 7%, 8%, or 9% from employee deductions. While Lompoc has not yet implemented any cost sharing of the employer share of pension contributions, PEPRA provides for cities to negotiate or impose additional employee contributions above the contractual employee portion (the 7%, 8% or 9% rates mentioned above).

   b. During FYs 2009-11 and 2011-13, Lompoc implemented mandatory furloughs for all City employees. As CalPERS had not yet implemented the lump sum UAL payment procedures, the mandatory furloughs reduced Lompoc's contributions on a short-term basis, providing budgetary relief during the long recovery from the Great Recession.

2. New Revenues – In November 2018, Lompoc voters will have the opportunity to approve a new tax measure to impose up to a 6% general tax on retail cannabis businesses and other taxes on different categories of cannabis businesses. Starting in FY 2020-21, that could generate between $130,000 and $470,000 annually in new revenues to the General Fund.

   In addition, the U.S. Supreme Court decision in <u>South Dakota v. Wayfair</u> will result in increased sales tax revenues. The decision overturned the 1992 case of <u>North Dakota v. Quill</u>, which, at that time, prohibited states from requiring out-of-state businesses (primarily catalog and other mail order businesses) that sold to in-state purchasers from collecting sales taxes. Since mail order and catalog businesses have been replaced with online sales of commodities, the recent decision will allow states to collect sales taxes from out-of-state businesses that sell, via the internet, to in-state customers. The estimates of the additional revenues Lompoc will receive ranges from $100,000 to $300,000 annually. The State of California has already issued guidelines requiring the collection of sales taxes, which may start as early as August 2018. As such, Lompoc could receive approximately 10 months of revenues in FY 2018-19 and full revenues starting in FY 2019-20.

Lompoc provides significant services outside of its General Fund, primarily for utility services (Water, Electric, Wastewater, Solid Waste [collections and landfill]]). Each of those business-like activities has self-supporting rate structures that provide for operational costs, capital replacements and adequate reserves. Each activity is responsible for the pension obligations incurred in providing its respective service. In aggregate, approximately 80% of the entire Miscellaneous Plan unfunded actuarial liability resides in those business-type activities. While not immune to external economic influences, the revenue streams for the business-type activities can be adjusted to account for increased (or decreased) cost pressures utilizing appropriate rate study methodologies.

In 2016, Lompoc commissioned Bartel Associates to model Lompoc's projected contribution trends for both its Miscellaneous and Safety plans (as wholes rather than by individual benefit type). Lompoc's Miscellaneous plan has a 50% confidence level of Miscellaneous rates above 40% (normal cost plus UAL expressed as a percentage) beginning in FY 2024-25, increasing to 43% in FY 2030-31. It has a 25% chance the rates will never exceed 35.3% and a 25% chance rates reach 52.9% before dropping. Rates are anticipated to drop below current levels by FY 2038-39 and to just the normal cost of 10% by FY 2047-48. The funded status of the plan, based on the Bartel Associates model, is projected (with a 50% confidence level) will reach a minimum of 69.7% in FY 2018-19 and exceed 80% by FY 2029-30, in reaching 100% by FY 2040-41. Lompoc's Safety plan has a 50% confidence level of reaching a 68.4% contribution rate by FY 2031-32 with a 25% confidence level of a range of 56.2% to 80.6% between FYs 2022-23 and 2032-33. The 50% confidence level reduces the contribution percentage to the same percentage as FY 2018-19 by FY 2038-39 and a drop to the normal cost by FY 2047-48. The funded status of the Safety plans have a 50% confidence level of reaching a low of 65.2% in FY 2019-20, returning to 80% funded by FY 2031-32 and reaching 100% funding by FY 2041-42. None of the strategic measures identified in the response to Finding 3 are contemplated in the contribution rates or funding levels identified in the Bartel Associates modeling. If Lompoc identifies a funding source to prepay a significant portion of the Miscellaneous plan's obligations, then the contribution rate projection and funding levels could be substantially different than projected.

An unintended consequence of implementation of PEPRA over the long term will be the inequitable allocation of funding levels. One component of PEPRA requires the continued contribution of the employee normal cost, by both the agency and the employee, regardless of the funding status of the plan. There are agencies in CalPERS with pooled PEPRA plans funded in excess of 200% and non-PEPRA pooled plans funded in the 70% to 80% range. Those agencies cannot utilize the surplus funding to offset the lesser funded plan and are required to continue funding the highly funded plan regardless of how overfunded it becomes.

Finally, the changes in 'CalPERS' contribution policies described above (elimination of smoothing methodologies, reducing the discount rate from 7.5% to 7.0%, and reducing the discount rate from 7.0% to 6.5%while moving CalPERS portfolio to less risky assets) are all being phased in over time rather than being effective immediately upon adoption. That phased-in approach provides member agencies time to prepare, plan and accommodate the anticipated increases over the 5-year, 8-year and 20-year horizons of each policy change. The phased-in approach, while not ideal for returning Lompoc's plans to a higher funding level more quickly, is a compromise that allows Lompoc to enact structural changes over time related to revenue enhancements, expenditure controls and, where required, bargained changes with various represented groups at the time individual memorandums of understanding are negotiated. The phased-in approach builds in a period of negative cash flows in the system as concluded by the Grand Jury; however, it is planned and provides a path for all affected agencies, including Lompoc, to grow into the increasing contributions.

Agencies throughout California have provided testimony at various CalPERS Board meetings, legislative sessions, and with the Governor, to provide relief from the seemingly ever-increasing contribution obligations. Barring changes to pension law pending with the State Supreme Court, such measures to relieve agencies from currently contributing the required obligations, several agencies with available resources have, or plan to, contribute more than their required annual obligations up front.

Finding 7: *The City of Santa Maria faces greater pension risks because of its comparatively low General Fund revenue per capita, which is less than 50 percent of that of the City of Santa Barbara and less than 67 percent of that of Lompoc. Santa Maria has taken steps to end employer contributions in lieu of employee contributions in its pension plans; this step moves some of the burden of repaying its unfunded pension liabilities from the City to its active employees.*

Lompoc's Response: Agree.

Finding 8: *The 12 PEPRA plans in the cities of the County of Santa Barbara have a funded ratio of 0.90 and the 20 non-PEPRA plans have a funded ratio of 0.68. This is a small, but positive, sign that the PEPRA law is having the intended effect of strengthening the security of pension benefits in the County.*

Lompoc's Response: Agree. In addition, Lompoc's non-PEPRA Tier 2 plans provide a moderate benefit that is comparable with Lompoc's PEPRA tiers and are virtually fully funded at June 30, 2016, at 93.3%. Lompoc's Miscellaneous Plan combines Lompoc's two tiers and the State's PEPRA tier. The lower cost tiers (Lompoc's second tier and the State's PEPRA tier) have higher funding ratios that are blended with Lompoc's primary first tier funding status.

Lompoc Safety plans other than its Tier 1 plan were initiated after the Great Recession of 2008. None of the newer four plans experienced, and are not recovering from, the Great Recession. This is a significant difference between the newer safety plans and the Tier 1 safety plan and a major cause of the Tier 1 plans current funding status lower than the funding status of the four newer plans.

Finding 9: *Funded ratios of the municipal pension systems in Santa Barbara County are sensitive to the discount rate applied by CalPERS. A cut in the rate to 6 percent, from the 2018-19 rate of 7 percent, would push the funded ratios of several municipal systems close to 0.5 and might impose further increases in the employer's contributions in Lompoc, in the City of Santa Barbara and in Santa Maria.*

Lompoc's Response: Agree.

Finding 10: *It is unlikely that the largest municipal plans – Lompoc Safety; City of Santa Barbara Miscellaneous; City of Santa Barbara Fire; City of Santa Barbara Police; and City of Santa Maria Miscellaneous – can apply to the revised CalPERS amortization schedule of 20 years to all their unfunded liabilities without higher new employer's contributions. Such new contributions would be particularly problematic in Lompoc and in the City of Santa Barbara given the high employer's contribution rates that already apply in those cities.*

Lompoc's Response: Agree. The revised CalPERS 20-year amortization schedules only apply to new unfunded liabilities arising in the June 30, 2019, actuarial valuations or later. The revised CalPERS amortization schedules do not apply to amortizations of current unfunded liabilities although all CalPERS agencies can voluntarily elect amortization schedules other than the CalPERS default schedules.

RECOMMENDATIONS

Recommendation 1: *That in view of the 12 Findings, the governments of the cities of Buellton, Carpinteria, Goleta, Guadalupe, Lompoc, Santa Barbara, Santa Maria and Solvang and of the County of Santa Barbara analyze capital spending, employer/employee contribution rates, staffing levels, and all existing taxes and revenue sources under their control to identify potential revenue gains and cost savings.*

Lompoc's Response: This recommendation has already been implemented and will continue to be in place over the next several years to the extent revenue growth and new revenues are not sufficient to meet increasing pension costs. The recommendation appears to be focused on the various 'governments' General Funds. As mentioned in Lompoc's response to Finding 4 above, as much as 80% of Lompoc's Miscellaneous Plan net pension liabilities reside outside Lompoc's General Fund. See Lompoc's response to Findings 3 and 4 above for additional information related to existing steps implemented by Lompoc.

Recommendation 2: *That the governments of the cities of Buellton, Carpinteria, Goleta, Guadalupe, Lompoc, Santa Barbara, Santa Maria and Solvang and of the County of Santa Barbara issue public reports, to be discussed at open sessions of their respective governing bodies, on the potential revenue gain and cost-saving measures that may be necessary to ensure continued adequate funding of their pension plans.*

Lompoc's Response: Lompoc has provided public reports, discussed at open sessions of its City Council to inform the City Council and the public, of Lompoc's current situation. The most recent informational report was provided to the City Council on July 17, 2018. Lompoc has addressed rising pension costs in each and every biennial budget since FYs 1999-01. Each and every biennial budget has been presented to the City Council in a public report and discussed in open session during the spring prior to its adoption. Each biennial budget since FYs 1999-01 has had a balanced General Fund budget, as well as balanced non-General Fund budgets, while annual pension contributions have grown from $1.0 Million in FY 1999-00 to $8.7 Million in FY 2017-18.

As it has done since FYs 1999-01, Lompoc plans on preparing and making public a two-year plan for addressing rising pension costs. To a large degree, Lompoc will outline what is already being done. While there have been varied responses to increasing pension contributions throughout the State, an important and vital step is the identification of the issue. Creating a plan to address the issue, whether with a short-term infusion of surplus funds, a measured consistent contribution plan to address the issue over the long term, including abiding by the minimum funding parameters implemented by CalPERS, or some middle plan that reduces overall costs in the long run, is a very important step in the process. While a specific plan is helpful, implementation of the plan over the life of the various pension plans, and abiding by the plan over that time, are equally important steps. With a plan, Lompoc can modify the plan in the future by adding new elements that may improve Lompoc's situation as City Council membership changes, the financial environment changes, judicial rulings change, and as Lompoc's Tier 1 employees and retirees age out of the system.

Sincerely,

Bob Lingl, Mayor
City of Lompoc

: Santa Barbara County Grand Jury
1100 Anacapa Street
Santa Barbara, CA 93101

c: Honorable Lompoc Mayor Pro Tem and Council Members
Jim Throop. City Manger
Brad Wilkie, Management Services Director

City Council Agenda Item

City Council Meeting Date: August 21, 2018

TO: Jim Throop, City Manager

FROM: Laura Dubbels, Deputy City Manager
l_dubbels@ci.lompoc.ca.us

SUBJECT: Authorization for Renewal of Mental Health Mobile Crisis Services Agreement for Fiscal Years 2018-21

Recommendation:

Staff recommends the City Council authorize the City Manager to execute the attached agreement to renew the Mental Health Mobile Crisis Services for three years, to be provided by Santa Barbara County during Fiscal Years (FY) 2018-21, for a total amount not to exceed $72,392 (Agreement).

Discussion:

The Santa Barbara County (County) Department of Alcohol, Drug, and Mental Health Services provides emergency mental health evaluation services to individuals, including City of Lompoc (City) residents. The Crisis and Recovery Emergency Services (CARES) program includes mobile crisis units that provide emergency mental health evaluation services to adults, 24 hours per day, seven days per week. The County also provides such services to juveniles under the age of 18 through a contracted provider. Services include appropriate crisis intervention, by responding in person or by telephone, to suspected psychiatric emergencies presented by individuals, in all areas of the County, in all locations, including but not limited to residences, the field, clinics, emergency facilities, hospitals, and the County Jail. Services are dispatched by the County Public Safety Communications Center, and these services are utilized by the City's Police Department on a regular basis.

The County has requested the City continue its contribution towards provision of mental health evaluation services for City residents, and suggests to renew the three-year agreement for FY 2018-21. The County requested the City continue to provide a contribution representing the historical proportion of the total contribution paid by local jurisdictions. The County's fees were calculated using the City's proportionate share during the FY 2014-15 time period, plus an adjustment applied to each year of 2.5%. The Consumer Price Index average for all Urban Consumers, Medical Care, for the greater Los Angeles, Long Beach, Anaheim areas, is currently 4.0%.

Fiscal Impact:

The Agreement is for three fiscal years beginning July 1, 2018, and ending June 30, 2021. While the three-year agreement creates certainty regarding the fiscal obligations for the July 1, 2019, to June 30, 2021, period, the City Council has not yet appropriated funds beyond June 30, 2019. The City Council has approved appropriation of funds in Account No. 110PD-534340 – Police Services – Mental Health Assessment Services – for the remainder of the City's Biennial Budget FYs 2017-19 of $23,536 for the July 1, 2018, to June 30, 2019, period which is the proposed cost of the Agreement for the July 1, 2018, to June 30, 2019, period.

The remainder of the agreement costs of $48,855 for the July 1, 2019, to June 30, 2021, period will be considered for funding as part of the overall budget adoption process for the City's Biennial Budget FYs 2019-21 during the spring of 2019.

Conclusion:

Staff has determined continuation of Mental Health Mobile Crisis Services provided by the County is in the best interest of the City for the upcoming FYs 2018-2021.

