

City Council Meeting

COUNCIL CHAMBERS, 33 SOUTH MAIN STREET, COLFAX, CA

Mayor Sean Lomen · Mayor Pro Tem Caroline McCully
Councilmembers Trinity Burruss · Kim Douglass · Larry Hillberg

REGULAR MEETING AGENDA

January 8, 2025
Regular Session 6:00 PM

You may access the meeting and address the Council by the following means:

ZOOM at

<https://us02web.zoom.us/j/84968570574>

Dial in by calling one of the numbers listed below and enter the Webinar ID:

849 6857 0574

1 669 900 6833 / 1 669 444 9171 / 1 719 359 4580 / 1 253 205 0468

View Only on Facebook Live on our City of Colfax page: City of Colfax, California.

You may also submit written comments to the City Clerk via email at city.clerk@colfax-ca.gov, via regular mail to P.O. Box 702, Colfax CA 95713, or by dropping them off at City Hall, 33 S. Main Street, Colfax CA 95713. Comments received will be submitted to Council and made a part of the record.

1 OPEN SESSION

1A. Call Open Session to Order

1B. Pledge of Allegiance

1C. Roll Call

1D. Approval of Agenda Order

This is the time for changes to the agenda to be considered including removal, postponement, or change to the agenda sequence.

Recommended Action: By motion, accept the agenda as presented or amended.

1E. Statement of Conflict of Interest

2 CONSENT CALENDAR

Matters on the Consent Calendar are routine in nature and will be approved by one blanket motion with a Council vote. No discussion of these items ensues unless specific items are pulled for discussion and separate action. If you wish to have an item pulled from the Consent Agenda for discussion, please notify the Mayor.

Recommended Action: Approve Consent Calendar

2A. Minutes

Pages 4-9

Recommended Action: By Motion, approve the Colfax City Council minutes of 12/11/2024.

2B. Cash Summary – November 2024

Pages 10-16

Recommended Action: Accept and File.



Colfax City Council Meetings are ADA compliant. If you need disability-related modification or accommodation including auxiliary aids or services to participate in this meeting, please contact the City Clerk at (530) 346-2313 at least 72 hours prior to make arrangements for ensuring your accessibility.

January 8, 2025

2C. Quarterly Sales Tax Analysis – Quarter Ended September 30, 2024

Pages 17-19

Recommended Action: Accept and File.

2D. City Project Report

Pages 20-23

Recommended Action: Review and Comment.

*** End of Consent Calendar ***

3 AGENCY REPORTS

3A. Placer County Sheriff's Office

3B. California Highway Patrol

3C. Placer County Fire Department/CALFIRE

3D. Non-Profits

4 PRESENTATIONS

4A. City of Colfax Audit Report as of Fiscal Year Ended June 30, 2024

Pages 24-108

Recommended Action: Receive Audit Report as of June 30, 2024. Discuss and approve as appropriate.

4B. Holiday Outdoor Light Contest

Page 109

Recommended Action: Discuss and award the 1st, 2nd, and 3rd place participants.

5 PUBLIC HEARING

Notice to the Public: City Council, when considering a matter scheduled for hearing, will take the following actions:

1. Presentation by Staff
2. Open the Public Hearing
3. Presentation, when applicable, by Applicant
4. Accept Public Testimony
5. When applicable, Applicant rebuttal period
6. Close Public Hearing (No public comment is taken, hearing is closed)
7. Council comments and questions
8. City Council Action

Public Hearings that are continued will be so noted. The continued Public Hearing will be listed on a subsequent council agenda and posting of that agenda will serve as notice.

5A. New Sidewalk Repair Maintenance and Liability Ordinance

Pages 110-119

Recommended Action: Introduce the proposed ordinance by title only, conduct a public hearing to adopt a Sidewalk Repair Ordinance, waive the first reading and schedule the proposed ordinance for a second reading and adoption at the next regular City Council meeting currently scheduled for January 22, 2025, to be effective 30 days after adoption.

6 PUBLIC COMMENT

Members of the public are permitted to address the Council orally or in writing on matters of concern to the public within the subject matter jurisdiction of the City that are not listed on this agenda. Please make your comments as succinct as possible. Oral comments made at the meeting may not exceed five (5) minutes per speaker. Written comments should not exceed 800 words. Written comments received before the close of an agenda item may be read into the record, with a maximum allowance of five (5) minutes in length. Council cannot act on items not listed on this agenda but may briefly respond to statements made or questions posed, request clarification, refer the matter to staff, or place the matter on a future agenda.



7 **COUNCIL AND STAFF**

The purpose of these reports is to provide information to the Council and public on projects, programs, and issues discussed at committee meetings and other items of Colfax related information. No decisions will be made on these issues. If a member of the Council prefers formal action be taken on any committee reports or other information, the issue will be placed on a future Council meeting agenda.

7A. **Committee Reports and Colfax Informational Items – All Councilmembers**

7B. **City Operations Update – City Manager**

8 **COUNCIL BUSINESS**

8A. **City Procurement Policy Amendment – City Manager Purchase Authority** *Pages 120-133*

Recommended Action: Adopt Resolution __-2025 amending the City's Purchasing Policy, increasing the City Manager's purchasing authority to \$25,000.

8B. **Consider Request from Jim Dion to Terminate SCI Consulting Group Contract for Consulting Services for GSPC** *Pages 134-172*

Recommended Action: Adopt Resolution __-2025 authorizing the City Manager to amend the SCI Consulting Group Contract for Consulting Services by reducing the semiannual onsite inspection to a once-per-year inspection cycle for GSPC.

9 **GOOD OF THE ORDER**

Informal statements, observation reports and inquiries regarding the business of the City may be presented by Councilmembers under this agenda item or requests for placement of items of interest on a future agenda. No action will be taken.

9A. **Public Comment on Good of the Order**

Members of the public are permitted to address the Council on matters that relate to general welfare of the City that have not been previously discussed on this agenda. Oral comments may not exceed five (5) minutes. Written comments should not exceed 800 words.

10 **CLOSED SESSION (NONE)**

11 **ADJOURNMENT**

I, Amanda Ahre, City Clerk for the City of Colfax, declare that this agenda was posted in accordance with the Brown Act at Colfax City Hall and Colfax Post Office. The agenda is also available on the City website at <http://colfax-ca.gov/>



Amanda Ahre, City Clerk

Administrative Remedies must be exhausted prior to action being initiated in a court of law. If you challenge City Council action in court, you may be limited to raising only those issues you or someone else raised at a public hearing described in this notice/agenda, or in written correspondence delivered to the City Clerk of the City of Colfax at, or prior to, said public hearing.

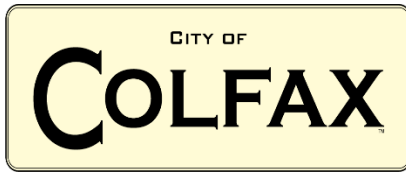
LEVINE ACT WARNING: In certain instances, parties, participants, and their agents before the City Council are subject to the campaign disclosure provisions detailed in Government Code Section 84308, California Code of Regulations Sections 18438.1 through 18438.8, and Fair Political Practices Commission Opinion 0-22-002. All parties, participants, and their agents are hereby directed to review these sections for compliance. If you believe that these provisions apply to you or a Council Member, please inform the City Clerk at the earliest possible opportunity.



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January 8, 2025

City Council Minutes



Regular Meeting of Colfax City Council

Wednesday, December 11, 2024

City Hall Council Chambers, 33 S Main Street,

Colfax CA and attended via Teleconference through ZOOM

1

OPEN SESSION

1A. **Call Open Session to Order** – Mayor Douglass called the Open Session to order at 6:00 p.m.

1B. **Pledge of Allegiance** – Battalion Chief Clint Siebert lead the Pledge of Allegiance.

1C. **Roll Call**

Present: Councilmember Burruss, Councilmember Hillberg, Mayor Pro Tem Lomen, Councilmember McCully, Mayor Douglass

Absent:

1D. **Approval of Agenda Order**

MOTION made by Mayor Pro Tem Lomen to approve the agenda order, seconded by Councilmember Burruss, and approved by the following vote:

AYES: Burruss, Hillberg, Lomen, McCully, Douglass

NOES:

ABSTAIN:

ABSENT:

1E. **Statement of Conflict of Interest** – No conflicts were identified by the Council or the public.

2

CONSENT CALENDAR

2A. **Minutes**

Recommended Action: By Motion, approve the Colfax City Council minutes of 11/13/2024.

2B. **Cash Summary – October 2024**

Recommended Action: Accept and File

2C. **General Plan Housing Element Required Action Items – Zoning Code Amendment**

Recommended Action: Conduct a second reading and adopt the attached Ordinance amending the City of Colfax Municipal Code Sections: 17.47.012, 17.74.020, and 17.24 consistent with State Law, to be effective 30 days after adoption.

2D. **Fiscal Year 2024-202 Local Transportation Funds and State Transit Assistance Funds Claim Document**

Recommended Action: Adopt Resolution 59-2024 authorizing the City Manager to file claims or execute agreements for:

1. Fiscal Year 2024-2025 Local Transportation Funds in the amount of \$139,964 for streets and roads purposes (Article 8 – Section 99400 of the California Public Utilities Code), and
2. Fiscal Year 2024-2025 State transit Assistance Funds of \$17,697 for contracted transit services (Article 6.5, Chapter 4, Section 99313 of the California Public Utilities Code).

MOTION made by Councilmember Burruss to approve the consent calendar Seconded by Councilmember McCully, and approved by the following vote:

AYES: Burruss, Hillberg, Lomen, McCully, Douglass

NOES:

ABSTAIN:

ABSENT:

3 **Agency Reports**

- 3A. **Placer County Sheriff's** – Absent
- 3B. **CHP** – Officer Lyman reported on statistics for citations, enforcement contacts, arrests, and collisions for November.
- 3C. **Placer County Fire/CALFIRE** – Battalion Chief Siebert reported on statistics for the month of November. He also stated that the Colfax CalFire station will be fully staffed through 12/16/24.
- 3D. **Non-Profits** – Amanda Palmquist, President of the Colfax Area Chamber of Commerce, reminded everyone of Winterfest on 12/14/24 from 12pm – 8pm.

4 **PRESENTATION (NONE)**

5 **PUBLIC HEARING**

5A. **New Sidewalk Repair Maintenance and Liability Ordinance**

Recommended Action: Introduce the proposed ordinance by title only, conduct a public hearing to adopt a Sidewalk Repair Ordinance, waive the first reading and schedule the proposed ordinance for a second reading and adoption at the next regular City Council meeting currently scheduled for January 8, 2025, to be effective 30 days after adoption.

City Planner Kathy Pease gave a brief presentation on this item.

Connie Heilaman questioned homeowner responsibility vs City responsibility and ownership clarification of the sidewalk.

Harry Anderson expressed concerns about the cost of sidewalk repair for the homeowner.

Council discussed this item, and gave direction to Staff of changes they would like to see on this item. his Ordinance will be brought back with requested changes on the January 8th City Council Meeting.

5B. **Mitigation Impact Fees – Annual Report**

Recommended Action: Conduct a public hearing, review annual report, consider public and staff comments, accept report and adopt Resolution 60-2024: Accepting and Approving the Annual AB1600 Mitigation Fee Report and Making Finding Pursuant to Colfax Municipal Code Chapter 3.56 and the Mitigation Fee Act (Government Code §66000 Et Seq).

Administrative Services Officer Shanna Stahl gave a brief presentation of this item.

There were not comments from the Public or Council.

MOTION made by Councilmember Burruss to approve the Annual AB1600 Mitigation Report, seconded by Mayor Pro Tem Lomen, and approved by the following vote:

AYES: Burruss, Hillberg, Lomen, McCully, Douglass

NOES:

ABSTAIN:

ABSENT:

6 PUBLIC COMMENT

Harry Anderson shared best wishes for 2025.

Connie Heilaman would like to see S Main St included in future Billboard Photography contests.

7 COUNCIL AND STAFF

7A. Committee Reports and Colfax Informational Items – All Councilmembers.

Mayor Pro Tem Lomen – Placer Sierra Safe Fire Council meeting is 12/12/24.

Councilmember Hillberg – Placer County Economic Development Committee to talk with the Colfax Theater owners in the New year.

Councilmember McCully – Has an upcoming SACOG meeting, and discussed upcoming events happening during Winterfest.

Councilmember Burruss – Attended a SACOG meeting, discussed local government, and teaching the residents how to be active members in their community.

Mayor Douglass – Attended a meeting at the Auburn Elk's Club where the Placer Independent Resource Services had a speaker. Placer Independent Resource Services helps older residents fix their homes to help them be able to stay in their homes longer.

7B. City Operations Update – City Manager

Nothing to report

8 COUNCIL BUSINESS

8A. Billboard Photography Contest

Recommended Action: Review and decide upon the winning photograph to be displayed on the digital billboards.

Erin Newington gave a presentation of how the Downtown Historic Association Committee was formed.

Council reviewed the top two final Photographs and unanimously voted on the photograph taken by Greyson Sharpe.

MOTION made by Councilmember Burruss to choose the photograph submitted by Greyson Sharpe as the winning photograph, seconded by Mayor Pro Tem Lomen, and approved by the following vote:

AYES: Burruss, Hillberg, Lomen, McCully, Douglass

NOES:

ABSTAIN:

ABSENT:

8B. City Procurement Policy Amendment – City Manager Purchase Authority

Recommended Action: Adopt Resolution __-2024 amending the City’s Purchasing Policy, increasing the City manager’s purchasing authority to \$25,000.00.

City Manager Walker introduced this item.

Councilmember Burruss requested this item be tabled until the January 8, 2025 City Council Meeting due to the upcoming Closed Session Items. All of Council was in agreement with this.

8C. SVCC Request to have the Sewer lateral Certification Mandate Waived

Recommended Action: Adopt Resolution 61-2024 authorizing the City Manager to Waive the Sewer Lateral Certification Mandate for the Sierra Vista Community Center.

City Manager Walker introduced this item.

Council discussed options of requiring the inspection and waiving fees vs. waiving inspection all together.

City Attorney Conor Harkins confirmed that the Council has the ability to waive the fee and or inspection prior to modifying the ordinance.

MOTION made by Councilmember Burruss to adopt Resolution 61-2024 waiving the sewer lateral certification for the SVCC, seconded by Councilmember Hillberg, and approved by the following vote:

AYES: Burruss, Hillberg, Lomen, McCully, Douglass

NOES:

ABSTAIN:

ABSENT:

Council gave direction to staff to make the following modifications to the Sewer Lateral Mandate Ordinance: include provision for a Hardship exception, raising the \$20,000 threshold on a building permit that triggers a sewer lateral inspection, and be able to adjust for inflation each year, look into modifying the cost of the sewer lateral permits.

8D. Oath of Office and Seating of New Councilmembers

Recommended Action: Oath of Office of newly appointed Councilmembers from the term beginning December 11, 2024 through the first City Council Meeting after the Certification of the November 2028 election.

City Clerk Amanda Ahre gave a brief explanation of how the local Colfax November 2024 Election had to be canceled due to only incumbents filing for candidacy, therefore the incumbents were appointed to the Colfax City Council. City Clerk then swore in Councilmember Hillberg, Councilmember McCully, and City Attorney Conor Harkins.

8E. Rotation of City Council Officers: Mayor and Mayor Pro Tem

Recommended Action: By separate motions, select a Mayor and Mayor Pro Tem

MOTION made by Councilmember Hillberg to nominate Mayor Pro Tem Lomen as Mayor, seconded by Councilmember Burruss, and approved by the following vote:

AYES: Burruss, Hillberg, Lomen, McCully, Douglass

NOES:

ABSTAIN:

ABSENT:

MOTION made by Councilmember Burruss to nominate Councilmember McCully as Mayor Pro Tem, seconded by Mayor Pro Tem Lomen, and approved by the following vote:

AYES: Burruss, Hillberg, Lomen, McCully, Douglass

NOES:

ABSTAIN:

ABSENT:

New officers for the 2025 Calander year are: Mayor Sean Lomen, and Mayor Pro Tem Caroline McCully.

9**GOOD OF THE ORDER**

Mayor Lomen as a Placer County Association of Realtors meeting tomorrow. The Santa Tour with CalFire, CHP, and PCSO will begin at 5:30pm on December 21st.

Councilmember Hillberg congratulated the new City Council Officers and offered thoughts on a New Year's Word instead of a New Year's Resolution.

Mayor Pro Tem McCully talked about the holiday business window painting, Winterfest, Santa at the Theater during Winterfest, the gingerbread house contest at Care Sphere, and the holiday lights contest.

Councilmember Burruss reminded everyone of the raffle tickets the Colfax Girls Basketball team is selling for their fundraiser.

Councilmember Douglass quoted James Buchanan, "If you are as happy entering the White House as I am leaving it, you are a happy man indeed."

9A. Public Comment on Good of the Order

No public comment on good of the order.

10**CLOSED SESSION****10A. Public Comment (On the Closed Session Item only)**

No public comment on the closed session item.

10B. By Consensus of the Council, adjourn to a Closed Session.

Council adjourned to a Closed Session at 7:45 pm.

10C. Roll Call

Present: Councilmember Burruss, Councilmember Douglass, Councilmember Hillberg, Mayor Pro Tem McCully, Mayor Lomen

Absent:

10D. Public Employee Performance Evaluation Pursuant to Government Code Section 54957

Title: City Manager

10E. Conference with Labor Negotiator (Gov. Code § 54957.6)

Name of City Negotiator to Attend Closed Session: Ron Walker

Unrepresented Employee: City Manager

10F. Report from Closed Session

10D: Direction given to Staff

10E. COLA of 3.67% starting 1/1/2025, update to vehicle allowance of \$450 starting immediately.

11

ADJOURNMENT

As there was no further business on the agenda, Mayor Lomen adjourned the meeting, by motion and without objection at 9:30 p.m. Respectfully submitted to City Council this 8th day of January, 2025.



Amanda Ahre, City Clerk



Staff Report to City Council

FOR THE JANUARY 8, 2025 REGULAR CITY COUNCIL MEETING

From: Ron Walker, City Manager
Prepared by: Shanna Stahl – Administrative Services Officer
Subject: Cash Summary – November 2024

Budget Impact Overview:

N/A: ✓	Funded:	Un-funded:	Amount:	Fund(s):
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RECOMMENDED ACTION: Accept and File.

Summary/Background

The monthly financial report includes General Fund Reserved Cash Analysis Graphs and the City of Colfax Cash Summary Report (with supporting documentation). The purpose of these reports is to provide the status of funds and transparency for Council and the public regarding the financial transactions of the City. The reports are prepared monthly on a cash basis and are reconciled to the General Ledger accounting system, previous reports, and bank statements. Detailed budget comparisons are provided as a mid-year report and as part of the proposed budget process each year.

The attached reports reflect an overview of the financial transactions of the City of Colfax in November 2024. Some monthly highlights are listed below:

- November revenues included:
 - Allocation for Sales Tax revenues reported/paid to the State for the month of September 2024 (two-month lag).
- November expenditures included:
 - Approved capital project expenditures – expenditures on WWTP Construction Grant and CDBG Road Rehabilitation Project
- Negative cash fund balances at the end of November are primarily due to the timing of funding allocations and reimbursements:
 - Fund 250 – Streets – Roads/Transportation. These expenses are funded by annual Transportation funding through Placer County Transportation Agency (PCTPA), transfer of City Gas Tax revenues, and a General Fund allocation. PCTPA funding request was presented to Council in December 2024.
 - Fund 358 – CDBG Road Rehabilitation. This is a reimbursable grant – the final funding of the grant was awarded in November 2023. The City has begun the reimbursement process. SB1 Funds received will also help pay for the City’s match obligation.
 - Fund 386 – Caboose Relocation. These expenses are being tracked for the relocation of the downtown caboose.
 - Fund 575 – WWTP Construction Grant. This is a reimbursable grant. Reimbursement requests are scheduled to be submitted at least quarterly.

- Fund 590 – Sewer Consolidation Planning Grant. This is a reimbursable grant – reimbursement requests are scheduled to be submitted quarterly upon final award of application grant. Tentatively scheduled for Spring 2025.
- Anticipated revenues/expenditures for December include:
 - Revenues
 - Allocation for Sales Tax revenues reported/paid to the State for the month of October 2024 (two-month lag).
 - Capital project reimbursements.
 - Expenditures
 - Approved capital project expenditures. We anticipate continued expenditures for the Wastewater Treatment Plant Construction project as the Algae Reduction phase continues construction. The CDBG project is finalizing Phase I.
 - Ongoing monthly operating expenses.
 - Second Quarterly payment for Placer County Sheriff services.

Attachments:

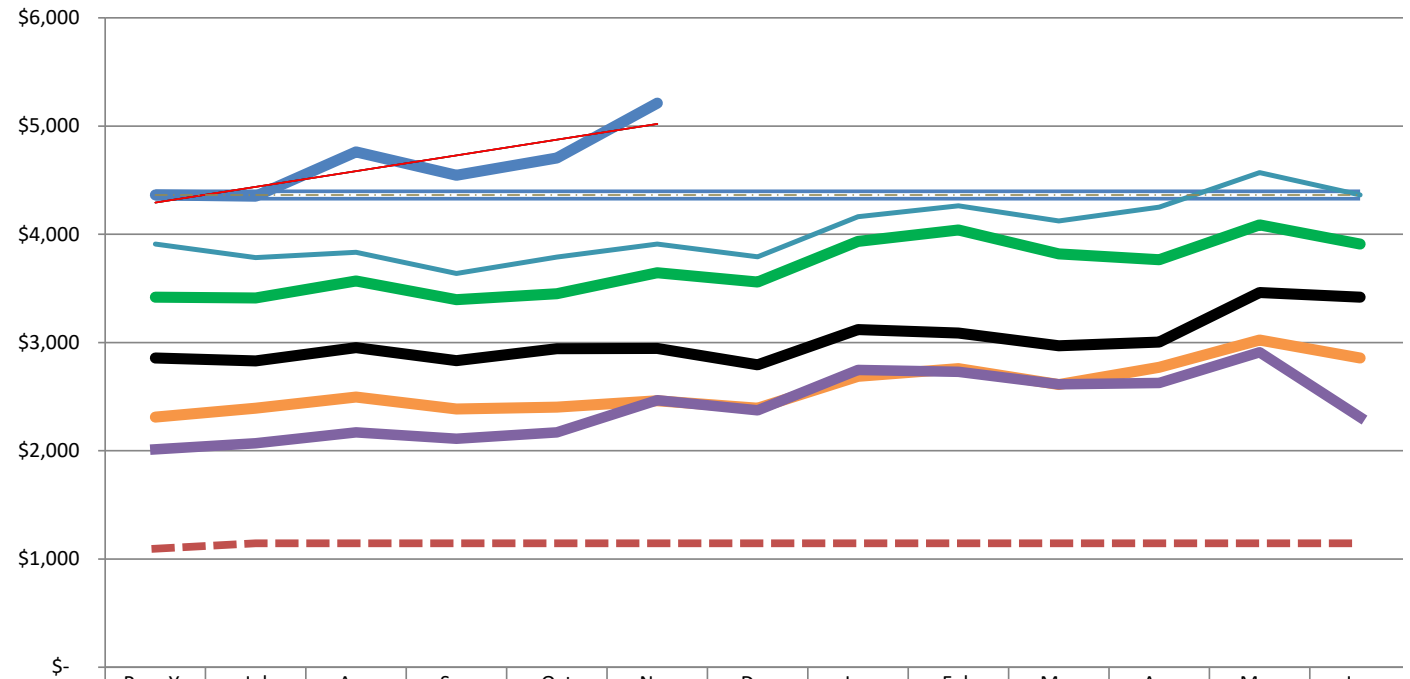
1. General Fund Reserved Cash Analysis Graph
2. Cash Activity Reports
 - a. Cash Summary
 - b. Cash Transactions Report – by individual fund
 - c. Check Register Report - Accounts Payable

City of Colfax - November 2024

General Fund Reserved Cash Analysis

(Dollars in Thousands)

Fiscal Year 2024-25 >>



	Prev Yr	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Cash Balance FY2024-25	\$4,363	\$4,352	\$4,761	\$4,545	\$4,705	\$5,212							
Budget FY2024-25	\$4,363	\$4,363	\$4,363	\$4,363	\$4,363	\$4,363	\$4,363	\$4,363	\$4,363	\$4,363	\$4,363	\$4,363	\$4,363
Cash Balance FY2023-24	\$3,911	\$3,785	\$3,834	\$3,638	\$3,789	\$3,911	\$3,791	\$4,162	\$4,263	\$4,124	\$4,251	\$4,570	\$4,363
Cash Balance FY2022-23	\$3,418	\$3,412	\$3,568	\$3,396	\$3,451	\$3,644	\$3,560	\$3,935	\$4,039	\$3,819	\$3,765	\$4,087	\$3,911
Cash Balance FY2021-22	\$2,857	\$2,831	\$2,953	\$2,833	\$2,943	\$2,946	\$2,794	\$3,120	\$3,088	\$2,971	\$3,004	\$3,462	\$3,418
Cash Balance FY2020-21	\$2,311	\$2,392	\$2,497	\$2,386	\$2,402	\$2,463	\$2,393	\$2,688	\$2,760	\$2,612	\$2,771	\$3,023	\$2,857
Cash Balance FY2019-20	\$2,013	\$2,069	\$2,169	\$2,110	\$2,170	\$2,467	\$2,373	\$2,747	\$2,730	\$2,615	\$2,627	\$2,910	\$2,311
*Reserves (Ops, Cap, Pen)	\$1,095	\$1,145	\$1,145	\$1,145	\$1,145	\$1,145	\$1,145	\$1,145	\$1,145	\$1,145	\$1,145	\$1,145	\$1,145

**City of Colfax
Cash Summary
November 30, 2024**

	Balance 10/31/24	Revenues In*	Expenses Out*	Transfers	Balance 11/30/24
US Bank	\$ 168,730.02	\$ 1,343,884.75	\$ (761,396.94)	\$ (525,000.00)	\$ 226,217.83
LAIF	\$ 6,792,805.65	\$ -	\$ -	\$ 525,000.00	\$ 7,317,805.65
Total Cash - General Ledger	<u>\$ 6,961,535.67</u>	<u>\$ 1,343,884.75</u>	<u>\$ (761,396.94)</u>	<u>\$ -</u>	<u>\$ 7,544,023.48</u>
Petty Cash (In Safe)	\$ 300.00				\$ 300.00
Total Cash	<u>\$ 6,961,835.67</u>	<u>\$ 1,343,884.75</u>	<u>\$ (761,396.94)</u>	<u>\$ -</u>	<u>\$ 7,544,323.48</u>

Change in Cash Account Balance - Total	<u>\$ 582,487.81</u>
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Attached Reports:

1. Cash Transactions Report (By Individual Fund)	
2. Check Register Report (Accounts Payable)	\$ (618,575.04)
Cash Receipts	\$ 681,973.69
Payroll Checks and Tax Deposits	\$ (79,869.81)
Utility Billings - Receipts	\$ 176,846.19
LAIF Interest	\$ -
Utility Billing Tax Rolls	\$ -
Nov. EFT Pending Process in Dec.	\$ 91.60
Void Checks	422021.18
	<u>\$ 582,487.81</u>

\$	-
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*Does not include transfers between funds

Prepared by: Shanna Stahl, Administrative Services Officer
Shanna Stahl, Administrative Services Officer

Reviewed by: Ron Walker
Ron Walker, City Manager

City of Colfax

Cash Transactions Report - November 2024

	Beginning Balance	Debit Revenues	Credit (Expenditures)	Ending Balance
Fund Type: 1.11 - General Fund - Unassigned				
Fund: 100 - General Fund	\$ 4,484,432.75	\$ 612,608.53	\$ (104,339.52)	\$ 4,992,701.76
Fund: 120 - Land Development Fees	\$ 199,267.76	\$ -	\$ (2,352.50)	\$ 196,915.26
Fund: 200 - Cannabis Application	\$ 21,375.37	\$ 1,086.91	\$ -	\$ 22,462.28
Fund Type: 1.11 - General Fund - Unassigned	\$ 4,705,075.88	\$ 613,695.44	\$ (106,692.02)	\$ 5,212,079.30
Fund Type: 1.14 - General Fund - Restricted				
Fund: 205 - Escrow Funds	\$ -	\$ -	\$ -	\$ -
Fund: 571 - AB939 Landfill Diversion	\$ 23,299.04	\$ -	\$ -	\$ 23,299.04
Fund: 572 - Landfill Post Closure Maintenance	\$ 911,147.77	\$ -	\$ (4,153.03)	\$ 906,994.74
Fund Type: 1.14 - General Fund - Restricted	\$ 934,446.81	\$ -	\$ (4,153.03)	\$ 930,293.78
Fund Type: 1.24 - Special Rev Funds - Restricted				
Fund: 210 - Mitigation Fees - Roads	\$ -	\$ -	\$ -	\$ -
Fund: 211 - Mitigation Fees - Drainage	\$ 5,825.04	\$ -	\$ -	\$ 5,825.04
Fund: 212 - Mitigation Fees - Trails	\$ 80,921.11	\$ -	\$ -	\$ 80,921.11
Fund: 213 - Mitigation Fees - Parks/Rec	\$ 201,093.54	\$ -	\$ -	\$ 201,093.54
Fund: 214 - Mitigation Fees - City Bldgs	\$ 70,801.18	\$ -	\$ -	\$ 70,801.18
Fund: 215 - Mitigation Fees - Vehicles	\$ 23,874.66	\$ -	\$ -	\$ 23,874.66
Fund: 217 - Mitigation Fees - DT Parking	\$ 36,834.27	\$ -	\$ -	\$ 36,834.27
Fund: 218 - Support Law Enforcement	\$ 79,630.11	\$ 21,198.71	\$ -	\$ 100,828.82
Fund: 244 - CDBG Program Inc - ME Lending	\$ 1,800.00	\$ 2,000.00	\$ -	\$ 3,800.00
Fund: 250 - Streets - Roads/Transportation	\$ (77,043.75)	\$ 90.00	\$ (22,078.40)	\$ (99,032.15)
Fund: 253 - Gas Taxes	\$ 11,503.70	\$ 5,082.81	\$ -	\$ 16,586.51
Fund: 257 - Street /Road - Transit Capital	\$ 61,657.04	\$ -	\$ -	\$ 61,657.04
Fund: 258 - Road Maintenance - SB1/RSTBG	\$ 9,083.80	\$ 5,170.44	\$ -	\$ 14,254.24
Fund: 270 - Beverage Container Recycling	\$ 20,626.93	\$ -	\$ -	\$ 20,626.93
Fund: 280 - Oil Recycling	\$ 4,067.19	\$ -	\$ -	\$ 4,067.19
Fund: 290 - SB1383 Implementation Grant	\$ 50,402.43	\$ -	\$ (2,595.00)	\$ 47,807.43
Fund: 292 - Fire Department Capital Funds	\$ 100,718.01	\$ -	\$ -	\$ 100,718.01
Fund: 342 - Fire Construction - Mitigation	\$ 85,499.19	\$ -	\$ -	\$ 85,499.19
Fund: 343 - Recreation Construction	\$ 85,499.68	\$ -	\$ -	\$ 85,499.68
Fund Type: 1.24 - Special Rev Funds - Restricted	\$ 852,794.13	\$ 33,541.96	\$ (24,673.40)	\$ 861,662.69
Fund Type: 1.34 - Capital Projects - Restricted				
Fund: 300 - GF Capital Projects	\$ -	\$ -	\$ -	\$ -
Fund: 358 - CDBG Pavement	\$ (1,281,644.62)	\$ 43,933.81	\$ (27,020.00)	\$ (1,264,730.81)
Fund: 386 - Caboose Relocation	\$ (570.00)	\$ -	\$ -	\$ (570.00)
Fund Type: 1.34 - Capital Projects - Restricted	\$ (1,282,214.62)	\$ 43,933.81	\$ (27,020.00)	\$ (1,265,300.81)
Fund Type: 2.11 - Enterprise Funds				
Fund: 560 - Sewer	\$ 1,978,983.11	\$ 111,620.28	\$ (80,698.67)	\$ 2,009,904.72
Fund: 561 - Sewer Liftstations	\$ 478,356.02	\$ 18,936.63	\$ (16,659.20)	\$ 480,633.45
Fund: 563 - Wastewater Treatment Plant	\$ 1,055,426.08	\$ 51,614.00	\$ -	\$ 1,107,040.08
Fund: 564 - Sewer Connections	\$ 321,774.88	\$ -	\$ -	\$ 321,774.88
Fund: 575 - WWTP Construction Grant	\$ (2,024,856.79)	\$ 468,912.43	\$ (501,380.62)	\$ (2,057,324.98)
Fund: 577 - Capital Projects	\$ -	\$ -	\$ -	\$ -
Fund: 590 - Sewer Consolidation Planning	\$ (60,315.46)	\$ -	\$ (120.00)	\$ (60,435.46)
Fund Type: 2.11 - Enterprise Funds - Unassigned	\$ 1,749,367.84	\$ 651,083.34	\$ (598,858.49)	\$ 1,801,592.69
Fund Type: 9.0 - CLEARING ACCOUNT				
Fund: 998 - PAYROLL CLEARING FUND	\$ 2,065.63	\$ 1,630.20	\$ -	\$ 3,695.83
Fund Type: 9.0 - CLEARING ACCOUNT	\$ 2,065.63	\$ 1,630.20	\$ -	\$ 3,695.83
Grand Totals:	\$ 6,961,535.67	\$ 1,343,884.75	\$ (761,396.94)	\$ 7,544,023.48