Respectfully submitted,

Laura Dubbels, Deputy City Manager

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

Jim Throop, City Manager

Attachment: Agreement for Supplemental Funding for Mental Health Mobile Crisis Services for FYs 2018-21

AGREEMENT

WITH THE CITY OF LOMPOC FOR SUPPLEMENTAL FUNDING FOR
MENTAL HEALTH MOBILE CRISIS SERVICES

BC__________

THIS AGREEMENT (hereafter Agreement) is made by and between the **County of Santa Barbara**, a political subdivision of the State of California (hereafter “County**”**) and **City of Lompoc**, a municipal corporation (hereafter “City**”**) for the continued provision of **Mobile Crisis Services** to City by County, and City’s continued payment of fees to County for services rendered. (Collectively, County and City are sometimes referred to as “Parties.”)

Whereas, in order to help reduce the burden of providing mental health evaluation services faced by public safety agencies in Santa Barbara County, County previously contracted with American Medical Response (AMR) for the provision of emergency mental health evaluation services (also known as Mental Health Assessment Team [MHAT]) wherein AMR, in coordination with County, responded to suspected psychiatric emergencies presented by individuals over the age of 18 in Santa Barbara County; and

Whereas, during Fiscal Year 2008-09, County expanded programs to include mobile crisis services to provide emergency health evaluation services to adult residents of the County, twenty-four (24) hours per day, seven (7) days per week and eliminated the Contract with AMR for MHAT services; and

Whereas, during Fiscal Year 2015-16, County, in an effort to decrease response times, expedite appropriate care, and relieve overburdened medical and law enforcement personnel, expanded programs to include a Mobile Crisis Team West in Lompoc, in addition to Mobile Crisis teams in the North and South County; and

Whereas, during Fiscal Years 2016-17, County expanded the crisis system to include a Crisis Stabilization Unit (CSU) in Santa Barbara, opened in January 2016; and

Whereas, during Fiscal Years 2018-2019, County will expand the crisis system to include a Crisis Residential Treatment Facility in Santa Maria, scheduled to open in November 2018; and

Whereas, City has historically underwritten a portion of the costs of providing emergency mental health evaluations because services have been provided to City residents; and

Whereas, it is deemed to be in the best interest of City and County Mobile Crisis Services continue to be delivered to City residents and other County residents; and City, thereby, agrees to continue its contribution to County for Mobile Crisis Services rendered by County for the period of July 1, 2018, through June 30, 2021 for services to be rendered by County during that period.

THEREFORE, in consideration of the mutual covenants and conditions contained herein, the Parties agree as follows:

1. **DESIGNATED REPRESENTATIVE**: Department of Behavioral Wellness Director at phone number 805-681-5220 is the designated representative of County and shall administer this Agreement for and on behalf of County. City Manager at phone number 805-736-1261 is the designated representative for City. Changes in designated representatives shall be made only after advance written notice to the other party.

AGREEMENT

2. **NOTICES.** Any notice or consent required or permitted to be given to the respective Parties in writing, by personal delivery or facsimile, or with first-class mail, postage prepaid, or express courier service, as follows:

   A. To County: Alice Gleghorn, Ph.D.
Director
Santa Barbara County
Department of Behavioral Wellness
300 N. San Antonio Road
Santa Barbara, CA 93110

   B. To City**:** Jim Throop, City Manager
City of Lompoc
100 Civic Center Plaza
Lompoc, CA 93436

   or at such other address, or to such other person, that the Parties may from time-to-time designate in accordance to this Notices section. If sent by first class mail, then notices and consents under this section shall be deemed to have been received five (5) days following the deposit in the United States mail. This Notices section shall not be construed as meaning either party agrees to service of process except as required by applicable law.

3. **SCOPE OF SERVICES.** County agrees to provide services to City in accordance with Exhibit A attached hereto and incorporated herein by reference (Scope of Services).

4. **TERM**. County shall commence performance on **July 1, 2018,** and end performance upon completion, but no later than **June 30, 2021,** unless otherwise directed by City or unless earlier terminated.

5. **COMPENSATION OF COUNTY**. City shall pay County under this Agreement in accordance with the terms of Exhibit B and Exhibit B-1 (attached hereto and incorporated herein by reference). Billing shall be made by invoice, which shall include the contract number assigned by County and which is delivered to City at the address given in Section 2 NOTICES above. Unless otherwise specified on Exhibit B, payment shall be due net thirty (30) days from presentation of invoice.

6. **STANDARD OF PERFORMANCE.** County represents it has the skills, expertise, and licenses and/or permits necessary to perform the Scope of Services required under this Agreement. Accordingly, County shall perform all the Scope of Services in the manner and according to the standards observed by a competent practitioner of the same profession in which contracted provider is engaged. Permits and/or licenses shall be obtained and maintained by County or its Contracted Providers without additional compensation.

7. **CONFLICT OF INTEREST.** The Parties covenant the Parties presently have no interest and will not acquire any financial interest, direct or indirect, which would conflict in any manner or degree with the performance of the Scope of Services required to be performed under this Agreement. The Parties further covenant, in the performance of this Agreement, no person having any such interest will be employed by either of the Parties.

AGREEMENT

8. **OWNERSHIP OF DOCUMENTS.** County shall be the owner of the following items incidental to this Agreement upon production, whether or not completed: all data collected and any material necessary for the practical use of the data and/or documents from the time of collection and/or production, whether or not performance under this Agreement is completed or terminated prior to completion.

9. **COUNTY PROPERTY AND INFORMATION.** All of County's property, documents, and information provided for City's use in connection with the Scope of Services shall remain County's property, and City shall return any such items whenever requested by County and whenever required according to the Termination section of this Agreement. City may use such items only in connection with the Scope of Services. City shall not disseminate any County property, documents, or information without County's prior written consent.

MUTUAL INDEMNIFICATION. City shall defend, indemnify, and hold harmless County, its officers, officials, employees and agents from and against any and all liability, loss, expense (including reasonable attorneys' fees), or claims for injury or damages (Damages) arising out of the performance of this Agreement, but only in proportion to and to the extent the Damages are caused by or result from the negligent or intentional acts or omissions of City, or any of its officers, officials, employees or agents.

County shall defend, indemnify, and hold harmless City, its officers, officials, employees and agents harmless from and against any and all Damages arising out of the performance of this Agreement, but only in proportion to and to the extent the Damages are caused by or result from the negligent or intentional acts or omissions of County, or any of its officers, officials, employees or agents.

10. **INSURANCE.** Each of the Parties shall maintain its own insurance coverage, through commercial insurance, self-insurance or a combination thereof, against any claim, expense, cost, damage, or liability arising out of the performance of its responsibilities pursuant to this Agreement.

11. **NON-DISCRIMINATION.** County hereby notifies City that Santa Barbara County Unlawful Discrimination Ordinance (Article XIII of Chapter 2 of the Santa Barbara County Code) applies to this Agreement and is incorporated herein by this reference with the same force and effect as if the ordinance were specifically set out herein, and City agrees to comply with said ordinance.

12. **TERMINATION.**

A. **By County**. County may, by written notice to City, terminate this Agreement in whole or in part at any time, whether for County convenience or because of the failure of City to fulfill the obligations herein. At the end of the 30-day period, City shall cease work and notify County as to the status of its performance.

B. **By City**. City may, upon 30-days' written notice to County, terminate this Agreement in whole or in part at any time, whether for City convenience or because of the failure of County to fulfill the obligations herein. At the end of the 30-day period, County shall cease work and notify City as to the status of its performance.

13. **SECTION HEADINGS.** The headings of the several sections, and any Table of Contents appended hereto, shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof.

14. **SEVERABILITY.** If any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions hereof, and such invalidity, illegality or unenforceability shall not affect any other provision, hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

15. **REMEDIES NOT EXCLUSIVE.** No remedy herein conferred upon or reserved to the parties is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

16. **NO WAIVER OF DEFAULT.** No delay or omission of the parties to exercise any right or power arising upon the occurrence of any event of default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Agreement to the parties shall be exercised from time-to-time and as often as may be deemed expedient in the sole discretion of either party.

17. **NONEXCLUSIVE AGREEMENT.** City understands this is not an exclusive Agreement and County will have the right to negotiate with and enter into contracts with others to provide the same or similar services as those provided to the City as the County desires.

18. **ENTIRE AGREEMENT, AMENDMENTS, AND MODIFICATIONS**. In conjunction with the matters considered herein, this Agreement contains the entire understanding and agreement of the parties and there have been no promises, representations, agreements, warranties or undertakings by any of the parties, either oral or written, of any character or nature hereafter binding except as set forth herein. This Agreement may be altered, amended or modified only by an instrument in writing, executed by the parties to this Agreement and by no other means. Each party waives its future right to claim, contest or assert that this Agreement was modified, canceled, superseded, or changed by any oral Agreements, course of conduct, waiver or estoppel.

19. **SUCCESSORS AND ASSIGNS.** All representations, covenants and warranties set forth in this Agreement, by or on behalf of or for the benefit of any or all of the parties hereto, shall be binding upon and inure to the benefit of such party, its successors and assigns.

20. **CALIFORNIA LAW AND JURISDICTION.** This Agreement shall be governed by the laws of the State of California. Any litigation regarding this Agreement or its contents shall be filed in the County of Santa Barbara, if in State court, or in the Federal District Court nearest to Santa Barbara County, if in Federal court.

AGREEMENT

21. **EXECUTION OF COUNTERPARTS.** This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the parties shall preserve undestroyed, shall together constitute one and the same instrument.

22. **AUTHORITY.** All parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement in the names, titles and capacities herein stated and on behalf of any entities, persons, or firms represented or purported to be represented by such entity(ies), person(s), or firm(s) and have complied with all formal requirements necessary or required by any state and/or federal law in order to enter into this Agreement have been fully complied with. Furthermore, by entering into this Agreement, City hereby warrants that it shall not have breached the terms or conditions of any other contract or Agreement to which City is obligated which breach would have a material effect hereon.

23. **SURVIVAL**. All provisions of this Agreement which by their nature are intended to survive the termination or expiration of this Agreement shall survive such termination or expiration.

24. **PRECEDENCE.** In the event of conflict between the provisions contained in the numbered sections of this Agreement and the provisions contained in the Exhibits, the provisions of the Exhibits shall prevail over those in the numbered sections.

25. **DISPUTE RESOLUTION**. Any dispute or disagreement arising under this Agreement shall first be addressed and resolved at the lowest possible staff level between the appropriate representatives of City and of County. If it cannot be resolved at that level, then it is to be elevated to the City's Program Manager and County's designated Program Manager. If the Managers cannot resolve the dispute, they are to take the following actions:

    A. Decision – Each party shall reduce the dispute to writing and submit to the appropriate Behavioral Wellness Assistant Director. The Assistant Director shall assemble a team to investigate the dispute and to prepare a written decision. That decision shall be furnished to the City within thirty (30) days after receipt of the dispute documentation. That decision shall be final unless appealed within ten (10) days of receipt.

    B. Appeal – The City may appeal the decision (Item A above) to the Santa Barbara County Behavioral Wellness Department (Behavioral Wellness) – Director, or designee, at 300 N. San Antonio Road, Santa Barbara, CA 93110. The decision of the Behavioral Wellness Director shall be put in writing within twenty (20) days after the appeal is filed and a copy thereof mailed to the City's address for notices. The decision of the Behavioral Wellness Director shall not be subject to any other administrative appeal at any level of the County.

    C. Pending the decision and appeals of the dispute hereunder, City and County shall proceed diligently with the performance of this Agreement.

    D. The finality of appeal described herein is meant to imply only recourse to resolution of disputes through this particular Dispute Resolution mechanism has been concluded. This is in no way meant to imply the Parties have agreed that mechanism replaces either of the Parties' rights to have its disputes with the other party heard and adjudicated in a court of competent jurisdiction.

AGREEMENT

THIS AGREEMENT INCLUDES:

1. EXHIBIT A – Statement of Work
2. EXHIBIT B – Fees and Payment to County
3. EXHIBIT B-1 – Schedule of Fees

AGREEMENT

Agreement for Mobile Crisis Services between the **County of Santa Barbara** and City of Lompoc.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective on July 1, 2018.

APPROVED AS TO FORM:
MICHAEL C. GHIZZONI
COUNTY COUNSEL

By_____________________________
Deputy County Counsel

APPROVED AS TO ACCOUNTING FORM:
THEODORE A. FALLATI, CPA
AUDITOR-CONTROLLER

By_____________________________
Deputy

RECOMMENDED FOR APPROVAL:
DEPARTMENT OF BEHAVIORAL WELLNESS
ALICE GLEGHORN, PH.D
DIRECTOR

By_____________________________
Director

APPROVED AS TO INSURANCE FORM:
RAY AROMATORIO
RISK MANAGER

By: _____________________________
Manager

AGREEMENT

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective on July 1, 2018.

CITY OF LOMPOC

By: ______________________________
JAMES THROOP
CITY MANAGER

Date: ________________

ATTEST:

____
CITY CLERK

APPROVED AS TO FORM:

____
CITY ATTORNEY

EXHIBIT A
Statement of Work

I. PROGRAM SUMMARY. The Department of Behavioral Wellness shall provide Mobile Crisis services to all residents in all areas of the County through staffing of Mobile Crisis units. Mobile Crisis services may be provided by Triage Teams, Assertive Community Treatment (ACT) Team, Homeless outreach Team or Behavioral Wellness clinic staff to clients who have a case file (episode) open to County.

II. SERVICE PROCEDURE.

A. County shall provide Mobile Crisis Services twenty-four (24) hours per day, seven (7) days per week, including appropriate psychiatric crisis intervention and stabilization services and emergency mental health evaluation, by responding in person or by telephone to suspected psychiatric emergencies presented by individuals over the age of 18, in all areas of Santa Barbara County, in all locations, including but not limited to residences, the field, clinics, emergency facilities, hospitals, and Santa Barbara County Jail – South County facility (4436 Calle Real, Santa Barbara). Additionally, individuals may receive Mobile Crisis Services in the County's Crisis Stabilization Unit (CSU) and Crisis Residential Respite House ("Crisis Res").

1. County shall respond as directed by the Santa Barbara County Public Safety Communications Center (hereafter "Dispatch"), hospital emergency rooms and other County mental health providers.

2. County will attempt to make initial contact with the reporting party to obtain preliminary information as required by Welfare and Institutions Code (WIC) §5150.05 that may impact the need for response, deployment of additional resources and/or to expedite resolution of the crisis.

3. For individuals experiencing psychiatric emergencies County will consult with the County On-call Psychiatrist, or Behavioral Wellness Clinic Supervisor for review of the individual's condition and a determination of the individual's need for hospitalization, pursuant to WIC §5150. County will refer individuals not deemed to need hospitalization to appropriate resources.

4. Services provided by Mobile Crisis staff may include:

i. **Crisis intervention**: Crisis intervention is a service lasting less than 24 hours, to or on behalf of a client for a condition that requires a more timely response than a regularly scheduled visit, as defined in California Code of Regulations (CCR) Title 9, Section 1810.209. Service activities include, but are not limited to: assessment, collateral and therapy. Crisis intervention is distinguished from crisis stabilization by being delivered by providers who do not meet the crisis stabilization contact, site and staffing requirements as defined in CCR sections 1840.338 and 1840.348. Contractor shall be available 24 hours per day, 7 days per week to provide crisis intervention services.

ii. **Case Management**: Services that assist a beneficiary to access needed medical, educational, social, prevocational, vocational, rehabilitative, or other community services. The service activities may include, but are not limited to, communication, coordination, and referral; monitoring service delivery to ensure beneficiary access to service and the service delivery system; monitoring of the beneficiary's progress;

placement services; and plan development, as defined in Title 9 CCR Section 1810.249.

iii. **Crisis Respite Residential Treatment Service**: Crisis Residential Treatment Services (CRTS) are therapeutic or rehabilitative services provided in a non-institutional residential setting. CRTS provide structured programs as an alternative to hospitalization for beneficiaries experiencing an acute psychiatric episode or crises that do not have medical complications requiring nursing care. CRTS offer a range of activities and services that support beneficiaries in their effort to restore, maintain, and apply interpersonal and independent living skills and to access community support systems. CRTS are available 24 hours a day, seven days a week. Activities may include (but are not limited to) Assessment, Plan Development, Therapy, Rehabilitation, Collateral, and Crisis Intervention. CRTS are provided in Social Rehabilitation Facilities licensed under the provisions of CCR Title 22, and certified under the provisions of CCR Title 9.

5. Upon Mobile Crisis contact with a client receiving Behavioral Wellness outpatient services, the County Care Coordinator assigned to the client shall be notified immediately in the event of any of the following client indices: suicidal risk factors, homicidal risk factors, assaultive risk factors, medication side effect complaints or observations, behavioral symptoms presenting possible health problems, or any behavioral symptom that may affect their placement.

6. County shall document services in County Management Information Services (MIS) system.

7. County shall provide reports regarding Mobile Crisis Services to City upon written request. This information shall not include any client identifying information. Reports shall include:

   i) Number of Mobile Crisis contacts;

   ii) Number of minutes of crisis services provided in the field.

B. County shall have primary responsibility to provide emergency mental health evaluation services described in this Exhibit A to Juvenile clients (up to 18 years of age) in a manner determined by County through a provider(s) authorized by County. County shall respond to suspected psychiatric emergencies presented by individuals under the age of 18 in hospital settings, or in the community when the primary provider is not available.

Exhibit B

PAYMENT ARRANGEMENTS

Periodic Compensation

1. For services to be rendered under this Contract, City shall pay County the total contract amount, not to exceed **$72,392** during the term of this Agreement, per schedule in attached Exhibit B-1.

2. Payment for Mobile Crisis Services shall be based upon the Statement of Work as described in Exhibit A.

3. In consideration for County providing Mobile Crisis Services to citizens of Santa Barbara County, including City residents, and County providing reports to City, as described in Exhibit A, City shall pay County the annual contract maximum set forth on Exhibit B-1 during the term of this Agreement. The fees were calculated using the contribution City made under the prior Agreement in FY 2015-2018 plus an adjustment applied to each year, based on Consumer Price Index for All Urban Consumers, Medical Care, which is 2.5% annually. The adjustment is added to keep pace with rising costs.

4. In order for payment to be made as set forth in this Exhibit B, Section 3 above, County shall submit to City an invoice for Scope of Services for each fiscal year under this Agreement no sooner than July 1 of the beginning of such fiscal year. Payment shall be made by City within thirty (30) days after presentation of invoice.

5. Payment Remittance: All payments should be remitted with a copy of the invoice to the following address:

   Santa Barbara County
   Department of Behavioral Wellness
   Attn: Accounts Receivable
   300 N. San Antonio Road Bldg. 3
   Santa Barbara, CA 93110

Exhibit B-1

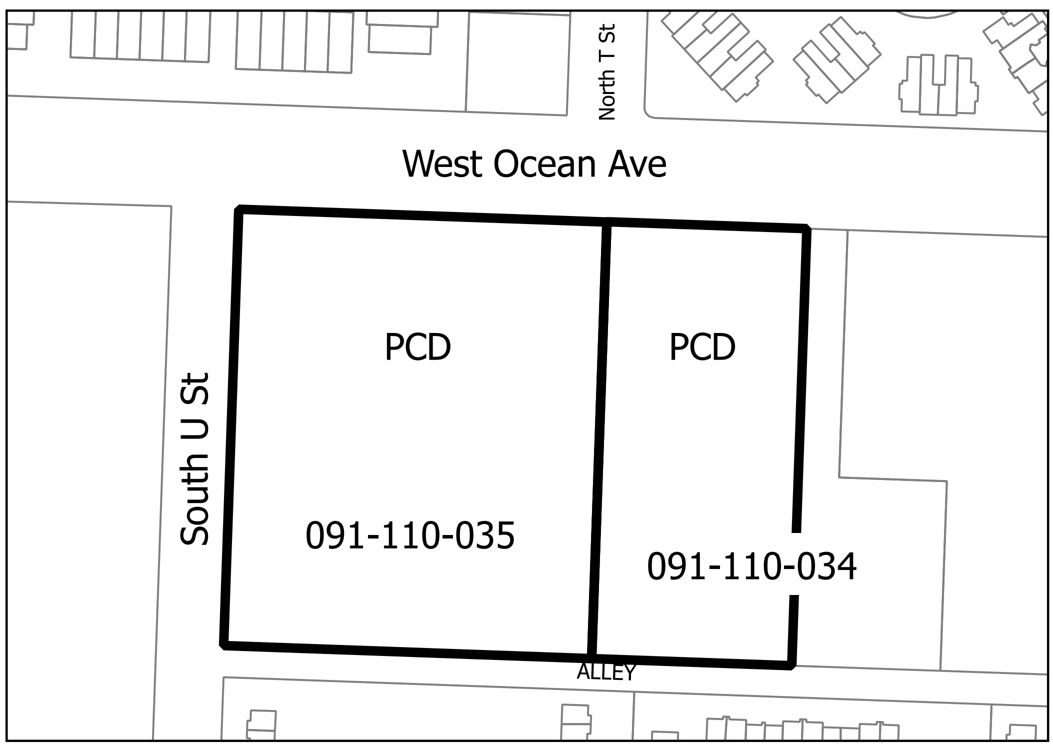
Year	Contract Period	Annual Contract Maximum
1	July 1, 2018 to June 30, 2019	$ 23,536
2	July 1, 2019 to June 30, 2020	$ 24,127
3	July 1, 2020 to June 30, 2021	$ 24,729
	Total Contract Maximum	**$72,392**

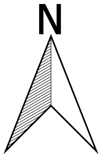
ZONE CHANGE

Exhibit A

EXISTING

PROPOSED





ZC 17-02

City Council Agenda Item

City Council Meeting Date: August 21, 2018

TO: Jim Throop, City Manager

FROM: Brian Halvorson, Planning Manager
b_halvorson@ci.lompoc.ca.us

SUBJECT: Second Reading of Ordinance No. 1647(18) to Approve a Zone Change for the Community Health Centers Project; Approval of a Payment In-Lieu of Taxes Agreement

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Recommendation:

The Planning Commission and staff recommends that the City Council:

1) Adopt Ordinance No. 1647(18), by second reading, by title only with further reading waived, approving a Zone Change of the Property from *Medium Density Residential Planned Development* to *Planned Commercial Development* (Attachment 1); and

2) Authorize the City Manager to sign one of the provided Agreements for Payment In-Lieu of Taxes (PILOT Agreement) (Attachments 2-4); or

3) Deny the proposed Zone Change and General Plan Amendment; or

4) Provide other direction.

Background/Discussion:

On March 20, 2018, the City Council held a duly noticed public hearing to consider a request from Pam Ricci, representing Community Health Centers (CHC) (Applicant), to consider recommendations from the Planning Commission for approval of a General Plan amendment and Zone change for CHC's development of a 28,000 square-foot consolidated health clinic to be built at 1220 and 1300 West Ocean Avenue (Project).

After reviewing the staff report, taking public testimony, closing the public hearing, and discussing the proposed documents, the City Council recommended:

- Ordinance No. 1647(18) approving a Zone Change be returned for a first reading; and

- A PILOT Agreement also be returned to the City Council for approval.

Following the March 20, 2018, City Council meeting, staff met with the Applicant to present and discuss a draft PILOT Agreement (Attachment 2). The draft PILOT Agreement proposed annual payments to the City of Lompoc (City) of approximately $23,000 each fiscal year (with a 2% increase each year) in lieu of payment of real property taxes on the Property. The payments would initiate with the completion of the Project and would be available for discretionary use in the City's General Fund.

The Applicant indicated it would not agree to the City's proposed PILOT Agreement. However, it would agree to a $100,000 flat fee payment and indicated the development of the retail component on the front half of the property (Phase II on Parcel A) would retain its current taxable status (it would not be exempt from property tax payments).

After negotiations with the Applicant, financial terms agreeable to the Applicant were presented to staff in the form of a Letter of Intent. The terms offered by the Applicant were a flat fee in the amount of $50,000 upon the approval of the Zoning change, and another $50,000 upon the issuance of a Certificate of Occupancy.

At its June 5, 2018, meeting, the City Council adopted Resolution 6165(18) approving a General Plan amendment for the Project, introduced, by first reading, 1647(18), but rejected the Applicant's proposed changes to the PILOT Agreement. Staff was also directed to work with the Applicant and return again for adoption of Ordinance No. 1647(18) and with a revised PILOT Agreement in the amount of $23,000 each fiscal year (with a 2% increase each year) in perpetuity.

Following the June 5, 2018, City Council meeting and direction from the City Council, the Applicant submitted a Revised PILOT Agreement (Attachment 3) with the following terms:

- A payment of $20,000 each year for the term of the PILOT Agreement;

- The PILOT Agreement would continue from Fiscal Year 1 through Fiscal Year 5 commencing with final actions by the City Council for approval of the General Plan/Zoning amendment; and

- Terminate upon expiration of Fiscal Year 5 or when Parcel A is developed with a commercial use(s) that requires the payment of property taxes (non-exempt successor-in-interest).

Following staff review of this proposal and negotiations with the Applicant, staff recommends a revised PILOT Agreement (Attachment 4) with the following terms:

- Payment in the amount of $20,000 each fiscal year (with a 2% increase each year); and

- PILOT Agreement will continue until the entire commercial development fronting on West Ocean Avenue is completed on Parcel A and issued a Certificate of Occupancy.

CHC is committed to its Project, has emphasized numerous benefits of the Project and has provided a summary letter (Attachment 5) outlining the benefits to the City if the City Council moves forward with the approval of their Project. Some of these benefits include:

- Development plans for Parcel A that will bring new commercial uses along West Ocean Avenue;

- A new medical clinic providing medical care to local residents while reducing the need for residents to travel for care outside of the City;

- 33.5 new full time medical jobs with a "livable wage" and employees who have the ability to rent and purchase market-rate housing; and

- Payment of new City fees such as permit fees and development impact fees.

Fiscal Impact:

The original draft PILOT Agreement proposed annual payments to the City of approximately $23,000 each fiscal year (with a 2% increase each year) in lieu of the City's share of the payment of real property taxes on the property. The payments would initiate with the completion of the Project and would be available for discretionary use in the City's General Fund each year.

The Applicant's revised PILOT Agreement (Attachment 2) would continue from Fiscal Year 1 through Fiscal Year 5 but would terminate upon the expiration of Fiscal Year 5 or until Parcel A is developed with a commercial use(s) that would require the payment of property taxes (non-tax exempt). If the Applicant's revised PILOT Agreement is reached, the maximum the City would realize in discretionary resources from the Agreement would be $106,163. However, if the Applicant develops Parcel A within the 5 years, the annual payments would terminate prior to the City receiving the maximum $106,163.

Annual payments, initially $20,000 with an annual 2% increase each subsequent year, provided for in the recommended PILOT Agreement (Attachment 4) would continue until the entire commercial development on Parcel A is issued a Certificate of Occupancy. Examples of the cumulative annual payments under the recommended PILOT are as follows: If Parcel A is developed in year 3, the City would likely receive approximately $62,500 in payments. If Parcel A is developed in year 8, the City would likely receive approximately $175,000 in payments.

If a PILOT Agreement is not reached, the Project is approved, and the Applicant applies for an exemption to property taxes from the County of Santa Barbara (County), then the

City would receive approximately $725 less in property taxes beginning in Fiscal Year (FY) 2018-19. If a PILOT Agreement is not reached, the Project is ***not*** approved, and the applicant applies for an exemption to property taxes from the County, then the City would ***also*** receive approximately $725 less in property taxes beginning in FY 2018-19.

If a PILOT Agreement is not reached, the Project is not approved, and the applicant holds the land for investment, then the County would likely reassess the value of the parcels and the City would receive its share of future property taxes based on the revised assessed value. The parcels are currently assessed at approximately $425,000. Recently the applicant purchased the land and now has the right to submit an application for development of the Property. At this time, the only development proposed is the Project, as discussed in this report.

The development of a medical clinic would result in an economic stimulus due to an expected increase in local employment of up to 33.5 new higher paying jobs and associated new spending in the local economy. Not developing the Project would result in the City not gaining additional local employment from the Project and the associated new spending in the local economy.