Check Register Report

Item 2B

Date: 12/06/2024

Time: 1:25 pm

Page: 1

CITY OF COLFAX

BANK: US BANK

Check Number	Check Date	Status	Void/Stop Date	Reconcile Date	Vendor Number	Vendor Name	Check Description	Amount
US BANK Checks								
61191	11/04/24	Reconciled		11/30/24	03141	CALPERS	HEALTH PREMIUMS NOV 24	15,498.93
61192	11/12/24	Reconciled		11/30/24	01270	ADAMS ASHBY GROUP, INC.	CDBG GENERAL ADMIN SEPT 24	5,000.00
61193	11/12/24	Reconciled		11/30/24	01270	ADAMS ASHBY GROUP, INC.	CDBG LABOR COMPLIANCE SEPT 24	5,500.00
61194	11/12/24	Reconciled		11/30/24	01270	ADAMS ASHBY GROUP, INC.	CDBG GENERAL ADMIN OCT 24	5,000.00
61195	11/12/24	Reconciled		11/30/24	01448	AMERIGAS - COLFAX	SHERIFF DEPT PROPANE	215.79
61196	11/12/24	Reconciled		11/30/24	01766	AT&T MOBILITY	CITY HALL PHONES	802.02
61197	11/12/24	Reconciled		11/30/24	30025	BORROTO, DAVID	BOOT ALLOWANCE 2024	275.00
61198	11/12/24	Reconciled		11/30/24	02901	BUREAU VERITAS NORTH AMERICA	OREILLY PLAN/STRUCTURAL REVIEW	2,522.50
61199	11/12/24	Reconciled		11/30/24	3425	CINTAS	UNIFORMS OCTOBER 2024	1,888.98
61200	11/12/24	Reconciled		11/30/24	3469	CIVIC PLUS	MUNICODE SUPPORT	437.50
61201	11/12/24	Reconciled		11/30/24	06278	FRONTIER COMMUNICATIONS	WWTP PHONE	277.74
61202	11/12/24	Reconciled		11/30/24	7223	GEOCON CONSULTANTS INC.	I&I MITIGATION OCT 24	1,210.00
61203	11/12/24	Reconciled		11/30/24	07460	GOLD MOUNTAIN CALIFORNIA	PUBLIC NOTICE MITIGATION FEES	169.02
61204	11/12/24	Reconciled		11/30/24	08170	HILLS FLAT LUMBER CO	SUPPLIES	870.63
61205	11/12/24	Reconciled		11/30/24	08501	HOME DEPOT CREDIT SERVICES	SUPPLIES	28.93
61206	11/12/24	Reconciled		11/30/24	08660	HUNT AND SONS, LLC	FUEL	855.88
61207	11/12/24	Reconciled		11/30/24	8661	HYDROCOMPLIANCE	WWTP QSP OCT 24	700.00
61208	11/12/24	Reconciled		11/30/24	09540	INTERSTATE SALES	CRACK FILLER	304.59
61209	11/12/24	Reconciled		11/30/24	13191	MANAGEMENT ADVISORY SERVICES	PLANNING SVCS OCTOBER 24	6,421.15
61210	11/12/24	Reconciled		11/30/24	18400	NAPA AUTO PARTS	SUPPLIES	49.83
61211	11/12/24	Printed			14307	NEXGEN ASSET MANAGEMENT	ANNUAL SUBSCRIPTION	9,000.00
61212	11/12/24	Reconciled		11/30/24	14356	NORTHERN CALIFORNIA GLOVE	GLOVES	3,314.70
61213	11/12/24	Reconciled		11/30/24	16821	PSOMAS	CDBG ROAD REHAB SEPT 24	5,617.50
61214	11/12/24	Reconciled		11/30/24	17951	R3 CONSULTING GROUP	GRANT FUND MGMNT OCT 24	3,067.50
61215	11/12/24	Printed			18089	RAMOS OIL INC.	WWTP GENERATOR FUEL	2,028.06
61216	11/12/24	Reconciled		11/30/24	18407	RIGHT STRIPING	DOWNTOWN STRIPING REFRESH	6,465.00
61217	11/12/24	Reconciled		11/30/24	19037	SAFE SIDE SECURITY	CORP YARD SECURITY NOV 24	155.00
61218	11/12/24	Reconciled		11/30/24	19037	SAFE SIDE SECURITY	WWTP SECURITY NOV 24	95.00
61219	11/12/24	Reconciled		11/30/24	19193	SECURE RECORD MANAGEMENT	SHREDDING SVCS Q2 FY 24/25	75.00
61220	11/12/24	Reconciled		11/30/24	19575	SHANNA STAHL	SCORE MEETING MILEAGE	183.58
61221	11/12/24	Reconciled		11/30/24	01790	SIERRA OFFICE PRODUCTS	OFFICE SUPPLIES	413.31
61222	11/12/24	Reconciled		11/30/24	19743	WILLIAM STOCKWIN	NOVEMBER 24 COLFAX CONNECTIONS	300.00
61223	11/12/24	Reconciled		11/30/24	20538	TROJAN TECHNOLOGIES	WWTP UV LAMP DRIVER/WIRE	5,979.41
61224	11/12/24	Reconciled		11/30/24	21560	US BANK CORPORATE PMT SYSTEM	SUPPLIES	3,466.32
61225	11/12/24	Reconciled		11/30/24	21500	USA BLUE BOOK, INC	WWTP SUPPLIES	286.12
61226	11/12/24	Reconciled		11/30/24	22134	VISION QUEST	TECH SUPPORT DECEMBER 24	3,800.00
61227	11/12/24	Reconciled		11/30/24	23169	WAVE BUSINESS SOLUTIONS	DEPOT PHONE	18.77
61228	11/12/24	Reconciled		11/30/24	23169	WAVE BUSINESS SOLUTIONS	CITY HALL PHONES	216.08
61229	11/12/24	Reconciled		11/30/24	23169	WAVE BUSINESS SOLUTIONS	CITY HALL INTERNET	159.90
61230	11/12/24	Reconciled		11/30/24	23451	WOOD RODGERS	SEWER CONSOLIDATION SEPTEMBER 2024	120.00
61231	11/12/24	Reconciled		11/30/24	23451	WOOD RODGERS	WWTP FINAL DESIGN & CONST SEPT 2024	6,634.69
61232	11/14/24	Reconciled		11/30/24	2087	BASIC PACIFIC	FSA BENEFIT PYMT AHRE	85.70
61233	11/21/24	Reconciled		11/30/24	2087	BASIC PACIFIC	FSA BENEFITS PYMT AHRE	104.00
61234	11/22/24	Printed			1161	49ER WATER SERVICES	BIOASSAY FATHEAD SCREENING	8,666.00
61235	11/22/24	Reconciled		11/30/24	01270	ADAMS ASHBY GROUP, INC.	CDBG GENERAL ADMIN MAY 24	5,000.00
61236	11/22/24	Printed			01414	ALHAMBRA & SIERRA SPRINGS	WATER	255.35
61237	11/22/24	Printed			01448	AMERIGAS - COLFAX	DEPOT PROPANE	359.22
61238	11/22/24	Printed			01500	ANDERSON'S SIERRA	SHERIFF OFFICE IRRIGATION	364.17

Check Register Report

Item 2B

Date: 12/06/2024

Time: 1:25 pm

Page: 2

CITY OF COLFAX

BANK: US BANK

Check Number	Check Date	Status	Void/Stop Date	Reconcile Date	Vendor Number	Vendor Name	Check Description	Amount
US BANK Checks								
61239	11/22/24	Printed			01794	AUBURN SAW INC	WWTP BACKPACK BLOWER	589.86
61240	11/22/24	Reconciled		11/30/24	03160	CARTWRIGHT NOR CAL, INC.	ENG SVCS OCT 2024	17,050.00
61241	11/22/24	Reconciled		11/30/24	03300	CHAMBER OF COMMERCE	WINTERFEST FIREWORKS DONATION	7,000.00
61242	11/22/24	Printed			03401	CHOICE BUILDER	PREMIUMS DECEMBER 2024	945.96
61243	11/22/24	Printed			3475	CLARK PEST CONTROL	PEST CONTROL	537.00
61244	11/22/24	Reconciled		11/30/24	3494	COLANTUONO, HIGHSMITH &	LEGAL MATTERS OCT 2024	14,019.50
61245	11/22/24	Reconciled		11/30/24	03502	COLFAX AREA CHAMBER OF	REFUND DEPOSIT FOR OCT 31ST	100.00
61246	11/22/24	Printed			04592	DACOMM	WWTP INTERNET DECEMBER 24	103.45
61247	11/22/24	Printed			04541	DOG WASTE DEPOT	DOG WASTE BAGS	491.66
61248	11/22/24	Printed			6203	FENNEMORE CRAIG, PC	LEGAL MATTERS OCT 2024	1,000.00
61249	11/22/24	Printed			7223	GEOCON CONSULTANTS INC.	I&I MITIGATION APR 24	375.00
61250	11/22/24	Printed			7223	GEOCON CONSULTANTS INC.	I&I MITIGATION MAY 2024	2,082.50
61251	11/22/24	Printed			7223	GEOCON CONSULTANTS INC.	I&I MITIGATION JUNE 2024	1,182.50
61252	11/22/24	Printed			7223	GEOCON CONSULTANTS INC.	I&I MITIGATION JULY 2024	542.50
61253	11/22/24	Printed			7223	GEOCON CONSULTANTS INC.	I&I MITIGATION AUGUST 24	1,517.50
61254	11/22/24	Printed			7223	GEOCON CONSULTANTS INC.	I&I MITIGATION SEPT 24	917.50
61255	11/22/24	Printed			7223	GEOCON CONSULTANTS INC.	I&I MITIGATION OCTOBER 24	1,088.75
61256	11/22/24	Printed			07460	GOLD MOUNTAIN CALIFORNIA	SIDEWALK ORDINANCE NOTICE	222.45
61257	11/22/24	Printed			07460	GOLD MOUNTAIN CALIFORNIA	RFP HOME HARDENING NOTICE	173.56
61258	11/22/24	Printed			08050	HACH COMPANY	WWTP REFRIGERATOR/INFLUENT	6,520.80
61259	11/22/24	Printed			08070	HANSEN BROS. ENTERPRISES	ROCK FOR CITY DRAINAGE	43.40
61260	11/22/24	Reconciled		11/30/24	08660	HUNT AND SONS, LLC	FUEL	893.63
61261	11/22/24	Printed			12180	LAWRENCE & ASSOCIATES INC	LANDFILL MONITORING OCT 24	472.50
61262	11/22/24	Printed			12209	LIEBERT CASSIDY WHITMORE	LEGAL MATTERS OCT 24	90.00
61263	11/22/24	Printed			19390	MAR-VAL'S SIERRA MARKET	WATER	7.19
61264	11/22/24	Printed			13261	METROPOLITAN TRANSPORTATION	STREETSAVER SUB 24/25	1,000.00
61265	11/22/24	Reconciled		11/30/24	16300	PCWA -PLACER COUNTY	WATER	2,233.17
61266	11/22/24	Printed			16500	PLACER OPERATIONAL AREA	CIVIL DEFENSE 24/25	220.67
61267	11/22/24	Reconciled		11/30/24	16821	PSOMAS	I&I MITIGATION ALGAE SEPTEMBER 2024	16,217.25
61268	11/22/24	Printed			16040	PURCHASE POWER	POSTAGE REFILL	507.00
61269	11/22/24	Printed			19762	STS AUTOMATION INCORPORATED	ANNUAL INSTRUMENTATION 24	2,346.33
61270	11/22/24	Printed			21500	USA BLUE BOOK, INC	WWTP THERMOMETER	137.70
61271	11/22/24	Printed			22240	VULCAN MATERIALS COMPANY	OIL W/BUCKET	359.29
61272	11/22/24	Printed			22240	VULCAN MATERIALS COMPANY	ASPHALT PATCH	327.23
61273	11/22/24	Printed			23301	WESTERN PLACER WASTE	SLUDGE REMOVAL OCT 24	887.54
61274	11/22/24	Printed			23453	WM LYLES	ALGAE REDUCTION AUG 2024	422,021.18
61275	11/23/24	Printed			2087	BASIC PACIFIC	FSA BENEFITS PYMT	91.60

Total Checks: 85

Checks Total (excluding void checks):

618,575.04

Total Payments: 85

Bank Total (excluding void checks):

618,575.04

Total Payments: 85

Grand Total (excluding void checks):

618,575.04



Staff Report to City Council

FOR THE JANUARY 8, 2025 REGULAR CITY COUNCIL MEETING

From: Ron Walker, City Manager
Prepared by: Shanna Stahl, Administrative Services Officer
Subject: Quarterly Sales Tax Analysis – Quarter Ended September 30, 2024

Budget Impact Overview:

N/A: ✓	Funded:	Un-funded:	Amount:	Fund(s):
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RECOMMENDED ACTION: Accept and File

Summary/Background

City staff provides a quarterly report on Sales and Use Tax revenues as quarterly information is available. We have received the final Accounting for Sales and Use Tax revenues for the quarter ended September 30, 2024, which is the first quarter of fiscal year 2024-2025.

As reported in the chart below, sales tax revenues for the quarter ended September 30, 2024 increased 99% as compared to the same quarter last year, and was 32% higher as compared to the previous quarter (06/30/2024).

	QE 09/30	QE 12/31	QE 03/31	QE 06/30	Total Fiscal Year Actuals	Fiscal Year Budget	Actuals as % of Fiscal Year Budget	Actuals to Budget Difference		Original Budget
Fiscal Year 2024-2025	\$ 791,682				\$ 791,682	\$ 1,350,000	59%	\$ (558,318)		\$1,350,000
Fiscal Year 2023-2024	\$ 397,425	\$ 332,232	\$ 305,997	\$ 598,109	\$ 1,633,763	\$1,336,734	122%	\$ 297,029		\$1,336,734
Fiscal Year 2022-2023	\$ 410,913	\$ 353,933	\$ 248,626	\$ 325,197	\$ 1,338,670	\$1,297,800	103%	\$ 40,870		\$1,297,800
Fiscal Year 2021-2022	\$ 300,458	\$ 298,414	\$ 378,914	\$ 414,444	\$ 1,392,230	\$1,260,000	110%	\$ 132,230		\$1,260,000
Fiscal Year 2020-2021	\$ 391,444	\$ 340,379	\$ 326,981	\$ 365,994	\$ 1,424,798	\$1,250,000	114%	\$ 174,798		\$1,125,000
% Change - Previous Calendar Qtr	32%									
% Change - Same Qtr - Prev Year	99%									

Fiscal and Budget Impacts

The budget for the current fiscal year was forecasted at a conservative 1% growth over the 2023-2024 fiscal year budget and equates to 50% of the actual revenues received in the fiscal year.

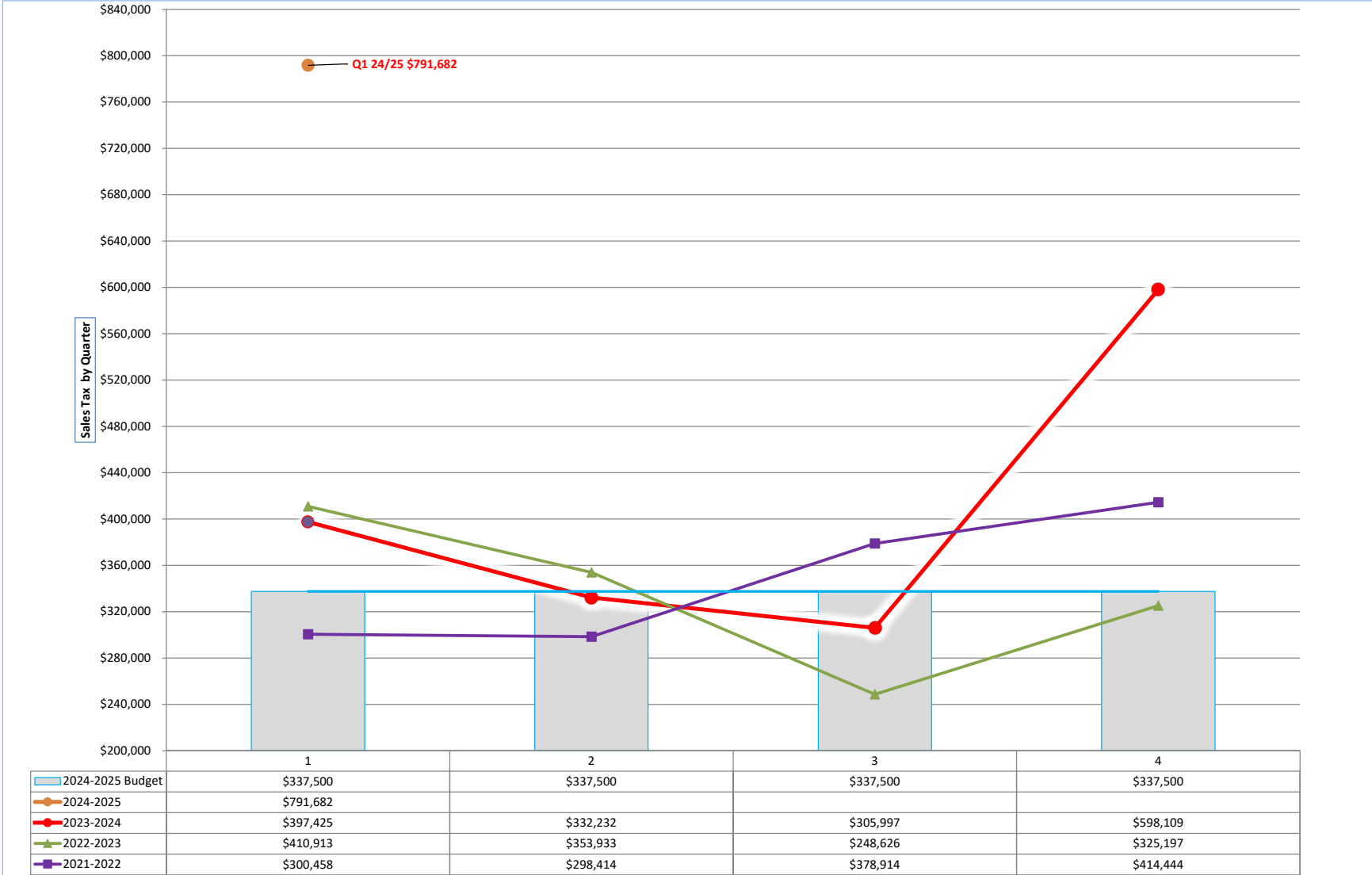
Sales tax revenues are very difficult to predict. While we did experience a strong opening quarter for fiscal year 2024-2025 sales tax revenue, the increase is not projected to continue. The estimates for this fiscal year remain conservative.

Staff will continue to monitor and provide updates as additional information is available.

Attachments:

1. Graph – City of Colfax – Sales and Use Tax Revenues
2. Chart – City of Colfax – Sales and Use Tax Revenues History

City of Colfax
Sales and Use Tax Revenues
(Actuals Through Quarter Ended 09/30/2024)



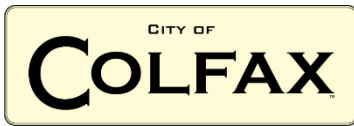
City of Colfax

Sales and Use Tax Revenues

City of Colfax Sales and Use Tax Revenue History

	Actuals	Change	% Change
1999-2000	\$ 478,169		
2000-2001	\$ 484,801	\$ 6,632	1%
2001-2002	\$ 592,392	\$ 107,591	22%
2002-2003	\$ 581,749	\$ (10,643)	-2%
2003-2004	\$ 601,276	\$ 19,527	3%
2004-2005	\$ 707,515	\$ 106,239	18%
2005-2006	\$ 749,583	\$ 42,068	6%
2006-2007	\$ 752,431	\$ 2,848	0%
2007-2008	\$ 648,989	\$ (103,442)	-14%
2008-2009	\$ 540,051	\$ (108,938)	-17%
2009-2010	\$ 538,549	\$ (1,502)	0%
2010-2011	\$ 551,953	\$ 13,404	2%
2011-2012	\$ 571,943	\$ 19,990	4%
2012-2013	\$ 706,828	\$ 134,885	24%
2013-2014	\$ 928,729	\$ 221,901	31%
2014-2015	\$ 956,342	\$ 27,613	3%
2015-2016	* \$ 1,104,357	\$ 148,015	15%
2016-2017	\$ 1,103,560	\$ (797)	0%
2017-2018	\$ 1,370,741	\$ 267,181	24%
2018-2019	\$ 1,401,608	\$ 30,867	2%
2019-2020	\$ 1,524,302	\$ 122,694	9%
2020-2021	\$ 1,424,789	\$ (99,513)	-7%
2021-2022	\$ 1,392,230	\$ (32,559)	-2%
2022-2023	\$ 1,338,670	\$ (53,560)	-4%
2023-2024	\$ 1,633,763	\$ 295,093	22%
2024-2025	\$ 791,682		

**Included true up and final adjustments related to the end of the decade old triple flip sales tax program which ended December 31, 2015*



Staff Report to City Council

FOR THE JANUARY 8, 2025 REGULAR CITY COUNCIL MEETING

From: Ron Walker, City Manager
Prepared by: Ron Walker, City Manager
Subject: City Projects Report

Budget Impact Overview:

N/A:	Funded: √	Un-funded:	Amount:	Fund(s):
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RECOMMENDED ACTION: Review and Comment.

Summary/Background

The following is a list of projects, by department, which have either been completed or are in progress.

Week of December 15-21, 2024

City Manager

- 12/17/24 Met with PGE related to the pole in the storm drain on Whitcome.
- SS4A grant – not enough fatalities from vehicle related crashes to be awarded any funding from this grant.
- 12/18/24 Met with Matt at the WWTP to discuss operations.
- Sidewalk Ordinance update.
- Annual Vehicle Smog Report to the State.
- Submitted Landfill observation Report.
- Updated Sanitary Spill report data with the state Water Resource Control Board. No spills to report.
- Negotiated contract with H.R. to perform team building with senior staff.

Algae Project at the WWTP

- Added additional erosion control because of heavy rain.
- Designing updated power supply for Weather Station.
- Conducted testing of new control panels.
- Installed Bollards around algae removal unit.
- Electrical and plumbing work started for Pond 3 Pump Station.

CDBG Project

- Staff is working to close out the project.

I & I Project

- Staff is working to close out the project.

Planning

- I'm working on Gordon's gym- sent out to outside agencies for review of a proposed design review permit for a gym at Auburn and Oak Streets, waiting for comments back. Next steps after that will be to prepare an Initial Study for environmental review.
- Will be taking the sidewalk ordinance back to Council January 11th

- Preparing a historic inventory that I will bring to the Council in the future for adoption. It's identified as an implementation measure in the General Plan. The City does not currently have a current list.
- Responding to requests for zoning, and general inquiries.

Maintenance Department

- Corp Yard shop cleaning.
- Cleared multiple storm drains on Quins & Culver.
- Purchased and installed rock for drainage areas on Church St. and School St.
- Located storm drain behind the Boat shop on North Main St. Cleaned drain and cleared vegetation from ditch.
- Contacted PG&E about removal of the dead pine tree on the corner of Kneeland and Depot St. regarding their removal schedule.
- Coordinated with Sheriff Office and Eco Green to set up a time for lighting upgrade to LED.
- Installed additional drainage rock at the City Landfill site to prevent erosion.
- Filled multiple potholes between Seims and the Chevron on Canyon.
- Purchased parts to repair parking lot lights in the Depot and Roy Tones areas.
- Investigated possible water leak on Church St. along newly black topped area.
- Additional pot hold patching on Canyon.
- Filled potholes on Depot St.
- Completed Landfill Observation report.
- Used blowers to clear tree debris from South Main St.
- Set up and take down for City Hall Staff event.
- Transported City Dump Truck to and from smog shop.
- Used blowers to clear tree debris from Church St.
- Completed painting of Corp Yard sign.
- Cleared drainage on Canyon Way.

Wastewater Treatment Plant/Sewer

- Filter Maintenance
- Weekly lab samples
- Sewer level monitoring devices installed in manholes by Colfax Hotel.
- Construction is onsite for Breaker testing for our new process (SAF).
- New Pump to transfer water out of the Equalization Basin more efficiently.

Administrative Services

- Collaborated, and performed analysis with Auditors for annual audit report.
- Retrieved signatures on the necessary documents for the LTF/STA funding request through PCTPA and submitted it.
- Assisted the City Manager with a small claims issue and documentation for the Home Hardening Grant.
- Oversaw daily accounting duties including deposits, accounts payable and journal entries.
- I reviewed documentation in preparation of 1099 issuance in January.
- Audited ethics training for all council members for the last 5 years.
- Followed up on ERMA grant funds application for employee handbook updates.
- Fixed internet issues with IT.
- Processed Land Development billing.

- Planned and attended a staff potluck.
- Coordinated insurance coverage for post closure maintenance plan at the closed landfill and worked on reconciling past calculations of such.

City Clerk

- Focused on Ethics training and becoming familiar with the new FPPC filing system, and new laws that will take effect January 1, 2025.
- Complete required online ethics training.
- Attended an online seminar with the FPPC regarding the new mandate that all Form 700 filers must file electronically with the FPPC directly.
- Responded to Public Records Requests.
- Supported front office staff with phones, walk-in residents, permits, sewer payments, and complaints.

Engineering

- On Vacation this week.

Building/Code Enforcement

- Developing F.O.G. program with Chief Plant Operator and City Engineer.
- Building inspections and code enforcement.

Week of December 22-28, 2024

City Manager

- On vacation over the holidays.
- Worked with Chief Plant Operator to resolve internet provider issues.
- Worked on Agenda items for the January 8th City Council Meeting.
- Worked with City Clerk to answer Finance Services RFP questions.
- Reviewed the latest issue of the Colfax Connection for approval.

Planning

- Met with the Couty to discuss possible annexation and utility services for future projects.
- Continue the development of a Sidewalk Ordinance.

Maintenance Department

- Cleaned up vandalism of splash Park restrooms.
- Purchased a Back-Pack Blower, Pole-Saw, and Hedge trimmer.
- Cleared debris from storm drains on Manist St., Grass Valley St., Culver St., and from the Depot area.
- Street Light inspection on S. Auburn St.
- Purchased new tires form vehicle #C3.
- Confirmed the storm drain was flowing after PG&E removed pole from drainpipe.

Wastewater Treatment Plant/Sewer

- Worked to resolve internet issues.
- Developing Fats, Oils & Grease (FOG) program with City Engineering and Code Enforcement officer.

Administrative Services

- continued working with the financial auditing team to wrap up the audit year ending 6/30/24.
- collaborated with CalRecycle regarding the annual inflation factor changes put in place 2021 that had not been reflected in our reporting thus far.
- Reported findings from CalRecycle to the audit firm.
- Oversaw all accounting functions, even while out of the office on Thursday and Friday.
- Assisted Accounting Technician with payroll issues 12/27.

City Clerk

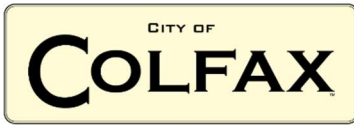
- Agenda development.
- Answered questions from contractors interested in the Financial Services RFP.

Engineering

- Investigated drainage issue at Culver
- and Church. It is believed that the water is from an underground spring. The rehabilitation project was not funded to address this type of drainage issue.
- Working with PG&E to finish power pole relocation on Whitcome Ave.
- Review Skate Park Plans.
- Developing F.O.G. program with Chief Plant Operator and City Code Enforcement Officer.

Building/Code Enforcement

- Developing F.O.G. program with Chief Plant Operator and City Engineer.
- Building inspections and code enforcement.



Staff Report to City Council

FOR THE JANUARY 8, 2025 REGULAR CITY COUNCIL MEETING

From: Shanna Stahl, Administrative Services Officer
Prepared by: Shanna Stahl, Administrative Services Officer
Subject: City of Colfax Audit Report as of Fiscal Year Ended June 30, 2024

Budget Impact Overview:

N/A: √	Funded:	Un-funded:	Amount:	Fund(s):
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RECOMMENDED ACTION: Accept and receive Fiscal Year Ended June 30, 2024 Audit Report.

Summary/Background

In accordance with federal, state and local statutes and best practices, the City of Colfax is committed to providing the public and its constituents with complete and accurate financial reporting. The City engages an independent auditing firm to perform professional audit services on an annual basis. On May 10, 2023 City Council passed Resolution 13-2023 which approved an agreement with Richardson & Company, LLP to provide annual audit services for up to five years after City staff issued a Request for Proposals (RFP).

The services provided include:

1. Audit of the Government-Wide Financial Statements in conformity with generally accepted accounting principles and issue an opinion thereon.
2. Test compliance with the Single Audit Act as amended in 1996, and applicable laws and regulations.
3. Prepare memorandum on Internal Control Structure and Management Letter
4. Test compliance with Proposition 111, Article XIII.B – Review of Appropriation Limit Calculations.
5. Preparation of Annual Financial Transactions Report to the state controller by due date
6. Assist the City with calculating its share of the net pension liability deferred inflows and deferred outflows since CalPERS is not providing separate employer amounts.
7. Other services as required.

Presentation By: Ingrid Sheipline, Managing Partner (Richardson and Co.), Auditor

Attachments:

1. Auditor Presentation Agenda – Outline
2. Audited Financial Statements with auditor's opinion
3. Internal control and compliance reports
4. Governance (required communications) letter
5. Appropriations limit testing report

CITY OF COLFAX
AUDIT PRESENTATION AGENDA

January 8, 2025

Presentation by Richardson & Company, LLP of the Audit, including the following communications required by Generally Accepted Auditing Standards:

Reports issued

- Audited Financial Statements with auditors opinion
- Internal Control and Compliance Report
- Governance (required communications) letter
- Management letter with recommendations
- Appropriations limit testing report

Independent Auditor's Report

- Unmodified (clean) opinion

Financial Statements highlights

- Governmental Activities (General, Special Revenue, Capital Projects Fund) revenues exceeded expenses by \$1,383,000
- General Fund revenues exceeded expenses by \$981,000
- Positive unrestricted/unassigned fund balance in General Fund of \$3,715,000, in addition to the \$1,145,000 of reserves
- General Fund revenues exceeded budget by \$483,000—higher sales taxes
- General Fund expenses less than budgeted \$476,000 due to lower capital outlay
- Unrestricted Sewer Fund reserve increased to \$3,225,000, including the operating reserve of \$505,000 and capital projects reserve of \$600,000
- Unfunded pension liability—nominal \$234,000
- Debt of \$6,191,000 to fund sewer system upgrades

Report on Internal Control and Compliance

- No internal control weaknesses
- Federal grant expenditures of \$754,452 for sewer project
- City complied with laws, regulations material to the financials

Governance (required communications) letter

- 3 audit adjustments noted during audit process - good accounting processes
- No difficulties in performing the audit and no unusual accounting practices

Management letter

- No material weaknesses in internal control
- Good controls in place
- No new items noted

CITY OF COLFAX, CALIFORNIA

**Audited Financial Statements, Supplemental Information
and Compliance Report**

June 30, 2024

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CITY OF COLFAX, CALIFORNIA

Audited Financial Statements, Supplemental Information and Compliance Report

June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the City Council
 Colfax, California

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

To the City Council
City of Colfax, California

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

To the City Council
City of Colfax, California

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Colfax's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Richardson & Company, LLP

December 17, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Colfax (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024. We encourage the readers to consider the information presented here in conjunction with the accompanying basic financial statements and the additional information provided.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources at the close of Fiscal Year 2023-2024 by \$41,596,436 (*Net Position*) which represents an increase of 27% or \$8,717,614. These assets are allocated as follows:
 - Net Investment in capital assets - \$31,148,923 Total capital additions for the fiscal year were \$8,639,978.
 - Restricted net position - \$2,217,287. This amount is for both governmental and business-type activities and is restricted for capital projects, debt service and legally segregated taxes, grants and fees.
 - Unrestricted net position for combined governmental and business-type activities - \$8,230,226. This is an increase of \$1,150,734 over the previous year. These funds may be used to meet ongoing obligations of the City. City established reserves (operations, capital improvements, and unfunded pension liability) and Nonspendable funds (long-term receivables and deferrals) are included in unrestricted net position.
- Total revenue from all sources was \$14,365,861 of which \$7,709,145 was from capital grants and contributions. Total expenses from all sources were \$5,648,247.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide Statement of Net Position on page 13 and the government-wide Statement of Activities on page 14 provide information about the activities as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 15. For governmental activities, these statements explain how programs and services were financed in the short term (the most recently completed fiscal year), as well as the amounts remaining available for future spending. Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. Fund financial statements also provide financial information about activities for which the City acts solely as a trustee or agent (fiduciary) for the benefit of individuals and entities external to this governmental unit.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 13. One of the most important questions asked about the City's finances is, "*Is the City as a whole better off or worse off as a result of the year's activities?*" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities, using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector business entities. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and related changes. You can think of the City's net position – the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources – as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net position are one indicator of whether its *financial health* is improving or deteriorating. To reach a conclusion on this issue, you may need to consider other matters of a non-financial nature, such as:

- the condition of the City's infrastructure (streets and roadways, storm drainage improvements, sewer system, city hall), or
- the economic vitality of the core business districts, or
- the adequacy of emergency response times of police and fire personnel,

in order to properly assess the *overall health* of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two (2) kinds of activities:

1. Governmental activities: most of the City's basic services are reported here, including the operations of the sheriff, fire, building inspection, public works and general administration. Taxes (primarily property and sales), licenses, permits, state and federal grants, and franchise payments finance most of these activities.
2. Business-type activities: the City charges fees to customers to cover most of the cost of certain services and programs it provides. The City's wastewater treatment operations are reported here.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 15. The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law (Gas Tax and Law Enforcement Grants funds). However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The City's two (2) kinds of funds – *governmental* and *proprietary* (business activities/enterprise funds) – use different accounting approaches:

- **Governmental funds:** Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds, and the balances left at year-end that are nonspendable, restricted, committed, or unassigned. These classifications of fund balance show the nature and extent of constraints placed on the City's fund balances by law, creditors, City council, and the City's annually adopted budget. Unassigned fund balance is available for spending for any purpose. These funds are reported using an accounting method described as *modified accrual* accounting. This accounting method (basis) measures the availability of cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations, and the basic services it provides to residents and visitors of the City. Governmental fund information helps you to determine what financial resources are available to be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and the governmental *funds*, in a reconciliation (see pages 15 and 17).
- **Proprietary funds:** When the City charges customers for the full cost for the services it provides, those services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The City's enterprise funds (Sewer Operations) are the business-type activities that we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

THE CITY AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$41,596,436 at the close of the current fiscal year.

By far the largest portion of the City's net position reflects its investment in capital assets (e.g., land, street, sewer and storm drain systems, buildings and park assets, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debts, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's combined net position for the years ending June 30, 2024 and June 30, 2023 are summarized (Table 1), as follows:

Table 1
City of Colfax, Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets:						
Current assets	\$ 7,415,400	\$ 6,338,055	\$ 4,505,858	\$ 3,254,887	\$ 11,921,258	\$ 9,592,942
Non-current and capital assets	11,172,827	10,396,686	28,242,587	21,031,620	39,415,414	31,428,306
Total Assets	18,588,227	16,734,741	32,748,445	24,286,507	51,336,672	41,021,248
Deferred Outflows of Resources						
Pension plan	99,957	111,406	106,140	118,297	206,097	229,703
Liabilities:						
Current liabilities	831,406	372,126	2,229,060	753,536	3,060,466	1,125,662
Long-term liabilities	551,950	518,636	5,838,929	6,198,933	6,390,879	6,717,569
Total Liabilities	1,383,356	890,762	8,067,989	6,952,469	9,451,345	7,843,231
Deferred Inflows of Resources						
Pension plan	902	1,346	958	1,429	1,860	2,775
Leases	493,128	526,123	-	-	493,128	526,123
Net Position:						
Net investment in capital assets	10,628,049	9,824,531	20,520,874	13,415,854	31,148,923	23,240,385
Restricted	1,177,599	1,520,631	1,039,688	1,038,314	2,217,287	2,558,945
Unrestricted	5,005,150	4,082,754	3,225,076	2,996,738	8,230,226	7,079,492
Total Net Position	<u>\$ 16,810,798</u>	<u>\$ 15,427,916</u>	<u>\$ 24,785,638</u>	<u>\$ 17,450,906</u>	<u>\$ 41,596,436</u>	<u>\$ 32,878,822</u>

The amount reported for net position of governmental activities does not include the value of the City's infrastructure (roadways, bridges and storm drainage improvements) constructed prior to July 1, 2003.