Although there could be an opportunity loss in potential real property taxes on a portion of the site occupied by the medical facility (Phase I) if the Applicant applies for an exemption from property taxes, the Applicant has expressed Phase II (Parcel A) would pay typical real property taxes. In order for the City to receive the same amount of property taxes as is currently generated by the Property, the retail component of the property would need to have an assessed value of approximately $425,000. It is highly likely Phase II development assessed value would exceed that. The City receives $167.28 for every $100,000 of assessed value of property in the Tax Rate Area where the Project is proposed. Assuming a structure is built on the West Ocean Avenue frontage and an assumed construction cost of $2.5 Million is considered the taxable valuation for the structure, the City's share of the first full year of property tax revenues would be approximately $4,200. All laws and procedures for determining the property tax lien on the property would be enforced and handled by the County as it does for all other taxable property in the City.

Conclusion:

The City Council is requested to review the new material presented and consider the approval of the requested Zone Change for the Project.

If the direction from the City Council is to move forward with the proposed development and it adopts Ordinance 1647(18) rezoning the property, then staff will proceed with finalization and execution of the PILOT Agreement with the terms selected by the City Council. Upon adoption of Ordinance 1647(18), staff will file a Notice of Determination pursuant to the California Environmental Quality Act.

Respectfully submitted,

____
Brian Halvorson, Planning Manager

APPROVED FOR SUBMITTAL TO CITY MANAGER:

____
Teresa Gallavan, Economic Development Director/Assistant City Manager

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

____
Jim Throop, City Manager

Attachments:
1) Ordinance No. 1647(18)
2) Original Draft City PILOT Agreement
3) Revised CHC PILOT Agreement
4) Recommended City PILOT Agreement
5) Letter from CHC (Benefits of Project)

ORDINANCE NO. 1647(18)

An Ordinance of the City of Lompoc
County of Santa Barbara, State of California,
Amending the Zoning Map Designation
(Planning Division File No. ZC 17-02)

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

SECTION 1. The City Council hereby finds and determines:

A. The Planning Commission did, by Planning Commission Resolution No. 876 (18), following a public hearing in the time and manner prescribed by law, recommend rezoning of property described hereinafter.

B. The City Council has held a public hearing in the time and manner prescribed by law and has duly heard and considered the Planning Commission's recommendation.

C. The City Council finds the Zone Change is consistent with the land use designation of the General Plan Land Use Map of the City of Lompoc, with the adoption of the General Plan Amendment; the proposed Zone Change is required for the public necessity, convenience and general welfare and the subject area is afforded the services and facilities appropriate for the zone proposed.

D. Pursuant to the California Environmental Quality Act (CEQA), environmental impacts were evaluated in a Mitigated Negative Declaration (MND) circulated for comments from January 12, 2018, through February 12, 2018 (SCH 2018011018) and reviewed by the Planning Commission on February 14, 2018. The Planning Commission independently reviewed and analyzed the MND and found that, given the mitigation measures, there is no substantial evidence the project will have a significant effect on the environment. The Planning Commission adopted and certified the MND and Mitigation Monitoring Program (MMRP) on February 14, 2018, included as Exhibit B to Planning Commission Resolution No. 877 (18).

SECTION 2. The subject area is the property generally illustrated on Exhibit A, attached hereto and incorporated herein by this reference, and more particularly described as Assessor Parcel Numbers 091-110-034 and 091-110-035.

SECTION 3. The subject property is hereby zoned in the manner stated below and the Zoning Map is amended accordingly:

From *Medium Density Residential Planned Development (R2PD) to Planned Commercial Development (PCD).*

SECTION 4. This ordinance shall take effect 30 days after its adoption. The City Clerk, or her duly appointed deputy, shall attest to the adoption of this ordinance and shall cause this ordinance to be posted in the manner required by law.

The foregoing Ordinance was introduced on June 5, 2018, and duly adopted by the City Council of the City of Lompoc at its duly noticed regular meeting on August 21, 2018, by the following vote:

AYES: Council Member(s):

NOES: Council Member(s):

ABSENT: Council Member(s):

____
Bob Lingl, Mayor
City of Lompoc

ATTEST:

____
Stacey Haddon, City Clerk
City of Lompoc

Attachment: Exhibit A – Zone Change Map ZC 17-02

Attachment 2

AGREEMENT FOR PAYMENT IN LIEU OF TAXES

between

Community Health Centers of Central Coast, Inc.

And

The City of Lompoc

Dated _______________, 2018

AGREEMENT FOR PAYMENT IN LIEU OF TAXES

THIS AGREEMENT FOR PAYMENT IN LIEU OF TAXES FOR REAL PROPERTY (this "Agreement") is made and entered into as of __________, 2018, by and between COMMUNITY HEALTH CENTERS OF CENTRAL COAST, INC. a California non-profit corporation (Developer), and the CITY OF LOMPOC, a municipal corporation (City). (Developer and the City are collectively referred to in this Agreement as the Parties and are individually referred to as a Party.)

WHEREAS, the Developer is a 501(c)(3) non-profit network of community health centers serving the residents of California's Central Coast and as such is typically eligible to be exempt from paying applicable property taxes;

WHEREAS, the Developer, upon being issued all applicable land use entitlements from the City, will obtain ownership of the real property located at 1220 and 1300 West Ocean Avenue, Lompoc, CA, (Assessor Parcel Numbers: 091-110-034 and 091-110-035) (Property), as shown on the plan attached as Exhibit A, (and plans to build a 28,000 square-foot health care clinic with associated site improvements (Project) as shown on the plan attached as Exhibit B on the Property.

WHEREAS, it is the intention of the Parties the Developer make annual payments to the City for the term of this Agreement in lieu of payment of real property taxes on the Property with the Project completed that would have otherwise been received by the City and placed into the City's General Fund, but for the Developer's exemption from payment of real property taxes (Exemption);

WHEREAS, because both the Developer and the City believe it is in their mutual best interests to enter into this Agreement establishing and stabilizing the payments that will be made in lieu of the Exemption for the term of this Agreement to compensate the City for General Fund revenue losses resulting from the Exemption;

WHEREAS, the payments made hereunder in lieu of the Exemption over the life of this Agreement are expected at inception to approximate the real property tax payments payable to the City that would otherwise be required based upon the full and fair cash valuation of the Property with the Project completed.

WHEREAS, in consideration of the recitations set forth above, the City has been authorized by its City Council to enter into this Agreement with the Developer; and

WHEREAS, the Parties have reached this Agreement after good faith negotiations.

NOW THEREFORE, in exchange for the mutual commitments set forth herein and other good and valuable consideration, the parties agree as follows:

1. <u>PILOT Term</u>. The term of this Agreement continue for each fiscal year, or portion thereof, the Developer, or any of its successors-in-interest take benefit from the Exemption or a similar exemption..

2. Payment in Lieu of Property Taxes.

(a) During the PILOT Term, the Developer agrees to pay to the City and the City agrees to accept from Developer, annual payments in lieu of real property taxes that would otherwise be payable to the City from real property taxes that would have been attributable to the Property with the completed Project but for the Exemption (the Payments in Lieu of Taxes). Annual Payments in Lieu of Taxes shall be made in advance of the beginning of the City's fiscal year (July 1 to June 30) for which the payment applies. Each Payment In Lieu of Taxes to be paid by the Developer to the City hereunder will be payable to the City on June 1 of each respective year for the following fiscal year during the Term of this Agreement. The Developer shall pay the City the Payments In Lieu of Taxes by June 30 (the Due Date). In addition, if the Developer fails to make the payment by the applicable Due Date, then a penalty of ten percent of the amount due plus interest at the annual rate of seven percent shall accrue daily on the amount due (excluding any penalties) until the payment (plus penalties and interest) has been paid in full.

(b) In the event this Agreement becomes effective prior to the completion of the Project and the determination of the value of the real property with the Project, the initial Payment in Lieu of Taxes shall be payable within 30 days after the acceptance of the value of the Property without the Project by the City and the Due Date of the Payment in Lieu of Taxes shall be 30 days following that determination and notice of same from the City to the Developer.

(c) In the initial year of this Agreement, the Payment in Lieu of Taxes amount shall be pro-rated based on the remaining term of the first year of this Agreement compared with the beginning of the following City fiscal year. Unless this Agreement becomes effective after June 1, the initial pro-rated Payment in Lieu of Tax payment will be due within 30 days after this Agreement's effective date and the Payment in Lieu of Taxes for the first full fiscal year of this Agreement would be payable on June 1 of that fiscal year and the Due Date would be June 30 of that fiscal year. If the Agreement becomes effective after June 1, but prior to June 30 of the same fiscal year, then the Payment in Lieu of Taxes amount would then be payable upon execution of this Agreement and the Due Date would be 30 days following the execution of this Agreement. In the event the Agreement becomes effective after June 1, in addition to the pro-rata Payment in Lieu of Taxes for the initial partial year, the first full fiscal year's Payment in Lieu of Taxes would also be payable at the execution of this Agreement and the Due Date would be 30 days following the execution of this Agreement.

(d) The City does not have services available to duplicate all aspects of the taxation process performed by the County of Santa Barbara initially or during the term of this Agreement. While the intention is to have the Payment in Lieu of Taxes agree with the amount of tax that would otherwise be payable to the City, the following are agreed to be the basis in determining the Payment in Lieu of Taxes amount so the amount approximates, during the entire term of this Agreement, the amount of real property taxes that would otherwise be payable to the City:

i. The value of the Property (including the Project when completed) used in determining the Payment in Lieu of Taxes shall be based on the assessment by a certified appraiser acceptable to the City rather than by the County

Assessor's Office. The determination will be the basis of the Payment in Lieu of Taxes during the Term of this Agreement, unless otherwise provided for in this Agreement.

ii. The Property is in the County Property Tax Rate Area (TRA) 1034. The City's allocation of real property taxes in TRA 1034 is 16.728% of Proposition 13's 1% real property tax rate or 0.0016728 of the assessed value of the Property. The Payment in Lieu of Taxes shall be based on the 16.728% allocation the City would otherwise be afforded were the Property assessed real property taxes.

iii. The 16.728% (0.0016728 of the Property value) allocation shall be based initially on the Property's full value as determined at the time the Project is completed.

iv. Proposition 13 provides for an annual escalation, up to 2% annually, of the assessed value of the Property used in calculating the following year's real property tax amount. In lieu of using the provisions afforded in Proposition 13, this Agreement shall apply the 2% annually in determining the following year's Payment in Lieu of Taxes.

v. In the event of a general reduction in property values in the community or in the event of future improvements made to the Property, the City and Developer may agree, in writing, to reassess the value of the Property in determining the following year's Payment in Lieu of Taxes amount. Any reassessment shall be in the same manner as the initial assessment made at the completion of the Project.

vi. In the event the TRA for the Property changes or the City's allocation of real property taxes collected in TRA 1034 changes, or other aspects related to the determination of the real property tax the Developer would have otherwise paid for the Property change, the Parties agree to discuss the changes. Any changes considered, due to changes in the real property tax assessment process would be effected as an amendment to this Agreement.

(e) With the approval by the City Council of Resolution No. 6515 (18) approving a General Plan Amendment for the Property from Medium Density Residential to General Commercial, and the final reading of Ordinance No. 1647 (18) approving a Zone Change for the Property from Medium Density Residential Planned Development to Planned Commercial Development, the City Council may authorize the City Manager to make any necessary changes and execute a final version of this Agreement.

3. Tax Status; Separate Tax Account. The City agrees, during the term of this Agreement, this Agreement will exclusively govern the payments of all real personal property taxes the Developer would have been obligated to make but for the Exemption; provided, however, that this Agreement is not intended to affect, and will not preclude, other assessments of general applicability by the City for services provided by the City to the Project, including, but not limited to, water, electric, solid waste and wastewater services. The City agrees the City will not assess any real property taxes to the Developer regarding the Project or the Property other than the Payments In lieu of Taxes described in this Agreement. If the Developer at any time is required to pay real property taxes, then the Payment In Lieu of Taxes shall be reduced by the amount of those real property taxes received by the City.

4. Successors and Assigns; Recording. This Agreement will be binding upon, and

shall be assigned to, the successors and assigns of the Developer; provided, that such successor or assign is an eligible counterparty to this Agreement and the obligations created hereunder will run with the Property and the Project. If Developer sells, transfers, leases or assigns the Property or all or substantially all its interest in the Project, then this Agreement will, thereafter, be assigned to and shall be binding on the purchaser, transferee or assignee; provided, that such party is an eligible counterparty to this Agreement. A Notice of this Agreement will be recorded with the County of Santa Barbara Clerk-Recorder's Office forthwith upon execution.

5. Statement of Good Faith. The Parties agree the payment obligations established by this Agreement were negotiated in good faith in recognition of and with due consideration of the full and fair cash value of the Project, to the extent such value is determinable as of the date of this Agreement. Each Party was represented by counsel in negotiation and preparation of this Agreement and has entered into this Agreement after full and due consideration and with the advice of its counsel and its independent consultants. The Parties further acknowledge this Agreement is fair and mutually beneficial to them because it fixes and maintains mutually acceptable, reasonable and accurate payments in lieu of taxes for the Project that are appropriate and serve their respective interests. The City acknowledges this Agreement is beneficial to it because it will result in mutually acceptable, steady, predictable, accurate and reasonable payments in lieu of taxes for the Project.

6. Additional Documentation and Actions. Each Party will, from time to time hereafter, execute and deliver or cause to be executed and delivered, such additional instruments, certificates and documents, and take all such actions, as the other Party reasonably requests for the purpose of implementing or effectuating the provisions of this Agreement and, upon the exercises by a Party of any power, right, privilege or remedy pursuant to this Agreement that requires any consent, approval, registration, qualification or authorization of any third party, each Party will execute and deliver all applications, certifications, instruments and other documents and papers that the exercising Party may be so required to obtain.

7. Invalidity. If, for any reason, it is ever determined by the California Tax Board or by any other court of competent jurisdiction that any material provision of this Agreement is unlawful, invalid or unenforceable, then the P arties shall (i) undertake best efforts to amend and or reauthorize this Agreement so as to render all material provisions lawful, valid and enforceable, and (ii) if such efforts are unsuccessful, undertake reasonable efforts, including without limitation, seeking all necessary approvals, to replicate the benefits and burdens of this Agreement in the form of an amended agreement.