Governmental Activities

Total revenues for governmental activities increased \$1,045,631 (29%) in fiscal year 2023-2024 as compared to the previous year. The City had significant increases in operating and capital grants due to increases in project activity. In addition, due to higher interest rates, earnings on investments also had a significant increase. The increase was offset by a decrease in charges for services in governmental activities. The City's governmental activities net position increased by \$1,382,882 (9%) for the fiscal year. Sources of revenue and expenditures are noted in Table 2 below.

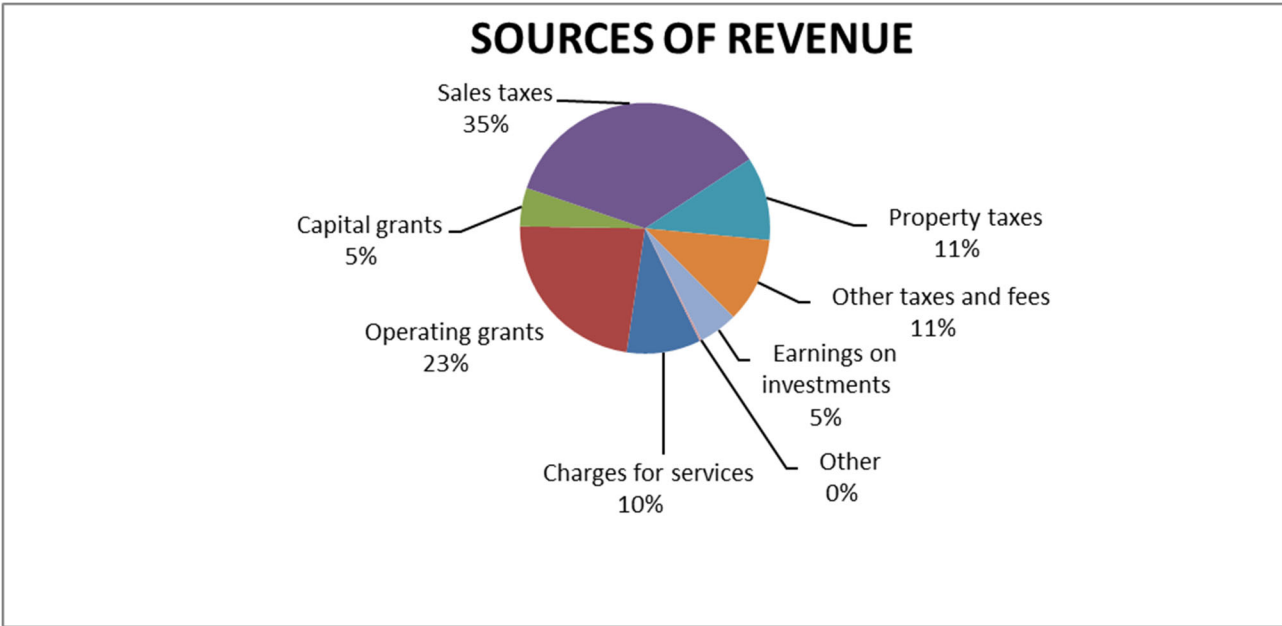
Business-Type Activities

Total revenues for Business-type activities increased \$5,482,626 (128%) in fiscal year 2023-2024 as compared to the previous year. The increase in revenues was primarily due to the receipt of capital grant funds for a construction project associated with the Wastewater Treatment Plant. Business-type activities increased the City's net position by \$7,334,732 for the fiscal year, an increase of \$5,432,858 over the previous year. The increase in net position is also primarily due to the capital grant funds for the construction project at the

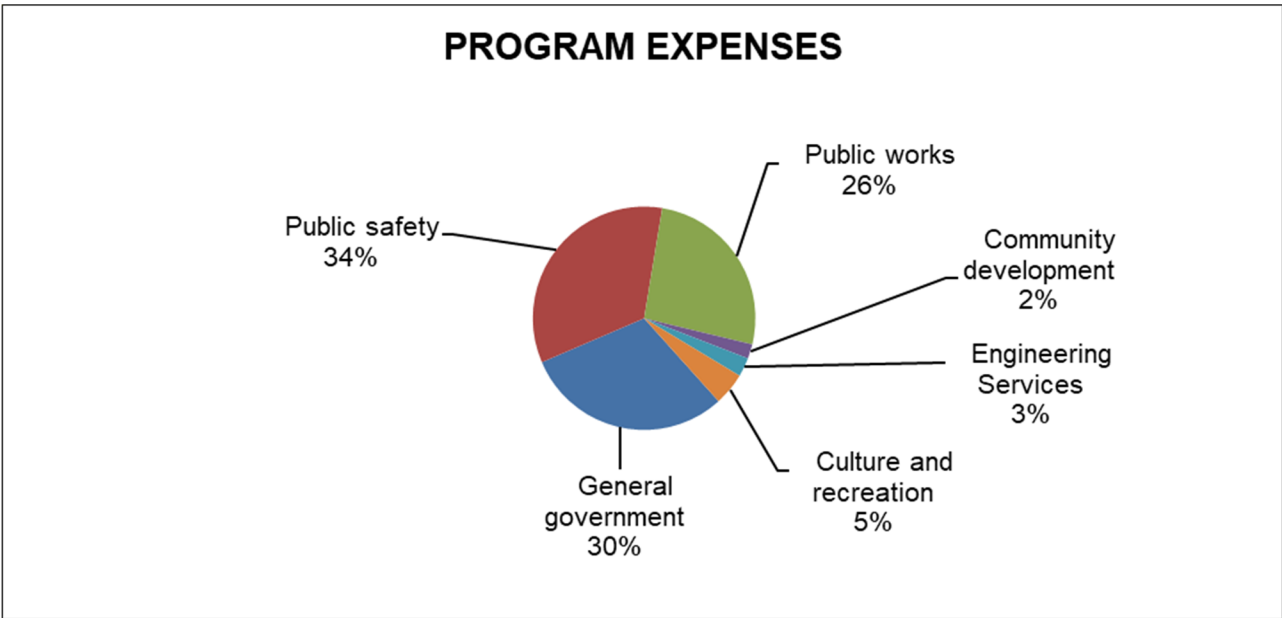
Table 2
City of Colfax, Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 440,950	\$ 520,756	\$ 2,194,934	\$ 2,183,607	\$ 2,635,884	\$ 2,704,363
Operating grants and contributions	1,052,065	646,909	-	-	1,052,065	646,909
Capital grants and contributions	228,826	283,276	7,480,319	1,721,175	7,709,145	2,004,451
General revenues:						
Sales taxes	1,633,763	1,338,670	-	-	1,633,763	1,338,670
Property taxes	494,620	469,943	-	-	494,620	469,943
Other taxes and fees	506,649	460,143	-	-	506,649	460,143
Earnings on investments	230,801	126,976	88,885	72,438	319,686	199,414
Other	11,047	(293,583)	3,002	307,294	14,049	13,711
Total revenues	4,598,721	3,553,090	9,767,140	4,284,514	14,365,861	7,837,604
Expenses:						
General government	971,972	1,081,821	-	-	971,972	1,081,821
Public safety	1,094,942	1,046,236	-	-	1,094,942	1,046,236
Public works	840,805	901,794	-	-	840,805	901,794
Community development	67,801	68,260	-	-	67,801	68,260
Engineering Services	88,197	128,522	-	-	88,197	128,522
Culture and recreation	152,122	158,834	-	-	152,122	158,834
Sewer	-	-	2,370,296	2,316,796	2,370,296	2,316,796
Interest on long-term debt	-	-	62,112	65,844	62,112	65,844
Total expenses	3,215,839	3,385,467	2,432,408	2,382,640	5,648,247	5,768,107
Change in net position	1,382,882	167,623	7,334,732	1,901,874	8,717,614	2,069,497
Net position, July 1	15,427,916	15,260,293	17,450,906	15,549,032	32,878,822	30,809,325
Net position, June 30	<u>\$16,810,798</u>	<u>\$15,427,916</u>	<u>\$24,785,638</u>	<u>\$17,450,906</u>	<u>\$41,596,436</u>	<u>\$32,878,822</u>

Governmental Activities – Sources of Revenue
(Graphic representation of Table 2 in percentages)



Fiscal Year 2023-2024
Governmental Activities – Program Expenses
(Graphic representation of Table 2 in percentages)



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the City are those assets that are used in the performance of City functions including infrastructure assets. Capital assets include general government and public works equipment, vehicles, buildings, roads, wastewater treatment facilities and sewer lines. At June 30, 2024, net capital assets of the governmental activities totaled \$10,628,049 and the net capital assets of the business-type activities totaled \$26,711,898. Depreciation on capital assets is recognized in the Government-Wide financial statements. (See table 3 and Note D to the financial statements.)

Table 3
City of Colfax, Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 1,379,087	\$ 1,379,087	\$ 134,700	\$ 134,700	\$ 1,513,787	\$ 1,513,787
Easements	68,310	68,310	-	-	68,310	68,310
Construction in progress	1,189,115	103,639	10,000,388	2,520,070	11,189,503	2,623,709
Building and improvements	10,736,419	10,698,361	25,885,254	25,857,752	36,621,673	36,556,113
Vehicles	170,423	170,424	44,053	44,053	214,476	214,477
Machinery and equipment	329,492	329,492	1,768,433	1,759,810	2,097,925	2,089,302
Furniture and fixtures	12,534	12,534	-	-	12,534	12,534
Accumulated depreciation	(3,257,331)	(2,937,316)	(11,120,930)	(10,335,141)	(14,378,261)	(13,272,457)
Total Capital Assets, Net	\$10,628,049	\$ 9,824,531	\$26,711,898	\$19,981,244	\$37,339,947	\$29,805,775

The City invested \$8,639,976 in capital asset improvements and additions during the current fiscal year including the following:

- Installation of metal buildings at the Wastewater Treatment Plant and the City's Corporation Yard.
- Wastewater treatment plant construction project, primarily inflow/infiltration improvements and algae DAF/SAF upgrades.
- Construction activities on the CDBG Road Rehabilitation Project.
- Replacement of lift station and wastewater equipment

Long-Term Debt

At the end of fiscal year 2023-2024, the City had total long-term debts outstanding of \$6,890,017, as compared to a total of \$7,204,880 in the previous year (See Table 4 and Note E to the financial statements).

Table 4
City of Colfax, Long-Term Liabilities

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Postclosure landfill costs	\$ 431,519	\$ 416,524	\$ -	\$ -	\$ 431,519	\$ 416,524
State loan - restructured	-	-	6,086,395	6,460,761	6,086,395	6,460,761
Note payable	-	-	104,629	104,629	104,629	104,629
Compensated absences	13,226	4,080	19,572	12,552	32,798	16,632
Net pension liability	113,818	100,072	120,858	106,262	234,676	206,334
Total Long-term Debt	\$ 558,563	\$ 520,676	\$ 6,331,454	\$ 6,684,204	\$ 6,890,017	\$ 7,204,880

The City's long-term debt includes: compensated absences due employees for accrued vacation and compensated time off pay, Post Closure expenses related to the City's closed landfill site, notes payable for the construction of the sewer plant and improvements projects, note payable to developer for sewer infrastructure, and the net pension liability.

Major activity in outstanding debt for the fiscal year ended was:

- Annual payment on the restructured State loan associated with the Wastewater Treatment Plant facility implementation (2009) and Pond 3 liner, I&I mitigation and SCADA project which completed in early fiscal year 2013-2014.
- Increase in net pension liability – see Note H for additional information.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In considering the City Budget for fiscal year 2024-2025, the City Council and management were cautiously optimistic as to the growth of revenues and expenditures.

The budget is balanced, with expenditure amounts in the General Fund and Sewer Enterprise Fund within projected revenues and available funds, while providing for contributions toward prudent fund balance reserves and capital asset additions. Staffing projections remain consistent with previous year's projections and no additional staffing is anticipated.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances, and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Finance, City of Colfax, 33 S. Main Street, Colfax, California 95713.

BASIC FINANCIAL STATEMENTS

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CITY OF COLFAX

GOVERNMENT-WIDE STATEMENT OF NET POSITION

June 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current assets:			
Cash and investments	\$ 5,819,922	\$ 1,421,504	\$ 7,241,426
Accounts receivable, net	122,902	227,723	350,625
Due from other governmental agencies	1,296,034	2,903,403	4,199,437
Internal balance	92,926	(92,926)	-
Interest receivable	61,820	25,079	86,899
Leases receivable	18,796		18,796
Prepaid expenses	3,000	21,075	24,075
Total current assets	<u>7,415,400</u>	<u>4,505,858</u>	<u>11,921,258</u>
Noncurrent assets:			
Restricted cash and investments		1,519,156	1,519,156
Leases receivable, non-current	521,580		521,580
Notes receivable	23,198	11,533	34,731
Capital assets, net			
Non-depreciable	2,636,512	10,135,089	12,771,601
Depreciable, net	<u>7,991,537</u>	<u>16,576,809</u>	<u>24,568,346</u>
Total capital assets, net	<u>10,628,049</u>	<u>26,711,898</u>	<u>37,339,947</u>
Total assets	<u>18,588,227</u>	<u>32,748,445</u>	<u>51,336,672</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pension plan	<u>99,957</u>	<u>106,140</u>	<u>206,097</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	603,138	939,081	1,542,219
Retention payable	68,536	734,574	803,110
Accrued expenses	19,375	62,880	82,255
Unearned revenue	113,258		113,258
Refundable deposits	20,486		20,486
Current portion of long-term liabilities	<u>6,613</u>	<u>492,525</u>	<u>499,138</u>
Total current liabilities	<u>831,406</u>	<u>2,229,060</u>	<u>3,060,466</u>
Long-term liabilities:			
Loan payable		5,708,285	5,708,285
Postclosure landfill costs	431,519		431,519
Compensated absences	6,613	9,786	16,399
Net pension liability	<u>113,818</u>	<u>120,858</u>	<u>234,676</u>
Total long-term liabilities	<u>551,950</u>	<u>5,838,929</u>	<u>6,390,879</u>
Total liabilities	<u>1,383,356</u>	<u>8,067,989</u>	<u>9,451,345</u>
DEFERRED INFLOWS OF RESOURCES:			
Leases	493,128		493,128
Pension plan	<u>902</u>	<u>958</u>	<u>1,860</u>
	<u>494,030</u>	<u>958</u>	<u>494,988</u>
NET POSITION:			
Net investment in capital assets	10,628,049	20,520,874	31,148,923
Restricted	1,177,599	1,039,688	2,217,287
Unrestricted	<u>5,005,150</u>	<u>3,225,076</u>	<u>8,230,226</u>
Total net position	<u>\$ 16,810,798</u>	<u>\$ 24,785,638</u>	<u>\$ 41,596,436</u>

The accompanying notes are an integral part of these financial statements.

CITY OF COLFAX

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2024

	Expenses	Program Revenues			Governmental Activities	Business-type Activities	Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
GOVERNMENTAL ACTIVITIES							
General government	\$ 971,972	\$ 382,121			\$ (589,851)		\$ (589,851)
Public safety	1,094,942	54,604	\$ 222,265		(818,073)		(818,073)
Public works	840,805		829,800	\$ 228,826	217,821		217,821
Community development	67,801				(67,801)		(67,801)
Engineering services	88,197				(88,197)		(88,197)
Culture and recreation	152,122	4,225			(147,897)		(147,897)
Total governmental activities	<u>3,215,839</u>	<u>440,950</u>	<u>1,052,065</u>	<u>228,826</u>	<u>(1,493,998)</u>		<u>(1,493,998)</u>
BUSINESS-TYPE ACTIVITIES							
Sewer	2,370,296	2,194,934		7,480,319		\$ 7,304,957	7,304,957
Interest on long-term debt	62,112					(62,112)	(62,112)
Total business-type activities	<u>2,432,408</u>	<u>2,194,934</u>		<u>7,480,319</u>		<u>7,242,845</u>	<u>7,242,845</u>
Total government	<u>\$ 5,648,247</u>	<u>\$ 2,635,884</u>	<u>\$ 1,052,065</u>	<u>\$ 7,709,145</u>	<u>(1,493,998)</u>	<u>7,242,845</u>	<u>5,748,847</u>
GENERAL REVENUES:							
Taxes:							
Sales and use taxes					1,633,763		1,633,763
Property taxes					494,620		494,620
Transient occupancy tax					143,926		143,926
Franchises					98,348		98,348
Gas taxes					60,795		60,795
Mitigation fees					4,922		4,922
Motor vehicle in-lieu					198,658		198,658
Investment income					230,801	88,885	319,686
Miscellaneous					11,047	3,002	14,049
Total general revenues					<u>2,876,880</u>	<u>91,887</u>	<u>2,968,767</u>
Changes in net position					1,382,882	7,334,732	8,717,614
Net position, beginning of year					<u>15,427,916</u>	<u>17,450,906</u>	<u>32,878,822</u>
Net position, end of year					<u>\$ 16,810,798</u>	<u>\$ 24,785,638</u>	<u>\$ 41,596,436</u>

The accompanying notes are an integral part of these financial statements.

CITY OF COLFAX
BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2024

	Major Funds		Nonmajor	
	General	Capital	Governmental	Total
	Fund	Projects	Funds	
		Fund		
ASSETS:				
Cash and investments	\$ 5,016,613	\$ 25,348	\$ 777,961	\$ 5,819,922
Accounts receivable, net	122,902			122,902
Due from other governmental agencies	539,577	742,219	14,238	1,296,034
Interest receivable	50,273		11,547	61,820
Leases receivable	540,376			540,376
Notes receivable	14,005		9,193	23,198
Prepaid items	3,000			3,000
Due from other funds	315,848			315,848
Total assets	<u>\$ 6,602,594</u>	<u>\$ 767,567</u>	<u>\$ 812,939</u>	<u>\$ 8,183,100</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
LIABILITIES:				
Accounts payable	\$ 85,646	\$ 508,656	\$ 8,836	\$ 603,138
Accrued expenses	15,843		3,532	19,375
Retention payable	9,860	58,676		68,536
Unearned revenue	26,699		86,559	113,258
Due to other funds		191,168	31,754	222,922
Refundable deposits	20,486			20,486
Total liabilities	<u>158,534</u>	<u>758,500</u>	<u>130,681</u>	<u>1,047,715</u>
DEFERRED INFLOWS OF RESOURCES:				
Leases	493,128			493,128
Unavailable revenue		535,305		535,305
Total deferred inflows of resources	<u>493,128</u>	<u>535,305</u>		<u>1,028,433</u>
FUND BALANCES:				
Nonspendable	64,254		9,193	73,447
Restricted	926,860		673,065	1,599,925
Committed	1,145,000			1,145,000
Assigned	99,519			99,519
Unassigned	3,715,299	(526,238)	-	3,189,061
Total fund balances	<u>5,950,932</u>	<u>(526,238)</u>	<u>682,258</u>	<u>6,106,952</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,602,594</u>	<u>\$ 767,567</u>	<u>\$ 812,939</u>	<u>\$ 8,183,100</u>

The accompanying notes are an integral part of these financial statements.

CITY OF COLFAX

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO GOVERNMENT-WIDE STATEMENT OF NET POSITION

June 30, 2024

Total Governmental Fund Balances	\$ 6,106,952
Amounts reported for governmental activities in the statement of net position are different because:	
Pension contributions subsequent to the valuation measurement date and other items will reduce the pension liability in the future and are reported as deferred outflows of resources on the statement of net position.	99,957
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	10,628,049
Certain receivables are not available to pay current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.	535,305
Long-term liabilities/assets are not due and payable/recoverable in the current period and, therefore, are not reported in the governmental funds balance sheet.	
Compensated absences	(13,226)
Postclosure landfill liability	(431,519)
Net pension liability	(113,818)
Employee pension differences to be recognized in the future as pension expense are reported as deferred inflows of resources on the statement of net position.	<u>(902)</u>
Net Position of Governmental Activities	<u><u>\$ 16,810,798</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF COLFAX

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2024

	Major Funds		Nonmajor	Total
	General	Capital	Governmental	Governmental
	Fund	Projects	Funds	Funds
		Fund		
REVENUES:				
Taxes	\$ 2,370,657		\$ 67,492	\$ 2,438,149
Licenses, fees and permits	166,224		5,102	171,326
Intergovernmental revenues	234,764	\$ 446,234	406,663	1,087,661
Charges for services	158,218			158,218
Fines, forfeitures and penalties	1,345			1,345
Use of money and property	296,778		42,489	339,267
Other revenue	10,867			10,867
Total revenues	3,238,853	446,234	521,746	4,206,833
EXPENDITURES:				
Current:				
General government	895,324	2,829	8,656	906,809
Public safety	908,559		186,159	1,094,718
Public works	165,400	204,898	253,017	623,315
Engineering services	88,197			88,197
Cultural and recreation	133,893			133,893
Capital outlay		1,123,533		1,123,533
Total expenditures	2,191,373	1,331,260	447,832	3,970,465
Excess of revenues over expenditures	1,047,480	(885,026)	73,914	236,368
OTHER FINANCING SOURCES (USES):				
Transfers in	513	502,204	83,628	586,345
Transfers out	(66,990)		(519,355)	(586,345)
Total other financing sources (uses)	(66,477)	502,204	(435,727)	
Net change in fund balances	981,003	(382,822)	(361,813)	236,368
Fund balances, beginning of year, as previously presented	4,969,929		900,655	5,870,584
Changes within reporting entity (nonmajor to major)		(143,416)	143,416	
Fund balances, beginning of year, as adjusted	4,969,929	(143,416)	1,044,071	5,870,584
Fund balances, end of year	\$ 5,950,932	\$ (526,238)	\$ 682,258	\$ 6,106,952

The accompanying notes are an integral part of these financial statements.

CITY OF COLFAX

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2024

Net Change in Fund Balances - Total Governmental Funds	\$ 236,368
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	
Capital outlay	1,123,533
Depreciation expense	(320,015)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Government-wide Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments exceed proceeds.	
Postclosure landfill costs	(14,995)
Some receivables are deferred in the governmental funds because the amounts do not represent current financial resources that are recognized under the accrual basis in the statement of activities.	
Difference between unavailable revenue recognized in the current year and prior year	391,888
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not expenditures in the governmental funds.	
Change in compensated absences	(9,145)
Change in deferred outflow/inflows of resources and net pension liability/asset	(24,752)
Change in Net Position of Governmental Activities	<u><u>\$ 1,382,882</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF COLFAX

STATEMENT OF NET POSITION
PROPRIETARY FUND - SEWER FUND

June 30, 2024

ASSETS:

Current assets:

Cash and cash equivalents	\$ 1,421,504
Accounts receivable, net	227,723
Due from other governmental agencies	2,903,403
Interest receivable	25,079
Prepaid expenses	21,075
Total current assets	<u>4,598,784</u>

Noncurrent assets:

Restricted cash and cash equivalents	1,519,156
Notes receivable	11,533
Capital assets, net:	
Nondepreciable	10,135,089
Depreciable, net	16,576,809
Total capital assets, net	<u>26,711,898</u>
Total assets	<u>32,841,371</u>

DEFERRED OUTFLOWS OF RESOURCES:

Pension plan	<u>106,140</u>
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LIABILITIES:

Current liabilities:

Accounts payable	939,081
Retention payable	734,574
Accrued expenses	62,880
Current portion of long-term liabilities	492,525
Due to other funds	92,926
Total current liabilities	<u>2,321,986</u>

Long-term liabilities:

Loan payable	5,708,285
Compensated absences	9,786
Net pension liability	120,858
Total long-term liabilities	<u>5,838,929</u>
Total liabilities	<u>8,160,915</u>

DEFERRED INFLOWS OF RESOURCES:

Pension plan	<u>958</u>
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NET POSITION:

Net investment in capital assets	20,520,874
Restricted	1,039,688
Unrestricted	3,225,076
Total net position	<u>\$ 24,785,638</u>

The accompanying notes are an integral part of these financial statements.

CITY OF COLFAX

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND - SEWER FUND

For the Year Ended June 30, 2024

OPERATING REVENUES:	
Service charges	\$ 2,150,541
Miscellaneous	44,393
Total operating revenues	<u>2,194,934</u>
OPERATING EXPENSES:	
Personnel services	676,962
Operation and maintenance	907,545
Depreciation	785,789
Total operating expenses	<u>2,370,296</u>
Net income from operations	<u>(175,362)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	88,885
Rental income	3,002
Interest expense	(62,112)
Total nonoperating revenues (expenses)	<u>29,775</u>
CAPITAL CONTRIBUTIONS:	
State grant revenue	<u>7,480,319</u>
Change in net position	7,334,732
Net position, beginning of year	<u>17,450,906</u>
Net position, end of year	<u>\$ 24,785,638</u>

The accompanying notes are an integral part of these financial statements.

CITY OF COLFAX

STATEMENT OF CASH FLOWS
PROPRIETARY FUND - SEWER FUND

For the Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	\$ 2,155,773
Cash paid to suppliers	(123,252)
Cash paid to employees and related benefits	(637,673)
Net cash provided by operating activities	<u>1,394,848</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Purchase of capital assets	(6,857,032)
Capital contributions received	4,877,982
Debt principal paid	(374,366)
Debt interest paid	(64,608)
Received from other funds	92,926
Net cash used for capital and related financing activities	<u>(2,325,098)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Investment income received	90,749
Payments on notes receivable received	529
Net cash provided by investing activities	<u>91,278</u>

Net decrease in cash and cash equivalents (838,972)

Cash and cash equivalents, beginning of year 3,779,632Cash and cash equivalents, end of year \$ 2,940,660RECONCILIATION OF CASH AND CASH EQUIVALENTS
TO THE STATEMENT OF NET POSITION:

Cash and cash equivalents	\$ 1,421,504
Restricted cash and cash equivalents	<u>1,519,156</u>

Cash and cash equivalents, end of year \$ 2,940,660RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH
PROVIDED BY OPERATING ACTIVITIES:

Net income from operations	\$ (175,362)
Adjustments to reconcile net income from operations to cash provided by operating activities:	
Depreciation	785,789
Nonoperating revenues received	3,002
(Increase) decrease in assets:	
Accounts receivable, net	(40,236)
Due from other governmental agencies	(1,927)
Prepaid expenses	(21,075)
(Decrease) increase in liabilities:	
Accounts payable	805,368
Accrued expenses	5,987
Compensated absences	7,020
Net pension liability	14,596
Deferred inflows (outflows) related to pension plan	<u>11,686</u>
Net cash provided by operating activities	<u><u>\$ 1,394,848</u></u>

The accompanying notes are an integral part of these financial statements.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF COLFAX, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Colfax was incorporated in 1910, under the laws and regulations of the State of California. The City operates under a Council-Manager form of government and provides the following services: public safety, highways and streets, sewer, culture-recreation, public improvements, planning and zoning, and general administrative services. The voters of the City of Colfax, California, give authority and responsibility for operations to the City Council. The City Council has the authority to employ administrative and support personnel to carry out its directives. The primary method used to monitor the performance of the City's management is the financial budget, which is adopted annually by the City Council.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting principles. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

Reporting Entity: The City operates as a self-governing local government unit within the state of California. It has limited authority to levy taxes and has the authority to determine user fees for the services that it provides. Voters elect a city council that passes laws and determines broad policies. The council also oversees the operations of the City and approves all budgets, fund transfers and fund balance reserves. The City's main funding sources include property taxes, sales taxes, other inter-governmental revenue from state and federal sources, user fees, and federal and state financial assistance.

The City participates in a Joint Exercise of Powers Agreement with the County of Placer establishing the Sierra Valley Energy Authority (the Authority). This agreement was amended in February 2017 to include the unincorporated areas of Placer County and five cities in Placer County. The name was changed to Pioneer Community Energy (Pioneer) on July 17, 2017. Pioneer was established to provide assistance with the development, financing and implementation of public and private sector energy and resource development and conservation programs. The City has not had any financial activity related to the Authority during the year ended June 30, 2024.

The City is a member of the Placer County Transportation Planning Agency (the Agency), a joint powers authority. The City is not directly responsible for the liabilities of the Agency and only has a residual equity interest in the Agency that would result in the City's proportional share of residual assets being distributed to the City, if any of the members vote to terminate the Agency. The Agency issues separate financial statements, which are available on its website.

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs are included in the program expenses of most business-type activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services and privileges provided by a given function or segment, and

CITY OF COLFAX, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The accounts of the City are organized on the basis of funds. A fund is a separate self-balancing set of accounts. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions or limitations. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, if any, even though the last is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 90 days of the end of the current fiscal period, with the exception of property taxes. Property taxes are considered to be available if they are collected within 60 days of the current fiscal period. Amounts received after the availability period are reported as unavailable revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Major revenues that are determined to be susceptible to accrual include property taxes and assessments, sales taxes, franchise taxes, charges for services, intergovernmental revenues, and earnings on investments. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues (government mandated nonexchange transactions) are recognized when the City has satisfied all applicable eligibility requirements and if the amounts are measurable. If the grant funds are received before the revenue recognition criteria are satisfied, the unearned amounts are reported as unearned revenue.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

The City reports the following major governmental fund:

General Fund – The General Fund is the primary operating fund of the City. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Projects Fund – The Capital Projects fund is used to account for financial resources used for the acquisition or construction of major capital facilities.

CITY OF COLFAX, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major enterprise fund:

Sewer Fund – The Sewer Fund is used to account for the operations of the City’s sewer services.

Additionally, the City reports the following fund types:

GOVERNMENTAL FUNDS

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (not including private purpose trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds – The Capital Projects Funds are used to account for financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of major capital facilities and other capital assets other than those financed by proprietary funds.

PROPRIETARY FUNDS

Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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

Cash and Cash Equivalents: The City’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including the City’s investment in California Local Agency Investment Fund (LAIF).

Receivables and Payables: Sales, use, and utility user taxes related to the current fiscal year are accrued as revenue and accounts receivable and considered available if received within 90 days of year end. Property taxes related to the current fiscal year are accrued as revenue and accounts receivable and considered available if received within 60 days of year-end. Federal and state grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting in the government-wide statement of net position. The amount recognized as revenue under the modified accrual basis of accounting is limited to the amount that is deemed measurable and collectible. Unbilled utility revenue earned is recognized as revenue and accounts receivable in the enterprise funds. An allowance for doubtful accounts of \$20,000 has been provided in the Sewer Fund for accounts that are deemed uncollectible.

CITY OF COLFAX, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Transactions between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” Eliminations have not been made between or within the fund types.

Property Taxes: The County of Placer (the County) is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County up to 1% of the full cash value of taxable property, plus other increases approved by the voters and distributed in accordance with statutory formulas. The City recognizes property taxes when the individual installments are due, provided they are collected within 60 days after year end. Secured property taxes are levied on or before January 1 of each year. They become a lien on real property on January 1. These taxes are paid in two equal installments; the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Secured property taxes, which are delinquent and unpaid as of June 30, are declared to be tax defaulted and are subject to redemption penalties, costs and interest when paid. These taxes are secured by liens on the property being taxed.

The term “unsecured” refers to taxes on personal property other than land and buildings. Property tax revenues are recognized in the fiscal year for which they are levied, provided they are due and collected within sixty days after fiscal year-end. The County apportions secured property tax revenue in accordance with the alternate methods of distribution, the “Teeter Plan,” as prescribed by Section 4717 of the California Revenue and Taxation code. Therefore, the City receives 100% of the secured property tax levies to which it is entitled, whether or not collected. Unsecured delinquent taxes are considered fully collectible.

These taxes are recognized as intergovernmental revenues only if they are received from the County within 60 days after year end for the governmental funds and are recognized when earned for government-wide presentation regardless of the timing of the related cash flows.

Capital Assets: Capital assets for governmental fund types of the City are not capitalized in the funds used to acquire or construct them. Capital acquisitions are reflected as expenditures in the governmental fund, and the related assets are reported in the government-wide financial statements at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at their acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Public domain (infrastructure) capital assets consisting of certain improvements other than buildings, but including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems have been capitalized prospectively beginning July 1, 2003.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not included in the current year’s additions to governmental or business-type capital assets. Capital assets are depreciated using the straight-line method over the following useful lives:

CITY OF COLFAX, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Buildings and improvements	10 to 50 years
Sewer facility improvements and design costs	20 to 40 years
Safety equipment	5 to 10 years
Vehicles and heavy equipment	5 to 15 years
Furniture and other equipment	5 to 7 years

It is the policy of the City to capitalize all land at any value, building and facility improvements above \$25,000, equipment above \$5,000, and eventually infrastructure assets above \$100,000. Costs of assets sold or retired and the resulting gain or loss is included in the operating statement of the related proprietary fund. In governmental funds, the sale of general capital assets is included in the statement of revenues, expenditures and changes in fund balances as proceeds from sale. The proceeds reported in the governmental fund are eliminated and the gain or loss on sale is reported in the government-wide presentation.

Lease Receivable: The City is a lessor for noncancellable leases of property for billboards and telecommunications facilities. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lease.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Compensated Absences: It is the City's policy to permit employees to accumulate earned but unused vacation. Vacation credits must be used during the next succeeding year. Vacation is accrued when earned in the government-wide presentation and in the proprietary funds and reported as a fund liability. Amounts that are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations or retirements that are currently payable, are reported as expenditures and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources represent a reconciling item between the fund and government-wide presentation. No expenditure is reported in the governmental fund financial statements for these amounts.

Unused vacation is paid to employees upon termination. The maximum vacation accrual for represented employees is one times the employees' annual vacation leave credits and the maximum vacation accrual for unrepresented employees is two times the employees' annual vacation leave credits. There is no limit as to the accrual of sick leave. Sick leave is not accrued as compensated absences because it is not payable upon termination. However, sick leave may be converted to service credits under the City's defined benefit pension plan.