8. Notices. All notices, consents, requests, or other communications provided for or permitted to be given hereunder by a Party must be in writing and will be deemed to have been properly given or served upon the personal delivery thereof, via courier delivery service or otherwise. Such notices shall be addressed or delivered to the Parties at their respective addresses shown below.

To Developer:
Community Health Centers of the Central Coast
Attn: Linda Costa, CFO
2050 S. Blosser Rd.,
Santa Maria, CA 93458

To the City:

City Manager
City of Lompoc
100 Civic Center Plaza
Lompoc, CA 93436

With a copy to: City Counsel

Delivery of the Payment In Lieu of Taxes to the City:

City of Lompoc
Attn: Finance Division
100 Civic Center Plaza
Lompoc, CA 93436

Any such addresses for the giving of notices may be changed by either Party by giving written notice as provided above to the other Party. Notice given by counsel to a Party shall be effective as notice from such Party.

9. Good Faith. The City and the Developer shall act in good faith to carry out and implement this Agreement.

10. Covenants of Developer. During the term of this Agreement, the Developer will not voluntarily do any of the following:

a. Seek to invalidate this Agreement except as expressly provided herein;

b. Fail to pay the City all amounts due hereunder when due in accordance with the terms of this Agreement.

11. Covenants of the City of Lompoc. During the term of this Agreement, the City will not do any of the following:

a. Seek to invalidate this Agreement;

b. Seek to collect from the Developer any property tax upon the Property or the improvements thereon in addition to the amounts established herein;

c. Impose any lien or other encumbrance upon the Property or the improvements thereon except as is expressly authorized by law; or

d. Take any affirmative action in support of the bifurcation of the taxation of real and personal property.

12. Representations of City. The City represents and warrants to the Developer (i) it has secured all approvals necessary to duly authorize the execution, delivery and performance of this Agreement and its obligations hereunder, and (ii) it is not prohibited from entering into this Agreement and discharging and performing all covenants and obligations on its part to be performed under and pursuant to this Agreement by the terms, conditions or provisions of any law, any order of any court or other agency or authority of government, or any agreement or instrument to which the City is a party or by which the City is bound, and (iii) this Agreement

is a legal, valid and binding obligation of the City and is enforceable in accordance with its terms.

13. Representations of Developer. The Developer represents and warrants to the City (i) it is duly organized and is authorized to conduct business in the State of California, and (ii) it is authorized and has the power under the laws of the State of California to enter into this Agreement and the transactions contemplated hereby, and to perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement, and (iii) the performance of its obligations hereunder will not violate, results in a breach of or constitute a default under any agreement or instrument to which Developer is a party or by which Developer is bound, and this Agreement is a legal, valid and binding obligation of Developer enforceable in accordance with its terms.

IN WITNESS WHEREOF, the parties hereto have executed this agreement on the day and year first above written.

ALL SIGNATURES MUST BE NOTARIZED

DEVELOPER:

_______________ By: ____

Date

____

Its ___________________

_______________ By: ____

Date

____

Its ___________________

CITY OF LOMPOC,
a municipal corporation

_______________ By: ____

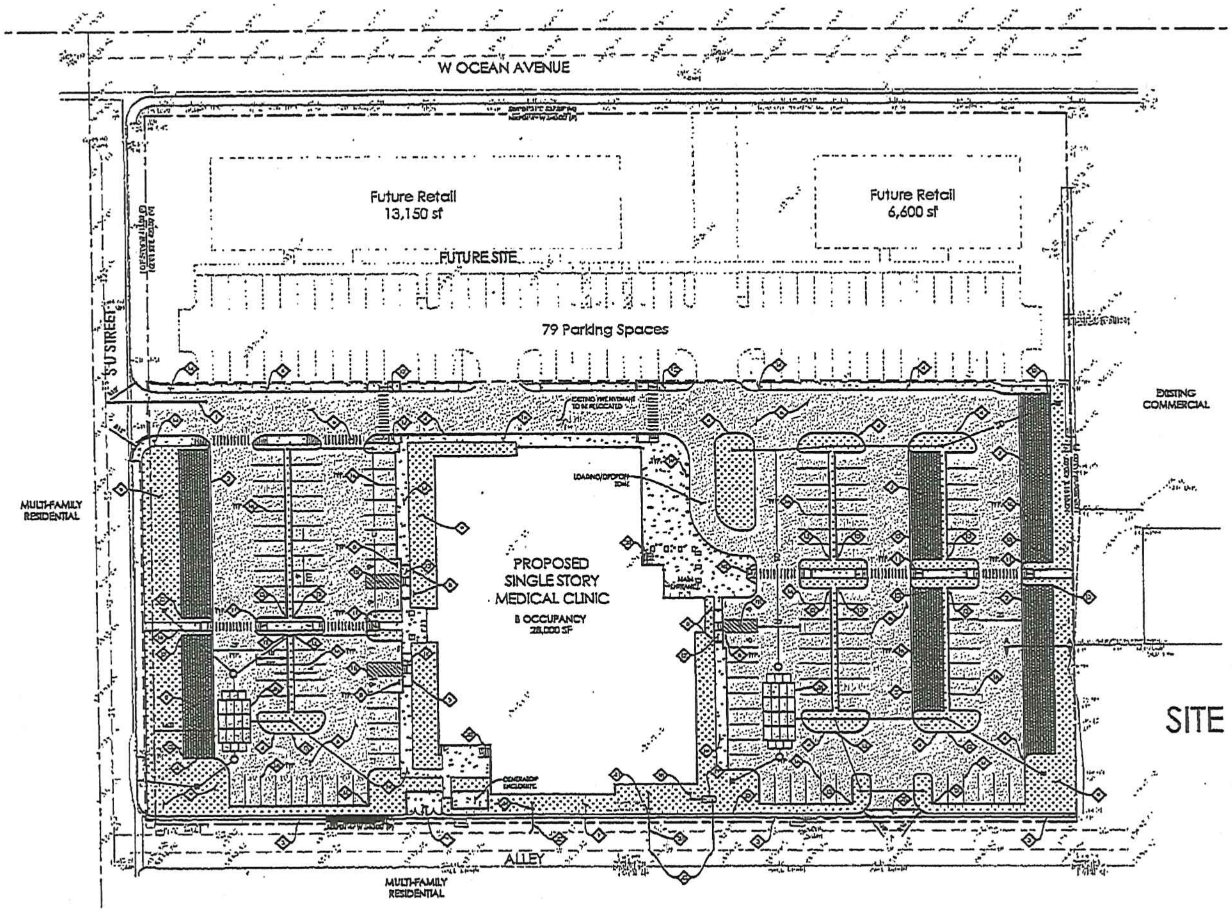
Date Bob Lingl, Mayor

ATTEST: APPROVED AS TO FORM:

_______________________ _______________________

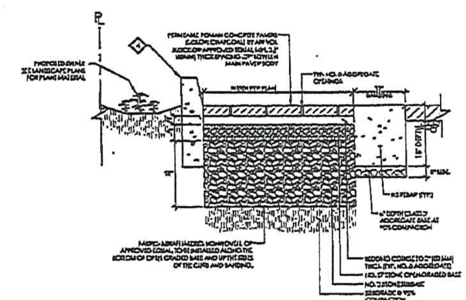
Stacey Haddon, City Clerk Joseph W. Pannone, City Attorney

Exhibit A



IMPROVEMENT NOTES

SITE IMPROVEMENT AND UTILITY PLAN



PERMEABLE PAVERS SECTION DETAIL A-A

LEGEND

Medical Office Use Parking Requirements	Parking Calculation	Parking Spaces Required	Parking Spaces Proposed
1 space per each 250 sq.ft.	28,000 sq.ft./250 = 112	112	
1 space per exam room	1 x 47 exam rooms = 47	47	
0.5 space per employee	76 employees/2 = 38	38	
		199	
10% Parking Reduction	199 x 0.1 = 20	-20	
Total Parking		179	179

CHC
Community Health Centers

COMMUNITY HEALTH CENTER

1300 & 1200 W. OCEAN AVE., LOMPOC

PARCEL #'S: 091-110-034, 091-110-035

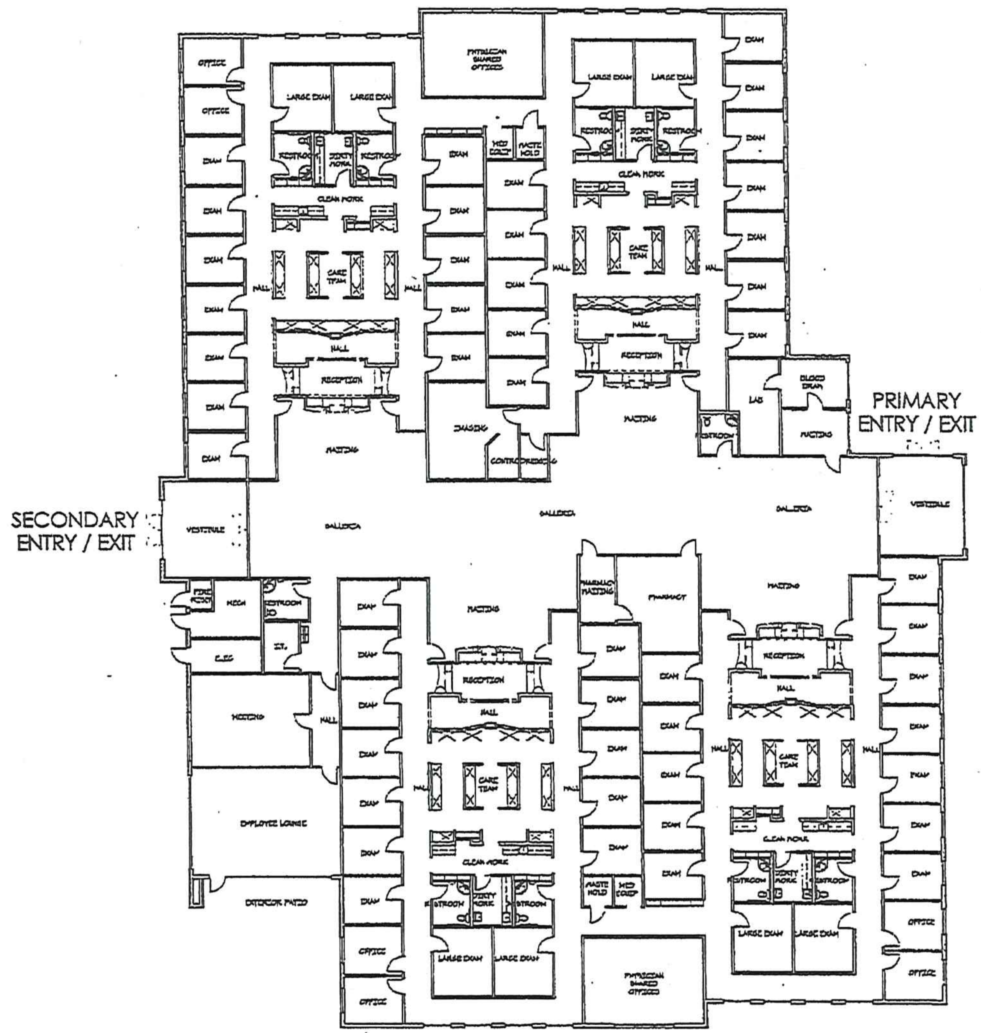
NEENAN archistruction®

rrm design group

C.1

DATE: AUGUST 16, 2017
0784-01-CO17

Exhibit B



FIRST FLOOR PLAN
28,000 sq.ft.

SCHEMATIC FLOOR PLANS
SCALE: 3/16" = 1'-0" (24 X 36 SHEET)

CHC
Community Health Centers

COMMUNITY HEALTH CENTER

1300 & 1200 W. OCEAN AVE., LOMPOC

PARCEL #'S: 091-110-034, 091-110-035

NEENAN archistruction®

rrm design group

A.4

DATE: AUGUST 16, 2[illegible]

0784-01-C[illegible]

AGREEMENT FOR PAYMENT IN LIEU OF TAXES

between

Community Health Centers of Central Coast, Inc.

And

The City of Lompoc

Dated _______________, 2018

AGREEMENT FOR PAYMENT IN LIEU OF TAXES

THIS AGREEMENT FOR PAYMENT IN LIEU OF TAXES FOR REAL PROPERTY (this "Agreement") is made and entered into as of __________________, 2018, by and between COMMUNITY HEALTH CENTERS OF THE CENTRAL COAST, INC. a California non-profit corporation (Developer), and the CITY OF LOMPOC, a municipal corporation (City). (Developer and the City are collectively referred to in this Agreement as the Parties and are individually referred to as a Party.)

WHEREAS, the Developer is a 501(c)(3) non-profit network of community health centers serving the residents of California's Central Coast and as such is typically eligible to be exempt from paying applicable property taxes;

WHEREAS, the Developer, upon being issued all applicable land use entitlements from the City, proposes to develop the real property located at 1220 and 1300 West Ocean Avenue, Lompoc, CA, (Assessor Parcel Numbers: 091-110-034 and 091-110-035) (Property), as shown on the plan attached hereto as Exhibit A, and plans to build a 28,000 square-foot health care clinic with associated site improvements (Project) on Parcel B on the Property as shown on the plan attached hereto as Exhibit B.

WHEREAS, it is the intention of the Parties that the Developer make annual payments to the City for the term of this Agreement, in lieu of payment of real property taxes on the Property with the Project completed, that would have otherwise been received by the City and placed into the City's General Fund, but for the Developer's exemption from payment of real property taxes (Exemption);

WHEREAS, because both the Developer and the City believe it is in their mutual best interests to enter into this Agreement establishing and stabilizing the payments that will be made in lieu of the Exemption for the term of this Agreement to compensate the City for General Fund revenue losses resulting from the Exemption;

WHEREAS, the payments made hereunder in lieu of the Exemption over the life of this Agreement are expected at inception to approximate the real property tax payments payable to the City that would otherwise be required based upon the full and fair cash valuation of the Property with the Project completed;

WHEREAS, in consideration of the recitations set forth above, the City has been authorized by its City Council to enter into this Agreement with the Developer; and

WHEREAS, the Parties have reached this Agreement after good faith negotiations.