CITY OF COLFAX, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Obligations: Long-term liabilities of governmental funds are reported at face value in the government-wide financial statements and represent a reconciling item between the fund and government-wide presentation. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the government-wide financial statements and represent a reconciling item between the fund and government-wide presentation. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

For governmental fund types, proceeds from borrowing are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Deferred Outflows and Inflows of Resources: In addition to assets and liabilities, the statement of financial position reports a separate section for deferred outflows and deferred inflows of resources. *Deferred outflows of resources* represent a consumption of net assets or fund balance by the government that is applicable to a future reporting period. *Deferred inflows of resources* represent an acquisition of net assets or fund balance that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expenditure/expense) or an inflow of resources (revenue) until the expenditure is incurred or the earnings process is complete. The governmental funds report unavailable revenues for grants and other revenues when the amounts meet the asset recognition criteria under GASB 33 and were accrued as receivables, but the amounts were not received in the availability period. Deferred outflows and inflows of resources include amounts deferred related to the City's pension plan under GASB Statement No. 68 as described in Note H and related to leases receivable as described in Note D.

Pension Plan: For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to the pension plan, and pension expense, information about the fiduciary net position of the City's California Public Employee's Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Equity: In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned and unassigned balances.

Nonspendable Funds – Fund balance should be reported as nonspendable when the amounts cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact. Nonspendable balances are not expected to be converted to cash within the next operating cycle, which comprise prepaid items and long-term receivables.

Restricted Funds – Fund balance should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed Funds – Fund balance should be reported as committed when the amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the City Council. These amounts cannot be used for any other purpose unless the City Council modifies, or removes the fund balance commitment.

CITY OF COLFAX, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned Funds – Fund balance should be reported as assigned when the amounts are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Funds – Unassigned fund balance is the residual classification of the City’s funds and includes all spendable amounts that have not been restricted, committed, or assigned to specific purposes.

Net Position: The government-wide financial statements present net position. Net position is categorized as the net investment in capital assets, restricted and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that is attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the City not restricted for any project or other purpose.

The City Council establishes, modifies or rescinds fund balance commitments and assignments by passage of a resolution. When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted, committed, assigned and unassigned resources as they are needed. The City’s committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Use of Estimates: The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budgetary Information: The City Council annually adopts the budget resolution for all operating funds of the City. Budgetary control is legally maintained at the fund level. Department heads submit budget requests to the City Manager. The City Manager prepares an estimate of revenues and prepares recommendations for the next year’s budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30.

All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions of the annual budgets during the year. Appropriations, except open project appropriations, and unexpended grant appropriations, lapse at the end of each fiscal year. Amounts shown in the financial statements represent the original budgeted amounts and all supplemental appropriations. The supplemental appropriations were immaterial. The budgetary data is prepared on the modified accrual basis consistent with the related “actual” amounts. The City does not use encumbrance accounting.

CITY OF COLFAX, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Excess Expenditures Over Appropriations: The following funds had excess expenditures over appropriations:

Fund	Appropriations	Total Expenditures and Transfers Out	Excess Expenditures
Capital projects	\$ 275,000	\$ 1,331,260	\$ (1,056,260)
Mitigation Fund		194,497	(194,497)

Although expenditures exceeded the budget, there is fund balance sufficient to cover the expenditures.

Deficit Fund Equity: The following funds have fund deficits at June 30, 2024:

Fund	Deficit
Nonmajor Capital Projects Funds:	
Capital projects	\$ 526,238

The fund deficit is the result of grant revenues not being collected within 90 days after year-end and thus were deferred, whereas the related expenditures were recognized.

New Pronouncements: In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or paid in cash or settled through noncash means and leave that has been used but not paid in cash or settled through noncash means. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in the liability for compensated absences. This Statement requires that a liability for certain types of compensated absences, including parental leave, military leave and jury duty leave, not be recognized until the leave commences. Certain salary related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. Governments are allowed to disclose the net change in the liability if identified as such in the footnotes to the financial statements. The provisions of this Statement are effective for years beginning after December 15, 2023.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The provisions of this Statement are effective for year ended June 30, 2025.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement will implement changes to the financial reporting model including the Management's Discussion and Analysis, Unusual or Infrequent Items, presentation of the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position, Major Component Unit Information, and Budgetary Comparison Information. The provisions of this Statement are effective for year ended June 30, 2026.

CITY OF COLFAX, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In October 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, that requires certain types of assets to be disclosed separately in the note disclosures and establishes requirements for capital assets held for sale. This Statement is effective for the year ended June 30, 2026.

The City is currently analyzing the impact of this new Statement on the financial statements.

NOTE B – CASH AND INVESTMENTS

The City follows the practice of pooling cash and investments of all funds. Cash represents cash on hand, demand deposits in the bank and amounts invested in the State of California Local Agency Investment Fund (LAIF). Cash and investments at June 30, 2024 are classified in the accompanying financial statements as follows:

	Governmental Activities	Business-Type Activities	Total
Cash and investments	\$ 5,819,922	\$ 1,421,504	\$ 7,241,426
Restricted cash and investments		1,519,156	1,519,156
	<u>\$ 5,819,922</u>	<u>\$ 2,940,660</u>	<u>\$ 8,760,582</u>

As of June 30, 2024, the City's cash and investments consisted of the following:

Cash on hand	\$ 300
Deposits in financial institutions	665,029
Investments	
California Local Agency Investment Fund	<u>8,095,253</u>
Total cash and investments	<u>\$ 8,760,582</u>

Investment policy: California statutes authorize cities to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 - Financial Affairs. The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment In One Issuer
U.S. Treasury obligations	5 years	None	None
U.S. Agency securities	5 years	None	None
Local agency bonds	5 years	None	None
Mortgage-back securities	5 years	20%	None
Bankers acceptances	180 days	40%	30%
High grade commercial paper	270 days	25%	None
Negotiable certificates of deposit	5 years	30%	None
LAIF	N/A	None	None
Medium-term corporate notes	5 years	30%	None
Repurchase Agreements	365 days	None	None
Money market mutual funds	None	20%	None

CITY OF COLFAX, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2024

NOTE B – CASH AND INVESTMENTS (Continued)

The City complied with the provisions of California Government Code pertaining to the types of investments held, institutions in which deposits were made and security requirements. The City will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's investment in LAIF has an average maturity of 217 days.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's only investment is in LAIF, which is not rated.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Governmental Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2024, the carrying amount of the City's deposits was \$665,029 and the balance in financial institutions was \$778,923. Of the balances in financial institutions, \$250,000 was covered by federal depository insurance and the remaining amount was covered by the pledging financial institution with assets held in a common pool for the City and other governmental agencies, but not in the name of the City.

Investment in LAIF: LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF is \$178,255,132,764, which is managed by the State Treasurer. Of that amount, 3.00% is invested in structured notes and asset-backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

CITY OF COLFAX, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2024

NOTE C – INTERFUND TRANSACTIONS

Interfund balances at June 30, 2024 were as follows:

	Due from Other Funds
Due to Other Funds	General Fund
Transportation Fund	\$ 14,859
Gas Tax	3,547
Road Maintenance	11,809
Mitigation Funds	1,539
Capital Projects Fund	191,168
Sewer	92,926
	<u>\$ 315,848</u>

The due to/from balance in the Capital Projects Fund is to pay project expenditures until receivables are collected. All other due to/from balances are to transfer resources to the fund incurring the expenditure/expense.

Transfers during the year ended June 30, 2024 were as follows:

	Transfers In				
		Nonmajor Governmental		Enterprise	
Transfers out	General	Capital Projects	Transportation and Road	Sewer	Total
Major Governmental Funds:					
General		\$ 31,435	\$ 35,555		\$ 66,990
Nonmajor Governmental Funds:					
CDBG	\$ 513				513
Transportation and Road Fund			1,548		1,548
Gas Tax			46,525		46,525
Road Maintenance Funds		282,122			282,122
Mitigation Funds		188,647			188,647
	<u>\$ 513</u>	<u>\$ 502,204</u>	<u>\$ 83,628</u>	<u>\$ -</u>	<u>\$ 586,345</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

NOTE D – LEASES RECEIVABLE

The City records a lease receivable and deferred inflow for the present value of the future payments received under agreements for several leases.

The City leases billboard rights under two lease agreements, one that expires August 2038 for a monthly rent of \$515, and another that expires November 2037 for a monthly rent of \$3,102. These leases have rent increases every five years at the CPI rate. For purposes of discounting future payments on the leases, the City used a discount rate of 5.75%. The deferred inflow is being amortized over 17.17 years, the remaining term of the leases.

CITY OF COLFAX, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2024

NOTE D – LEASES RECEIVABLE (Continued)

In October 2022, the City entered into an agreement to lease property for telecommunications facilities that expires October 2027, and includes the option to extend for four additional five-year terms, for an annual rent of \$6,000. The lease has rent increases every year at the CPI rate. For purposes of discounting future payments on the leases, the City used a discount rate of 7.75%. The deferred inflow is being amortized over 25 years, the total remaining term of the lease through all the optional extended periods.

For the year ended June 30, 2024, the City reported leases receivable of \$540,376 and deferred inflows of resources of \$493,128. The City recognized \$65,793 of lease and interest revenue during the year ended June 30, 2024 under these leases.

NOTE E – CAPITAL ASSETS

Governmental capital assets activity for the year ended June 30, 2024 was as follows:

	Balance at June 30, 2023	Additions	Retirements	Balance at June 30, 2024
Capital assets, not being depreciated:				
Land	\$ 1,379,087			\$ 1,379,087
Easements	68,310			68,310
Construction in progress	103,639	\$ 1,085,476		1,189,115
Total capital assets, not being depreciated	1,551,036	1,085,476		2,636,512
Capital assets, being depreciated:				
Buildings and improvements	10,698,361	38,057		10,736,418
Vehicles	170,424			170,424
Machinery and equipment	329,492			329,492
Furniture and fixtures	12,534			12,534
Total capital assets, being depreciated	11,210,811	38,057	-	11,248,868
Less accumulated depreciation for:				
Buildings and improvements	(2,600,765)	(280,235)		(2,881,000)
Vehicles	(170,424)			(170,424)
Machinery and equipment	(154,489)	(38,885)		(193,374)
Furniture and fixtures	(11,638)	(895)		(12,533)
Total accumulated depreciation	(2,937,316)	(320,015)	-	(3,257,331)
Capital assets being depreciated, net	8,273,495	(281,958)		7,991,537
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$ 9,824,531	\$ 803,518	\$ -	\$ 10,628,049

Depreciation expense for governmental capital assets was charged to functions as follows:

General governmental	\$ 16,271
Public safety	224
Public works	217,490
Culture and recreation	18,229
Community development	67,801
Total governmental activities depreciation expense	\$ 320,015

CITY OF COLFAX, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2024

NOTE E – CAPITAL ASSETS (Continued)

Business-type capital assets activities for the year ended June 30, 2024 was as follows:

	Balance at June 30, 2023	Additions	Retirements	Transfers	Balance at June 30, 2024
Capital assets, not being depreciated:					
Land	\$ 134,700				\$ 134,700
Construction in progress	2,520,070	\$ 7,480,319			10,000,389
Total capital assets, not being depreciated	2,654,770	7,480,319			10,135,089
Capital assets, being depreciated:					
Buildings and improvements	25,857,752	27,501			25,885,253
Vehicles	44,053				44,053
Machinery and equipment	1,759,810	8,623			1,768,433
Total capital assets, being depreciated	27,661,615	36,124			27,697,739
Less accumulated depreciation for:					
Buildings and improvements	(9,573,568)	(649,867)			(10,223,435)
Vehicles	(37,754)	(6,299)			(44,053)
Machinery and equipment	(723,819)	(129,623)			(853,442)
Total accumulated depreciation	(10,335,141)	(785,789)			(11,120,930)
Capital assets being depreciated, net	17,326,474	(749,665)			16,576,809
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	\$ 19,981,244	\$ 6,730,654	\$ -	\$ -	\$ 26,711,898

Depreciation expense for business-type capital assets was charged to functions as follows:

Sewer	\$ 785,789
Total business-type activities depreciation expense	\$ 785,789

NOTE F – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2024 was as follows:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
Governmental Activities:					
Postclosure landfill costs	\$ 416,524	\$ 14,995		\$ 431,519	
Compensated absences	4,080	9,146		13,226	\$ 6,613
Net pension liability	100,072	13,746		113,818	
Governmental activities long-term liabilities	\$ 520,676	\$ 37,887	\$ -	\$ 558,563	\$ 6,613

CITY OF COLFAX, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2024

NOTE F – LONG-TERM LIABILITIES (Continued)

	Balance June 30,2007	Additions	Payments	Balance June 30,2007	Due Within One Year
Business-Type Activities:					
State loan - restructured	\$ 6,460,761		\$ (374,366)	\$ 6,086,395	\$ 378,110
Note Payable	104,629			104,629	104,629
Total bonds, loans, settlements payable	6,565,390		(374,366)	6,191,024	482,739
Compensated absences	12,552	\$ 7,020		19,572	9,786
Net pension liability	106,262	14,596		120,858	
Business-type activities long-term liabilities	<u>\$ 6,684,204</u>	<u>\$ 21,616</u>	<u>\$ (374,366)</u>	<u>\$ 6,331,454</u>	<u>\$ 492,525</u>

Note: The change in the compensated absences liability is presented as a net change.

Long-term debt of the City's governmental activities consisted of the following as of June 30, 2024:

Postclosure Landfill Costs: State and Federal laws and regulations require the City to perform certain maintenance and monitoring functions on its landfill for 30 years after closure. The City has recorded a liability for landfill closure in the General Fund in accordance with GASB 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Costs*. The City hired a private consultant to perform an analysis to determine estimated total cost of the landfill closure, postclosure care costs, total capacity and remaining life. The City's landfill closure liability, based on landfill capacity used to date, is recorded based on the information provided by the consultant's analysis. The consultant's analysis is an estimate only and is subject to yearly changes due to inflation or deflation, technology, or applicable laws and regulations. The City is currently estimating that 100% of the landfill is used and there is no remaining life. As of June 30, 2024, the remaining closure and postclosure maintenance costs to be recognized over the next 15 years is \$431,519.

Long-term debt of the City's business-type activities consisted of the following as of June 30, 2024:

State Loan – Restructured – Private Placement: On September 19, 2011, the City entered into a loan agreement with the State Water Resource Control Board for \$12,825,600 at an interest rate of 1%. The City received total proceeds of \$9,506,600 under the agreement from October 2011 to April 2014, which included the \$36,000 to refund the City's 1978 USDA Sewer Revenue Bonds. The State forgave \$3,319,000 of the loan principal during 2013. Annual principal and interest payments of \$438,974 are due on October 31 each year through October 31, 2038. The loan is secured by a lien on and pledge of net revenues of the Sewer Fund. The agreement requires net revenues, as defined in the agreement, to be at least 1.1 times the total annual debt service payments.

Should the City violate the terms of the loan agreement, the City will be required to pay all principal, accrued interest and penalties at the termination date. Interest will be accrued at the highest legal rate of interest from date of termination to the repayment date.

Notes Payable – Private Placement: On August 9, 2017, the City entered into an agreement with Sierra Oaks Estates, LLC to design and construct sewer improvements, whereby the City would reimburse Sierra Oaks actual costs. The note does not bear interest. In lieu of actual principal and interest payments, sewer impact fees for each unit in the development will be credited against the amount owed to Sierra Oaks Estate, LLC until the note is paid in full.

CITY OF COLFAX, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2024

NOTE F – LONG-TERM LIABILITIES (Continued)

Principal and interest payments on debt are due as follows:

June 30	State Loan - Restructured		Total
	Principal	Interest	
2025	\$ 378,110	\$ 60,864	\$ 438,974
2026	381,891	57,083	438,974
2027	385,710	53,264	438,974
2028	389,567	49,407	438,974
2029	393,463	45,511	438,974
2030-2034	2,027,125	167,745	2,194,870
2035-2039	2,130,529	64,340	2,194,869
Totals	<u>\$ 6,086,395</u>	<u>\$ 498,214</u>	<u>\$ 6,584,609</u>

Pledged Revenues: The City has pledged future Sewer Fund revenues, net of specified operating expenses, to repay its state loan from the SWRCB issued in June 2012 with total proceeds of \$9,506,600. Proceeds from the loan were used to refinance a previous SWRCB loan used to make improvements on the City's wastewater treatment plant. The loan is payable solely from sewer customer net revenues and is payable through October 2038. Total principal and interest remaining to be paid on the loan was \$6,584,607 at June 30, 2024. Total cash basis principal and interest payments on the loan during the year ended June 30, 2024 were \$438,974 and net revenues were \$702,314, respectively.

NOTE G – NET POSITION/FUND BALANCE

The following are the purposes for which net positions are restricted on the Government-Wide Statement of Net Position:

	Governmental Activities	Business-Type Activities
Mitigation projects	\$ 583,323	
Landfill	495,341	
Street projects	63,661	
Recycling	26,081	
Economic development	9,193	
Debt service reserve		\$ 438,974
Capital improvements		321,775
Replacement of short-lived assets		278,939
	<u>\$ 1,177,599</u>	<u>\$ 1,039,688</u>

In addition to these restricted amounts, the City Council had designated \$505,000 from the operating reserve and \$600,000 for capital projects in business-type activities at June 30, 2024.