NOW THEREFORE, in exchange for the mutual commitments set forth herein and other good and valuable consideration, the parties agree as follows:

1. <u>PILOT Term</u>. The term of this Agreement shall continue from Fiscal Year 1 through Fiscal Year 5 commencing with final actions by the City Council to approve the Zone Change from Medium Density Residential to Planned Commercial Development, and the General Plan Amendment from Medium Density Residential to General Commercial. The PILOT agreement will terminate upon the expiration of Fiscal Year 5 or until Parcel A is developed with a commercial use(s) that require the payment of property taxes (non-tax-exempt successors-in-interest).

2. Payment in Lieu of Property Taxes.

(a) During the PILOT Term, the Developer agrees to pay to the City and the City agrees to accept from Developer, annual payments of $20,000 in lieu of real property taxes that would otherwise be payable to the City from real property taxes that would have been attributable to the Property with the completed Project but for the Exemption (the Payments in Lieu of Taxes). Annual Payments in Lieu of Taxes shall be made in advance of the beginning of the City's fiscal year (July 1 to June 30) for which the payment applies. Each Payment In Lieu of Taxes to be paid by the Developer to the City hereunder will be payable to the City on June 1 of each respective year for the following fiscal year during the Term of this Agreement. The Developer shall pay the City the Payments In Lieu of Taxes by June 30 (the Due Date). In addition, if the Developer fails to make the payment by the applicable Due Date, then a penalty of ten percent of the amount due plus interest at the annual rate of seven percent shall accrue daily on the amount due (excluding any penalties) until the payment (plus penalties and interest) has been paid in full.

(b) In the initial year of this Agreement, the Payment in Lieu of Taxes amount shall be pro-rated based on the remaining term of the first year of this Agreement compared with the beginning of the following City fiscal year. Unless this Agreement becomes effective after June 1, the initial pro-rated Payment in Lieu of Tax payment will be due within 30 days after this Agreement's effective date and the Payment in Lieu of Taxes for the first full fiscal year of this Agreement would be payable on June 1 of that fiscal year and the Due Date would be June 30 of that fiscal year. If the Agreement becomes effective after June 1, but prior to June 30 of the same fiscal year, then the Payment in Lieu of Taxes amount would then be payable upon execution of this Agreement and the Due Date would be 30 days following the execution of this Agreement. In the event the Agreement becomes effective after June 1, in addition to the pro-rata Payment in Lieu of Taxes for the initial partial year, the first full fiscal year's Payment in Lieu of Taxes would also be payable at the execution of this Agreement and the Due Date would be 30 days following the execution of this Agreement.

(c) With the approval by the City Council of Resolution No. 6515(18) approving a General Plan Amendment for the Property from Medium Density Residential to General Commercial, and the final reading of Ordinance No. 1647(18) approving a Zone Change for the Property from Medium Density Residential Planned Development to Planned Commercial Development, the City Council may authorize the City Manager to make any necessary changes and execute a final version of this Agreement.

3. Tax Status; Separate Tax Account. The City agrees, during the term of this Agreement, this Agreement will exclusively govern the payments of all real personal property taxes the Developer would have been obligated to make but for the Exemption; provided, however, that this Agreement is not intended to affect, and will not preclude, other assessments of general applicability by the City for services provided by the City to the Project, including, but not limited to, water, electric, solid waste and wastewater services. The City agrees the City will not assess any real property taxes to the Developer regarding the Project or the Property other than the Payments In lieu of Taxes described in this Agreement. If the Developer at any time is required to pay real property taxes, then the Payment In Lieu of Taxes shall be reduced by the amount of those real property taxes received by the City.

4. Successors and Assigns; Recording. This Agreement will be binding upon, and shall be assigned to, the successors and assigns of the Developer; provided, that such successor or assign is an eligible counterparty to this Agreement and the obligations created hereunder will run with the Property and the Project. If Developer sells, transfers, leases or assigns the Property all or substantially all its interest in the Project, then this Agreement will, thereafter, be assigned to and shall be binding on the purchaser, transferee or assignee; provided, that such party is an eligible counterparty to this Agreement. A Notice of this Agreement will be recorded with the County of Santa Barbara Clerk-Recorder's Office forthwith upon execution.

5. Statement of Good Faith. The Parties agree the payment obligations established by this Agreement were negotiated in good faith in recognition of and with due consideration of the full and fair cash value of the Project, to the extent such value is determinable as of the date of this Agreement. Each Party was represented by counsel in negotiation and preparation of this Agreement and has entered into this Agreement after full and due consideration and with the advice of its counsel and its independent consultants. The Parties further acknowledge this Agreement is fair and mutually beneficial to them because it fixes and maintains mutually acceptable, reasonable and accurate payments in lieu of taxes for the Project that are appropriate and serve their respective interests. The City acknowledges this Agreement is beneficial to it because it will result in mutually acceptable, steady, predictable, accurate and reasonable payments in lieu of taxes for the Project.

6. Additional Documentation and Actions. Each Party will, from time to time hereafter, execute and deliver or cause to be executed and delivered, such additional instruments, certificates and documents, and take all such actions, as the other Party reasonably requests for the purpose of implementing or effectuating the provisions of this Agreement and, upon the exercise by a Party of any power, right, privilege or remedy pursuant to this Agreement that requires any consent, approval, registration, qualification or authorization of any third party, each Party will execute and deliver all applications, certifications, instruments and other documents and papers that the exercising Party may be so required to obtain.

7. Invalidity. If, for any reason, it is ever determined by the California Tax Board or by any other court of competent jurisdiction that any material provision of this Agreement is unlawful, invalid or unenforceable, then the Parties shall (i) undertake best efforts to amend and or reauthorize this Agreement so as to render all material provisions lawful, valid and enforceable, and (ii) if such efforts are unsuccessful, undertake reasonable efforts, including without limitation, seeking all necessary approvals, to replicate the benefits and burdens of this Agreement in the form of an amended agreement.

8. Notices. All notices, consents, requests, or other communications provided for or permitted to be given hereunder by a Party must be in writing and will be deemed to have been properly given or served upon the personal delive1y thereof, via courier delivery service or otherwise. Such notices shall be addressed or delivered to the Parties at their respective addresses shown below.

To Developer:
Community Health Centers of the Central Coast
Attn: Linda Costa, CFO
2050 S. Blosser Rd.
Santa Maria, CA 93458

To the City:

City Manager City of Lompoc 100 Civic Center Plaza Lompoc, CA 93436	With a copy to: Joseph W. Pannone Aleshire & Wynder 2361 Rosecrans Ave, Suite 475 El Segundo, CA 90245

Delivery of the Payment In Lieu of Taxes to the City:
City of Lompoc
Attn: Finance Division
100 Civic Center Plaza
Lompoc, CA 93436

Any such addresses for the giving of notices may be changed by either Party by giving written notice as provided above to the other Party. Notice given by counsel to a Party shall be effective as notice from such Party.

9. Good Faith. The City and the Developer shall act in good faith to carry out and implement this Agreement.

10. Covenants of Developer. During the term of this Agreement, the Developer will not voluntarily do any of the following:

(a) Seek to invalidate this Agreement except as expressly provided herein;

(b) Fail to pay the City all amounts due hereunder when due in accordance with the terms of this Agreement.

11. Covenants of the City of Lompoc. During the term of this Agreement, the City will not do any of the following:

(a) Seek to invalidate this Agreement;

(b) Seek to collect from the Developer any property tax upon the Property or the improvements thereon in addition to the amounts established herein;

(c) Impose any lien or other encumbrance upon the Property or the improvements thereon except as is expressly authorized by law; or

(d) Take any affirmative action in support of the bifurcation of the taxation of real and personal property.

12. Representations of City. The City represents and warrants to the Developer (i) it has secured all approvals necessary to duly authorize the execution, delivery and performance of this Agreement and its obligations hereunder, and (ii) it is not prohibited from entering into this Agreement and discharging and performing all covenants and obligations on its part to be performed under and pursuant to this Agreement by the terms, conditions or provisions of any law, any order of any court or other agency or authority of government, or any agreement or instrument to which the City is a party

or by which the City is bound, and (iii) this Agreement is a legal, valid and binding obligation of the City and is enforceable in accordance with its terms.

13. Representations of Developer. The Developer represents and warrants to the City (i) it is duly organized and is authorized to conduct business in the State of California, and (ii) it is authorized and has the power under the laws of the State of California to enter into this Agreement and the transactions contemplated hereby, and to perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement, and (iii) the performance of its obligations hereunder will not violate, result in a breach of, or constitute a default under, any agreement or instrument to which Developer is a party or by which Developer is bound, and this Agreement is a legal, valid and binding obligation of Developer enforceable in accordance with its terms.

IN WI1NESS WHEREOF, the parties hereto have executed this agreement on the day and year first above written.

SIGNATURES MUST BE NOTARIZED

COMMUNITY HEALTH CENTERS OF THE CENTRAL COAST, INC.:

By: ___________________________

____

Its ______________________

By: ___________________________

____

Its ______________________

CITY OF LOMPOC:

By: ______________________________

Jim Throop, City Manager

ATTEST:

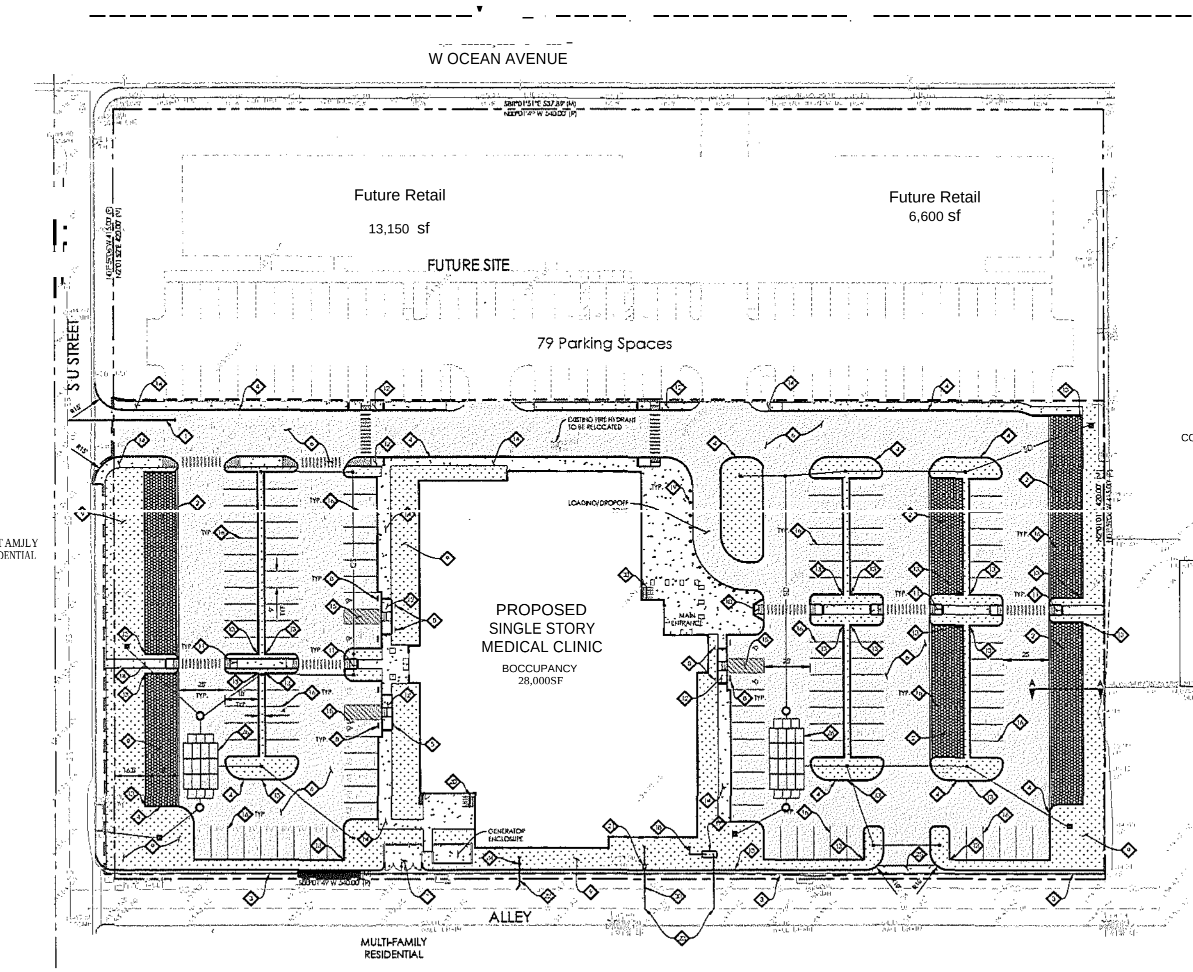
____

Stacey Haddon, City Clerk

APPROVED AS TO FORM:

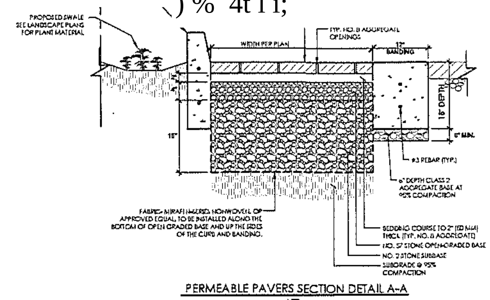
____

Joseph W. Pannone, City Attorney



IMPROVEMENT NOTES

SITE IMPROVEMENT AND UTILITY PLAN



LEGEND

Medical Office Use Parking Requirements	Parking Calculation	Parking Spaces Required
1 space per each 250 sq.ft.	28,000 sq.ft./250 = 112	112
1 space per exam room	1 x 49 exam rooms = 49	49
0.5 space per employee	76 employees/2 = 38	38
10% Parking Reduction	199 x 0.1 = 20	
Total Parking		

SCALE: 1

COMMUNITY HEALTH CENTER

1300 & 1200 W. OCEAN AVE., LOMPOC

PARCEL #'S: 091-110-034, 091-110-035

Community Health Centers

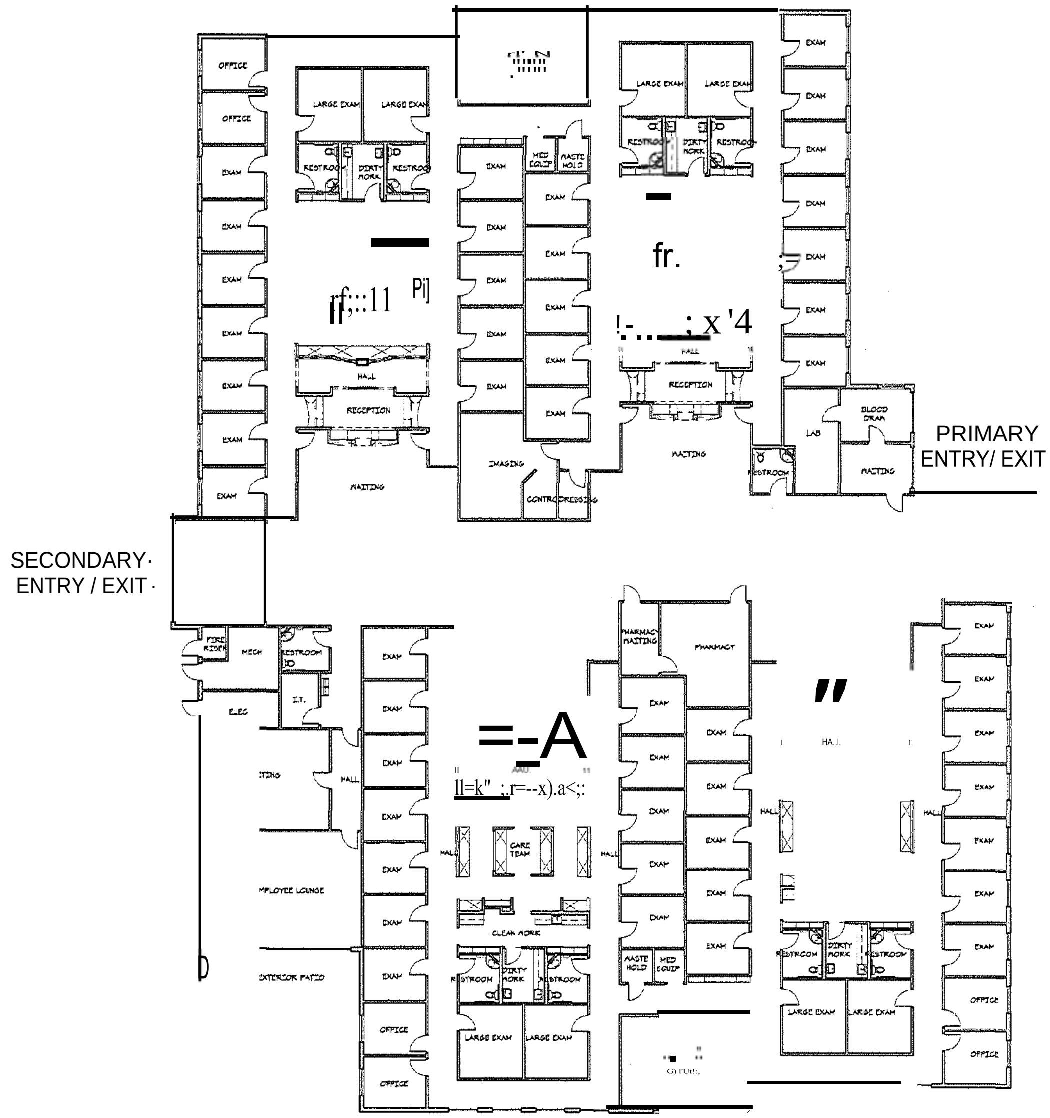
NEENAN archistruction®

rrm design group

CG1

DATE: AUGUST 16, 2017

0784-0I-COI7



FIRST FLOOR PLAN
28,000 sq.fl.

SCHEMATIC FLOOR PLANS

SCALE: 3/16" = 1'-0" (24X36SHEET)

CHC
Community Health Centers

COMMUNITY HEALTH CENTER

1300 & 1200 W. OCEAN AVE., LOMPOC

PARCEL #'S: 091-110-034, 091-110-035

NEENAN
archistruction®

rrm design group

DATE: AUGUST 16, C
0784-01-C

AGREEMENT FOR PAYMENT IN LIEU OF TAXES

between

Community Health Centers of Central Coast, Inc.

And

The City of Lompoc

Dated ______________, 2018

AGREEMENT FOR PAYMENT IN LIEU OF TAXES

THIS AGREEMENT FOR PAYMENT IN LIEU OF TAXES FOR REAL PROPERTY (this "Agreement") is made and entered into as of ____________________, 2018 (Effective Date), by and between COMMUNITY HEALTH CENTERS OF THE CENTRAL COAST, INC. a California non-profit corporation (Developer), and the CITY OF LOMPOC, a municipal corporation (City). (Developer and the City are collectively referred to in this Agreement as the Parties and are individually referred to as a Party.)

WHEREAS, the Developer is a 501(c)(3) non-profit network of community health centers serving the residents of California's Central Coast and as such is typically eligible to be exempt from paying applicable property taxes;

WHEREAS, the Developer, upon being issued all applicable land use entitlements from the City, proposes to develop the real property located at 1220 and 1300 West Ocean Avenue, Lompoc, CA, (Assessor Parcel Numbers: 091-110-034 and 091-110-035) (Property), as shown on the plan attached hereto as Exhibit A, and plans to build a 28,000 square-foot health care clinic with associated site improvements (Project) on Parcel B on the Property as shown on the plan attached hereto as Exhibit B.

WHEREAS, it is the intention of the Parties for the Developer to make annual payments to the City for the term of this Agreement, in lieu of payment of real property taxes on the Property with the Project completed, that would have otherwise been received by the City and placed into the City's General Fund, but for the Developer's exemption from payment of real property taxes (Exemption);

WHEREAS, because both the Developer and the City believe it is in their mutual best interests to enter into this Agreement establishing and stabilizing the payments that will be made in lieu of the Exemption for the term of this Agreement to compensate the City for General Fund revenue losses resulting from the Exemption;

WHEREAS, the payments made hereunder in lieu of the Exemption over the life of this Agreement are expected at inception to approximate the real property tax payments payable to the City that would otherwise be required based upon the full and fair cash valuation of the Property with the Project completed.

WHEREAS, in consideration of the recitations set forth above, the City has been authorized by its City Council to enter into this Agreement with the Developer; and

WHEREAS, the Parties have reached this Agreement after good faith negotiations.

NOW THEREFORE, in exchange for the mutual commitments set forth herein and other good and valuable consideration, the parties agree as follows:

1. PILOT Term. The term of this Agreement shall continue from the Effective Date until a commercial development, which is subject to real property taxes being assessed and paid and constructed on the entire portion of the Property that fronts on Ocean Avenue is entitled to receive a certificate of occupancy from the City (PILOT Term).

2. Payment in Lieu of Property Taxes.

(a) During the PILOT Term, the Developer agrees to pay to the City and the City agrees to accept from Developer, annual payments of Twenty Thousand Dollars ($20,000) [plus the increases described in Subdivision (b), below] in lieu of real property taxes that would otherwise be payable to the City from real property taxes that would have been attributable to the Property with the completed Project but for the Exemption (the Payments in Lieu of Taxes). Annual Payments in Lieu of Taxes shall be made in advance of the beginning of the City's fiscal year (July 1 to June 30) for which the payment applies. Each Payment In Lieu of Taxes to be paid by the Developer to the City hereunder will be payable to the City on June 1 of each respective year for the following fiscal year during the Term of this Agreement. The Developer shall pay the City the Payments In Lieu of Taxes by June 30; provided, that the first payment shall be paid within 30 days after the Effective Date (the Due Date). In addition, if the Developer fails to make the payment by the applicable Due Date, then a penalty of ten percent of the amount due plus interest at the annual rate of seven percent shall accrue daily on the amount due (excluding any penalties) until the payment (plus penalties and interest) has been paid in full.

(b) Each year annual Payments of in Lieu of Taxes are required pursuant to this Agreement, except for the first annual payment, the then due annual payment shall be increased by 2% over the previous year’s payment.

(c) With the adoption by the City Council of Resolution No. 6515(18) approving a General Plan Amendment for the Property from Medium Density Residential to General Commercial, and the final reading of Ordinance No. 1647(18) approving a Zone Change for the Property from Medium Density Residential Planned Development to Planned Commercial Development, the City Council may authorize the City Manager to make any necessary changes and execute a final version of this Agreement.

3. Tax Status; Separate Tax Account. The City agrees, during the term of this Agreement, this Agreement will exclusively govern the payments of all real personal property taxes the Developer would have been obligated to make but for the Exemption; provided, however, that this Agreement is not intended to affect, and will not preclude, other assessments of general applicability by the City for services provided by the City to the Project, including, but not limited to, water, electric, solid waste and wastewater services. The City agrees the City will not assess any real property taxes to the Developer regarding the Project or the Property other than the Payments In lieu of Taxes described in this Agreement. If the Developer at any time is required to pay real property taxes, then the Payment In Lieu of Taxes shall be reduced by the amount of those real property taxes received by the City.

4. Successors and Assigns; Recording. This Agreement will be binding upon, and shall be assigned to, the successors and assigns of the Developer; provided, that such successor or assign is an eligible counterparty to this Agreement and the obligations created hereunder will run with the Property and the Project. If Developer sells, transfers, leases or assigns the Property or all or substantially all its interest in the Project, then this Agreement will, thereafter, be assigned to, and shall be binding on, the purchaser, transferee or assignee; provided, that such party is an eligible counterparty to this Agreement. A Notice of this Agreement will be recorded with the County of Santa Barbara Clerk-Recorder's Office forthwith upon execution.

5. Statement of Good Faith. The Parties agree the payment obligations established by this Agreement were negotiated in good faith in recognition of and with due consideration of the full and fair cash value of the Project, to the extent such value is determinable as of the date of this Agreement. Each Party was represented by counsel in negotiation and preparation of this Agreement and has entered into this Agreement after full and due consideration and with the advice of its counsel and its independent consultants. The Parties further acknowledge this Agreement is fair and mutually beneficial to them because it fixes and maintains mutually acceptable, reasonable and accurate payments in lieu of taxes for the Project that are appropriate and serve their respective interests. The City acknowledges this Agreement is beneficial to it because it will result in mutually acceptable, steady, predictable, accurate and reasonable payments in lieu of taxes for the Project.

6. Additional Documentation and Actions. Each Party will, from time to time hereafter, execute and deliver or cause to be executed and delivered, such additional instruments, certificates and documents, and take all such actions, as the other Party reasonably requests for the purpose of implementing or effectuating the provisions of this Agreement and, upon the exercises by a Party of any power, right, privilege or remedy pursuant to this Agreement that requires any consent, approval, registration, qualification or authorization of any third party, each Party will execute and deliver all applications, certifications, instruments and other documents and papers that the exercising Party may be so required to obtain.

7. Invalidity. If, for any reason, it is ever determined by the California Tax Board or by any other court of competent jurisdiction that any material provision of this Agreement is unlawful, invalid or unenforceable, then the Parties shall (i) undertake best efforts to amend and or reauthorize this Agreement so as to render all material provisions lawful, valid and enforceable, and (ii) if such efforts are unsuccessful, undertake reasonable efforts, including without limitation, seeking all necessary approvals, to replicate the benefits and burdens of this Agreement in the form of an amended agreement.

8. Notices. All notices, consents, requests, or other communications provided for or permitted to be given hereunder by a Party must be in writing and will be deemed to have been properly given or served upon the personal delivery thereof, via courier delivery service or otherwise. Such notices shall be addressed or delivered to the Parties at their respective addresses shown below.

To Developer:
Community Health Centers of the Central Coast
Attn: Linda Costa, CFO
2050 S. Blosser Rd.
Santa Maria, CA 93458

To the City:

City Manager
City of Lompoc
100 Civic Center Plaza
Lompoc, CA 93436

With a copy to:
Joseph W. Pannone
Aleshire & Wynder
2361 Rosecrans Ave, Suite 475
El Segundo, CA 90245

Delivery of the Payment In Lieu of Taxes to the City:
City of Lompoc
Attn: Finance Division
100 Civic Center Plaza
Lompoc, CA 93436

Any such addresses for the giving of notices may be changed by either Party by giving written notice as provided above to the other Party. Notice given by counsel to a Party shall be effective as notice from such Party.

9. Good Faith. The City and the Developer shall act in good faith to carry out and implement this Agreement.

10. Covenants of Developer. During the term of this Agreement, the Developer will not voluntarily do any of the following:

(a) Seek to invalidate this Agreement except as expressly provided herein;

(b) Fail to pay the City all amounts due hereunder when due in accordance with the terms of this Agreement.

11. Covenants of the City of Lompoc. During the term of this Agreement, the City will not do any of the following:

(a) Seek to invalidate this Agreement;

(b) Seek to collect from the Developer any property tax upon the Property or the improvements thereon in addition to the amounts established herein;

(c) Impose any lien or other encumbrance upon the Property or the improvements thereon except as is expressly authorized by law; or

(d) Take any affirmative action in support of the bifurcation of the taxation of real and personal property.

12. Representations of City. The City represents and warrants to the Developer (i) it has secured all approvals necessary to duly authorize the execution, delivery and performance of this Agreement and its obligations hereunder, and (ii) it is not prohibited from entering into this Agreement and discharging and performing all covenants and obligations on its part to be performed under and pursuant to this Agreement by the terms, conditions or provisions of any law, any order of any court or other agency or authority of government, or any agreement or instrument to which the City is a party or by which the City is bound, and (iii) this Agreement is a legal, valid and binding obligation of the City and is enforceable in accordance with its terms.

13. Representations of Developer. The Developer represents and warrants to the City (i) it is duly organized and is authorized to conduct business in the State of California, and (ii) it is authorized and has the power under the laws of the State of California to enter into this Agreement and the transactions contemplated hereby, and to perform and carry out all covenants and obligations on its

part to be performed under and pursuant to this Agreement, and (iii) the performance of its obligations hereunder will not violate, result in a breach of, or constitute a default under, any agreement or instrument to which Developer is a party or by which Developer is bound, and this Agreement is a legal, valid and binding obligation of Developer enforceable in accordance with its terms.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

SIGNATURES MUST BE NOTARIZED

COMMUNITY HEALTH CENTERS OF THE CENTRAL COAST, INC.:

By: ____________________________

____

Its ________________________

By: ____________________________

____

Its ________________________

CITY OF LOMPOC:

By: ______________________________

Jim Throop, City Manager

ATTEST:

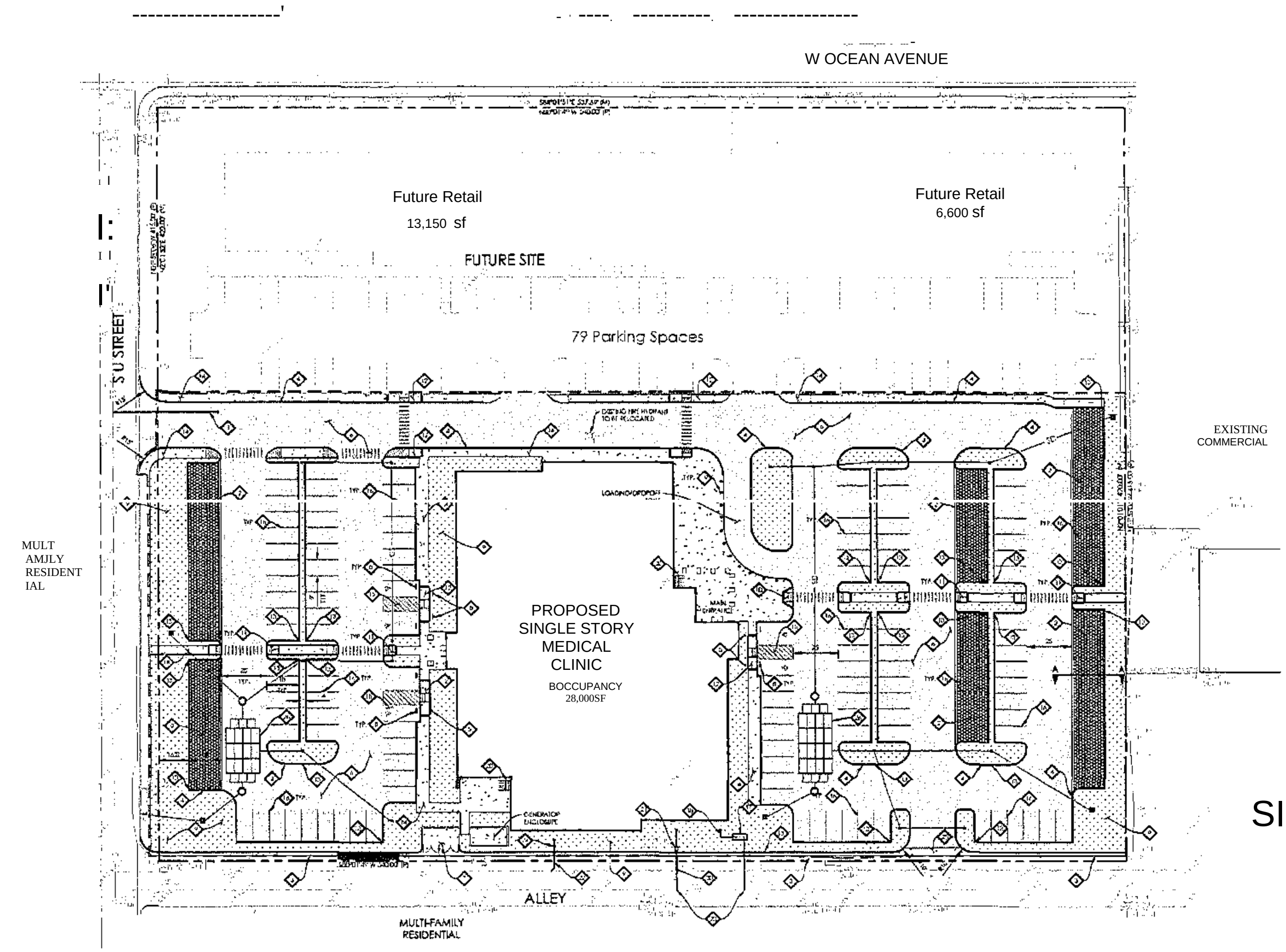
____

Stacey Haddon, City Clerk

APPROVED AS TO FORM:

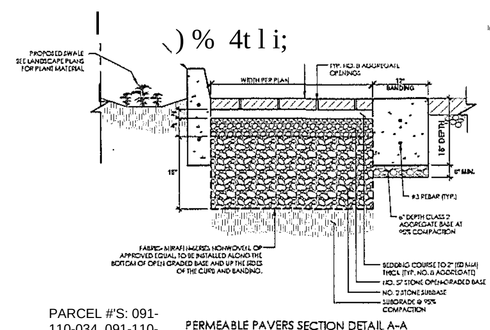
____

Joseph W. Pannone, City Attorney



IMPROVEMENT NOTES

SITE IMPROVEMENT AND UTILITY PLAN



LEGEND

Medical Office Use Parking Requirements	Parking Calculation	Parking Spaces Required
1 space per each 250 sq.ft.	28,000 sq.ft./250 = 112	112
1 space per exam room	1 x 49 exam rooms = 49	49
0.5 space per employee	76 employees/2 = 38	38
10% Parking Reduction	199 x 0.1 = 20	
Total Parking		

SCALE: 1

PARCEL #'S: 091-110-034, 091-110-035

Community Health Centers

COMMUNITY HEALTH CENTER

1300 & 1200 W. OCEAN AVE., LOMPOC

NEENAN

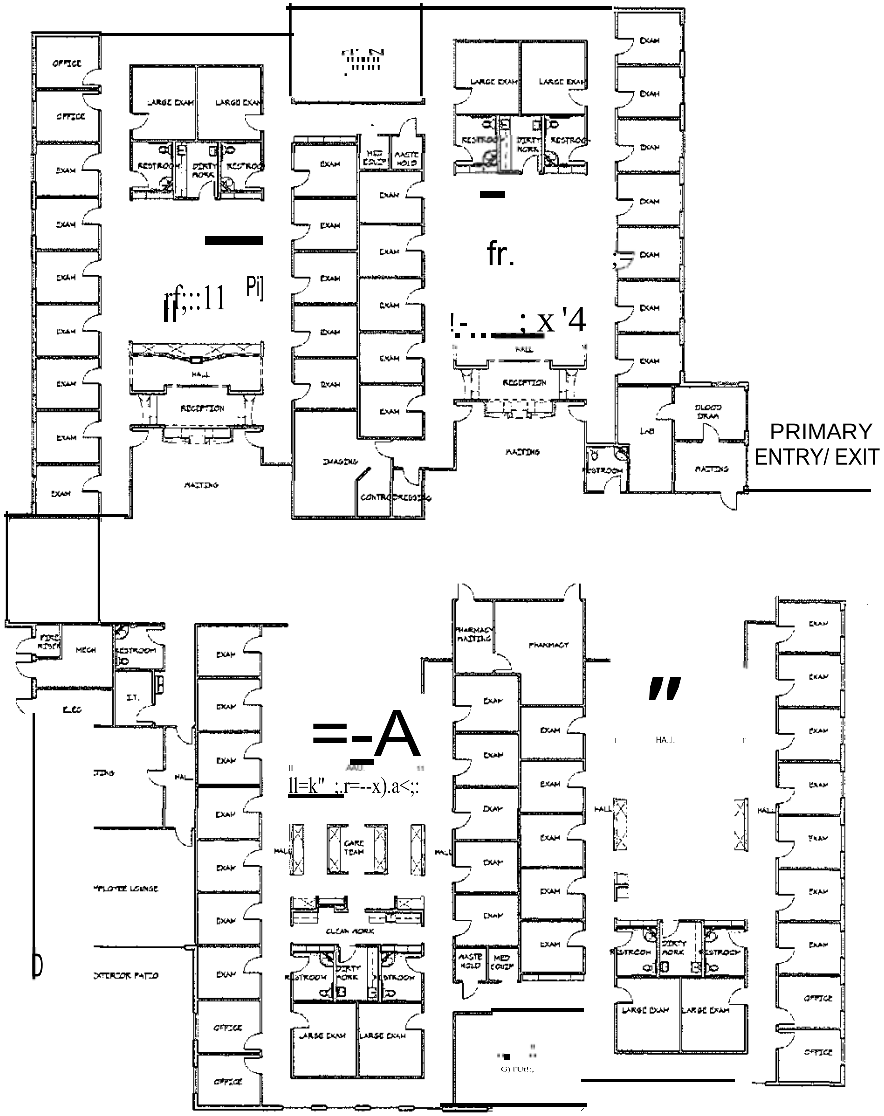
rrm design group

archistruction®

CG 1

DATE: AUGUST 16, 2017
0784-0I-COI7

SECONDARY
· ENTRY /
EXIT ·



PRIMARY
ENTRY/ EXIT

FIRST FLOOR PLAN
28,000 sq.fl.

SCHEMATIC FLOOR PLANS

SCALE: 3/16" = 1'-0" (24X36SHEET]

Community Health Centers

COMMUNITY HEALTH CENTER

1300 & 1200 W. OCEAN AVE., LOMPOC

PARCEL #'S: 091-110-034, 091-110-035

archistruction®

rrm design group

DATE: AUGUST 16,

0784-01-C

Attachment 5

☐ Corporate Headquarters
150 Tejas Place • P.O. Box 430 • Nipomo, CA 93444
Medical (805) 929-3211 • Fax (805) 929-6446
Dental (805) 929-3254 • Fax (805) 931-2569

CHC
Community Health Centers

JCAHO Accredited
www.chccc.org

July 25, 2018

Mayor Bob Lingl
City of Lompoc City Council
City Hall, 100 Civic Center Plaza
Lompoc, CA 93436

SUBJECT: **August 21, 2018 City Council Meeting** - Consideration of Planning Commission Recommendations to Approve a General Plan Amendment and Zone Change for the Community Health Centers Project; Adoption of Resolution No. 6165(18) and Introduction of Ordinance No. 1647(18)

Dear Mayor Lingl, and Members of the City Council,

After about a year and a half of processing, Community Health Centers of the Central Coast, Inc. (CHCCC) is before the City Council for a third time to consider the adoption of a Zone Change and General Plan Amendment to allow the development of new 28,000 square-foot health clinic at 1220 & 1300 West Ocean Avenue in the City of Lompoc. The project will provide a new, state of the art facility for the clinic that has operated at a smaller scale in existing buildings within the city. The new consolidated clinic will allow CHCCC to provide expanded medical and dental services to the community. In addition, new higher paying jobs for medical professionals will be added. The goal is that these added jobs will assist in creating a better jobs-housing balance in the community.

The Planning Commission on February 14, 2018 recommended approval of the Rezoning and General Plan Amendment finding that the proposed commercial use was an appropriate land use for the site since it is adjacent to commercial development on the east and located on an arterial street. The Planning Commission also noted that the site, prior to an approved rezoning in 2006, had been zoned Planned Commercial Development. The Commission acknowledged that a proposed residential development had never transpired in the 12 years since the rezoning was approved. The City staff has also noted that the zone change will not adversely impact the City's housing supply as envisioned by the Regional Housing Needs Assessment.

With the approval of the Zone Change and General Plan Amendment, CHCC is ready to finalize building permit plans and start project construction. There will be short-term benefits to the local economy from the construction jobs, as well as long-term benefits created by the added permanent jobs to staff the clinic.

After some substantial delays in the process, we look forward to this final step in our project entitlements process and moving forward with the clinic project.

Sincerely,

Linda L. Costa

Linda L. Costa, MBA
Chief Financial Officer
Community Health Centers of the Central Coast, Inc.

Lompoc Community Health Center – Benefits to City
1220 & 1300 West Ocean Avenue
July 25, 2018

PILOT PROGRAM – IN LIEU OF PROPERTY TAXES

Although the City does not have an established precedent to require a Payment In-Lieu of Taxes (PILOT) for non-profit applicants, the CHC is willing to enter into an agreement with the City. The City will recoup the tax payments for the commercial use on the property. Payments will be made to the City in the amount of $20,000 per year for a period of five years. The northern parcel (Parcel A) will be developed with taxable commercial land uses. Therefore, the City will also receive the regular tax payments from those uses that will benefit the overall City General Fund.

PARCEL A DEVELOPMENT PLANS

The CHC does not plan to use the northern parcel (Parcel A) for its own non-profit facilities. The parcel would be independently developed with allowed commercial uses consistent with the site's Planned Commercial Development zoning. The goal would be to bring economic vitality to the Ocean Avenue corridor and serve area residents. Preliminary development concepts have been developed for the site. Ample parking will be provided to serve the new uses as well as provide five off-site parking spaces for the CHC.

NEW CHC TO SERVE CURRENT LOMPOC RESIDENTS

At previous City Council hearings on the CHC project, the concern was raised that the new clinic would serve low-income clients from outside the community rather than local residents. The new clinic is intended to fulfill the CHC's vison of a medical home concept by providing local care to current Lompoc residents so that they do not need to travel outside the community for medical services. The CHC serves a diverse population from all types of backgrounds and financial capabilities, not just the low-income populations.

AFFORDABLE AND MARKET RATE HOUSING

CHC staff earn livable wages with the ability to rent and purchase market-rate housing and are not expected to compete for available "affordable" housing.

JOB CREATION

The CHC will have 74 FTE's. There are currently 40.5 FTE's medical professionals employed by the CHC at their current satellite location; therefore, with development of the clinic, there will be 33.5 FTE's jobs added. CHC employees include doctors, nurses, medical technician, lab workers, and office and maintenance staff. The CHC also has landscape maintenance workers and security staff.

PERMIT FEES

The clinic project is paying full City fees for the review of entitlements, including environmental and traffic consultants, building permit fees, and development impact fees. Projected impact fees are about $350,000. This represents a significant contribution to the City for its services.