CITY OF COLFAX, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2024

NOTE G – NET POSITION/FUND BALANCE (Continued)

The following are the components of the Governmental Funds fund balances:

	General	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:			
Nonspendable:			
Long-term receivables	\$ 61,254	\$ 9,193	\$ 70,447
Prepaid expenses	3,000		3,000
Total Nonspendable	<u>64,254</u>	<u>9,193</u>	<u>73,447</u>
Restricted for:			
Landfill closure	926,860		926,860
Street projects		63,661	63,661
Mitigation projects		583,323	583,323
Recycling		24,400	24,400
Other		1,681	1,681
Total Restricted	<u>926,860</u>	<u>673,065</u>	<u>1,599,925</u>
Committed for:			
Operating Reserve	600,000		600,000
Pension Reserve	145,000		145,000
Capital Reserve	400,000		400,000
Total Committed	<u>1,145,000</u>		<u>1,145,000</u>
Assigned for:			
Fire services	99,519		99,519
Total Assigned	<u>99,519</u>		<u>99,519</u>
Unassigned	3,715,299	(526,238)	3,189,061
Total Unassigned	<u>3,715,299</u>	<u>(526,238)</u>	<u>3,189,061</u>
TOTAL FUND BALANCES	<u>\$ 5,950,932</u>	<u>\$ 156,020</u>	<u>\$ 6,106,952</u>

The City Council has designated \$600,000 of General Fund committed fund balance as an operating reserve to protect against revenue shortfalls and unpredicted one-time expenditures.

NOTE H – PENSION PLAN

Plan Description: All qualified permanent and probationary employees are eligible to participate in the City's cost-sharing multiple-employer defined benefit pension plan (the Plan) administered by the California Public Employees' Retirement System (CalPERS). The City participates in the Miscellaneous Risk Pool and the following cost-sharing rate plans:

- Miscellaneous Rate Plan
- PEPRA Miscellaneous Rate Plan

CITY OF COLFAX, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2024

NOTE H – PENSION PLAN (Continued)

Benefit provisions under the Plan are established by State statute and Council resolution. CalPERS issues publicly available reports that include a full description of the Plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 (52 for PEPR Miscellaneous Rate Plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2024, are summarized as follows:

	Miscellaneous Rate Plan (Prior to January 1, 2013)	PEPRA Miscellaneous Rate Plan (On or after January 1, 2013)
Hire date		
Benefit formula (at full retirement)	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.00%	7.75%
Required employer contribution rates	10.66%	7.68%

In addition to the contribution rates above, the City was also required to make payments of \$11,259 toward its unfunded actuarial liability during the year ended June 30, 2024. The Miscellaneous Rate Plan is closed to new members that are not already CalPERS eligible participants.

Contributions: Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2024, the employer contributions made to the Plan were \$68,725.

Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources: As of June 30, 2024, the City reported a net pension liability for its proportionate share of the net pension liability of \$234,676.

The City's net pension asset is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2023, and the total pension liability used to

CITY OF COLFAX, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2024

NOTE H – PENSION PLAN (Continued)

calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the Plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2024 and 2023 was as follows:

	Miscellaneous Plan
Proportion - June 30, 2023	0.00441%
Proportion - June 30, 2024	0.00469%
Change - Increase (Decrease)	0.00028%

For the year ended June 30, 2024, the City recognized pension expense of \$119,761. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to the Plan combined from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 68,725	
Changes in assumptions	14,169	
Net differences between projected and actual earnings on plan investments	37,996	
Difference between actual and allocated contributions	21,031	
Difference between expected and actual experience	11,989	\$ (1,860)
Adjustment due to differences in proportions	52,187	
Total	<u>\$ 206,097</u>	<u>\$ (1,860)</u>

The amount reported as deferred outflows of resources related to contributions subsequent to the measurement date above will be recognized as an addition of the net pension asset in the subsequent year. Other amounts reported as net deferred inflows of resources related to the Plan will be recognized as pension expense as follows:

Fiscal Year Ended June 30	
2025	\$ 60,196
2026	38,554
2027	35,672
2028	1,090
	<u>\$ 135,512</u>

CITY OF COLFAX, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2024

NOTE H – PENSION PLAN (Continued)

Actuarial Assumptions: The total pension liabilities in the actuarial valuations for the Plan was determined using the following actuarial assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90% (a)
Inflation	2.30%
Projected Salary Increase	Varies depending on entry age and service
Mortality (1)	Derived using CalPERS Membership Data

(a) Net of pension plan investment expenses, including inflation

(1) The underlying mortality assumptions were developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. Further details can be found in the 2021 experience study report on the CalPERS website.

Discount Rate: The discount rate used to measure the total pension liability was 6.90%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The table below reflects the long-term expected real rate of return by asset class for the Plan. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

CITY OF COLFAX, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2024

NOTE H – PENSION PLAN (Continued)

Asset Class (c)	New Strategic Allocation	Real Return Years 1 - 10(a),(b)
Global Equity - cap-weighted	30.00%	4.54%
Global Equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

(a) An expected inflation of 2.30% used for this period.

(b) Figures are based on the 2021-22 Asset Liability Management study.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	5.90%
Net Pension Liability/(Asset)	\$ 426,501
Current Discount Rate	6.90%
Net Pension Liability/(Asset)	\$ 234,676
1% Increase	7.90%
Net Pension Liability/(Asset)	\$ 76,790

Fiduciary Net Position: Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE I – INSURANCE

The City is a member of the Small Cities Organized Risk Effort (SCORE) with other northern California cities. SCORE is a joint powers authority organized in accordance with Article 1, Chapter 5, Division 7, Title I of the California Government Fund Programs. The purpose is to create a common pool of funds to be used to meet obligations of the parties to provide workers' compensation benefits for their employees and to provide liability insurance. SCORE provides claims processing administrative services, risk management services and actuarial studies. A member from each city governs SCORE. The City of Colfax council members do not have significant oversight responsibility, since they evenly share all

CITY OF COLFAX, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2024

NOTE I – INSURANCE (Continued)

factors of responsibility with the other cities. The City does not retain the risk of loss. However, ultimate liability for payment of claims and insurance premiums resides with member cities. SCORE is empowered to make supplemental assessments as needed to eliminate deficit positions of member cities. If SCORE becomes insolvent, the City is responsible only to the extent of any deficiency in its equity balance. SCORE establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims settlement expenses) that have been reported but not settled, plus estimates of claims that have been incurred but not reported. Because actual claims costs depend on various factors, the claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation is implicit in the calculation of estimated future claims costs. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The City's insurance coverage and the respective coverage providers are as follows:

Coverage	SCORE	Excess	Banking Layer/ Deductible
Liability	\$ 750,000	\$ 39,500,000	\$ 25,000
Employers liability/crime	1,000,000		2,500
Deadly Weapons	2,500,000		2,500
Auto Physical Damage	1,000,000		1,000
Property	500,000,000		25,000
Boiler and machinery	100,000,000		10,000
Mobile equipment	7,000,000		25,000
Workers Compensation liability	250,000	4,750,000	50,000
Pollution	10,000,000		250,000

The City also carries commercial insurance for additional liability and property insurance coverage. There have been no significant reductions in insurance coverage from coverage in the prior fiscal year. Also, settlements have not exceeded the insurance coverage for the past three fiscal years. The audited financial statements of SCORE are available from SCORE at www.scorejpa.org.

NOTE J – COMMITMENTS AND CONTINGENCIES

Contract Commitments: The City had the following contract commitments at June 30, 2024:

	Remaining Contract Amount
CDBG Road Rehab Project	\$ 1,401,714
Wastewater Treatment Plant Construction	3,680,403
Construction Inspection	501,656
	<u>\$ 5,583,773</u>

CITY OF COLFAX, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2024

NOTE J – COMMITMENTS AND CONTINGENCIES (Continued)

Sheriff Services: The City entered into an agreement with Placer County to provide sheriff, coroner, and marshal services extending through June 30, 2026. The fees for the three-year contract are \$2,919,296. These fees are subject to renegotiation should salary and benefit costs be increased by a Memorandum of Understanding between the Placer County Board of Supervisors and Placer County Deputy Sheriff's Association.

Grant Contingency: The City participates in various federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors. No audits by the grantors have occurred in the current fiscal year. The amount, if any, which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Legal Contingency: The City is party to various claims, legal actions and complaints that arise in the normal operation of business. Management and the City's legal counsel believe that there are no material loss contingencies that would have a material adverse impact on the financial position of the City.

NOTE K – CHANGE IN REPORTING UNITS

The Capital Projects Fund met the criteria of being reported as a major fund as of June 30, 2024, so the following restatements were made:

	Reporting Units Affected by Restatements of Beginning Balances	
	Capital Projects Fund	Nonmajor Governmental
June 20, 2023, as previously reported		\$ 900,655
Change from nonmajor to major fund	\$ (143,416)	143,416
June 30, 2023, as restated	<u>\$ (143,416)</u>	<u>\$ 1,044,071</u>

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF COLFAX

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note A)	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 1,976,094	\$ 2,016,734	\$ 2,370,657	\$ 353,923
Licenses, fees and permits	146,792	143,792	166,224	22,432
Intergovernmental revenues	196,500	196,500	234,764	38,264
Charges for services	198,550	198,550	158,218	(40,332)
Fines, forfeitures and penalties	2,500	1,000	1,345	345
Use of money and property	94,000	199,000	296,778	97,778
Other revenue			10,867	10,867
Total revenues	<u>2,614,436</u>	<u>2,755,576</u>	<u>3,238,853</u>	<u>483,277</u>
EXPENDITURES				
Current:				
General government	996,770	1,004,062	895,324	108,738
Public safety	947,989	905,529	908,559	(3,030)
Public works	207,528	197,971	165,400	32,571
Engineering services	182,250	122,250	88,197	34,053
Culture and recreation	175,028	162,221	133,893	28,328
Capital outlay		275,000		275,000
Total expenditures	<u>2,509,565</u>	<u>2,667,033</u>	<u>2,191,373</u>	<u>475,660</u>
Excess (deficiency) of revenues over expenditures	104,871	88,543	1,047,480	958,937
OTHER FINANCING SOURCES (USES):				
Transfers in	28,840	28,840	513	(28,327)
Transfers out	<u>(355,589)</u>	<u>(355,589)</u>	<u>(66,990)</u>	<u>288,599</u>
Total other financing sources (uses)	<u>(326,749)</u>	<u>(326,749)</u>	<u>(66,477)</u>	<u>260,272</u>
Net change in fund balance	(221,878)	(238,206)	981,003	1,219,209
Fund balance, beginning of year	<u>4,969,929</u>	<u>4,969,929</u>	<u>4,969,929</u>	
Fund balance, end of year	<u>\$ 4,748,051</u>	<u>\$ 4,731,723</u>	<u>\$ 5,950,932</u>	<u>\$ 1,219,209</u>

The accompanying notes are an integral part of these financial statements.

CITY OF COLFAX

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2024

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - MISCELLANEOUS PLAN (UNAUDITED)
Last 10 Years**

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of the net pension liability	0.00469%	0.00441%	-0.00020%	0.00346%	0.00293%	0.00245%	0.00246%	0.00202%	0.00169%	0.00231%
Proportionate share of the net pension liability	\$ 234,676	\$ 206,334	\$ (3,890)	\$ 145,938	\$ 117,142	\$ 92,380	\$ 97,040	\$ 70,057	\$ 46,274	\$ 57,010
Covered payroll - measurement period	\$ 771,795	\$ 645,747	\$ 591,701	\$ 727,475	\$ 639,107	\$ 615,095	\$ 595,177	\$ 456,524	\$ 367,481	\$ 353,250
Proportionate share of the net pension liability as a percentage of covered payroll	30.41%	31.95%	-0.66%	20.06%	18.33%	15.02%	16.30%	15.35%	12.59%	16.14%
Plan fiduciary net position as a percentage of the total pension liability	83.45%	85.34%	100.31%	86.77%	86.84%	88.14%	84.22%	83.56%	78.40%	79.82%
Notes to Schedule:										
Reporting valuation date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Reporting measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Discount rate	6.90%	6.90%	7.15%	7.15%	7.15%	7.65%	7.65%	7.50%	7.50%	7.50%
Change in benefit terms: None										

**SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN - MISCELLANEOUS PLAN (UNAUDITED)
Last 10 Years**

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution - employer fiscal year (actuarially determined)	\$ 68,725	\$ 73,921	\$ 64,454	\$ 59,733	\$ 63,773	\$ 52,523	\$ 44,554	\$ 48,319	\$ 33,408	\$ 30,589
Contributions in relation to the actuarially determined contributions	(68,725)	(73,921)	(64,454)	(59,733)	(63,773)	(52,523)	(44,554)	(48,319)	(33,408)	(30,589)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll - employer fiscal year	\$ 722,331	\$ 771,795	\$ 645,747	\$ 591,701	\$ 727,475	\$ 639,107	\$ 615,095	\$ 595,177	\$ 456,524	\$ 367,481
Contributions as a percentage of covered payroll	9.51%	9.58%	9.98%	10.10%	8.77%	8.22%	7.24%	8.12%	7.32%	8.32%
Notes to schedule:										
Contribution valuation date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Methods and assumptions used to determine contribution rates										
Amortization cost method										
Amortized method										
Remaining amortization period										
Asset valuation method										
Inflation	2.30%	2.50%	2.50%	2.50%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Payroll growth	2.80%	2.75%	2.75%	2.75%	2.875%	3.00%	3.00%	3.00%	3.00%	3.00%
Salary increases										
Investment rate of return and discount rate	6.80%	7.00%	7.00%	7.00%	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Retirement age										
Mortality										

Omitted years: GASB 68 was implemented during the year ended June 30, 2015. No information was available prior to this date. Information will be added prospectively as becomes available until 10 years are reported.

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COMBINING STATEMENTS AND INDIVIDUAL FUND STATEMENT

CITY OF COLFAX

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2024

	Special Revenue		
	CDBG	Transportation & Road Fund	Gas Tax
			Road Maintenance SB1/RSTBG
ASSETS:			
Cash and investments		\$ 84,257	
Due from other governmental agencies			\$ 9,067
Interest receivable			2,742
Notes receivable	\$ 9,193		
Total assets	<u>\$ 9,193</u>	<u>\$ 84,257</u>	<u>\$ 11,809</u>
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts payable		\$ 2,205	\$ 1,624
Accrued expenses		3,532	
Retention payable			
Deferred revenue			
Due to other funds		14,859	3,547
Total liabilities		<u>20,596</u>	<u>\$ 11,809</u>
Deferred Inflows of Resources			
Unavailable revenue			
Total Deferred Inflows of Resources			
FUND BALANCES:			
Nonspendable	\$ 9,193		
Restricted		\$ 63,661	
Unassigned			
Total fund balances	<u>9,193</u>	<u>63,661</u>	
Total liabilities and fund balances	<u>\$ 9,193</u>	<u>\$ 84,257</u>	<u>\$ 11,809</u>

The accompanying notes are an integral part of these financial statements.

Special Revenue				Total Nonmajor Governmental Funds
Mitigation Funds	Beverage Recycling	Oil Grant	Grant Funds	
\$ 576,974	\$ 20,173	\$ 3,978	\$ 92,579	\$ 777,961
				14,238
7,888	208	41	668	11,547
				9,193
<u>\$ 584,862</u>	<u>\$ 20,381</u>	<u>\$ 4,019</u>	<u>\$ 93,247</u>	<u>\$ 812,939</u>
			\$ 5,007	\$ 8,836
				3,532
			86,559	86,559
\$ 1,539				31,754
<u>1,539</u>			<u>91,566</u>	<u>130,681</u>
				9,193
583,323	\$ 20,381	\$ 4,019	1,681	673,065
<u>583,323</u>	<u>20,381</u>	<u>4,019</u>	<u>1,681</u>	<u>682,258</u>
<u>\$ 584,862</u>	<u>\$ 20,381</u>	<u>\$ 4,019</u>	<u>\$ 93,247</u>	<u>\$ 812,939</u>

CITY OF COLFAX

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2024

	Special Revenue			
	Supplemental Law Enforcement	CDBG	Transportation & Road Fund	Gas Tax
				Road Maintenance SB1/RSTBG
REVENUES:				
Taxes				\$ 67,492
Licenses, fees and permits			\$ 180	
Intergovernmental revenues	\$ 186,159		158,800	\$ 53,049
Use of money and property		\$ 67	441	9,731
Total revenues	<u>186,159</u>	<u>67</u>	<u>159,421</u>	<u>67,492</u>
EXPENDITURES:				
Current:				
General government				
Public safety	186,159			
Public works			226,200	20,967
Capital outlay				
Total expenditures	<u>186,159</u>		<u>226,200</u>	<u>20,967</u>
Excess (deficiency) of revenues over (under) expenditures		<u>67</u>	<u>(66,779)</u>	<u>46,525</u>
OTHER FINANCING SOURCES (USES):				
Transfers in			83,628	
Transfers out		(513)	(1,548)	(282,122)
Total other financing sources (uses)		<u>(513)</u>	<u>82,080</u>	<u>(46,525)</u>
Net change in fund balances		(446)	15,301	-
Fund balances, beginning of year, as previously presented		9,639	48,360	219,342
Change within financial reporting entity (major to nonmajor)				
Fund balances, beginning of year, as adjusted	<u>-</u>	<u>9,639</u>	<u>48,360</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 9,193</u>	<u>\$ 63,661</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Special Revenue				Formerly Non- major Fund	Total Nonmajor Governmental Funds
Mitigation Funds	Beverage Recycling	Oil Grant	Grant Funds	Capital Projects	
					\$ 67,492
\$ 4,922					5,102
			\$ 8,655		406,663
30,089	\$ 795	\$ 157	1,209		42,489
35,011	795	157	9,864	-	521,746
			8,656		8,656
					186,159
5,850					253,017
5,850			8,656		447,832
29,161	795	157	1,208	-	73,914
					83,628
(188,647)					(519,355)
(188,647)					(435,727)
(159,486)	795	157	1,208	-	(361,813)
742,809	19,586	3,862	473	(143,416)	900,655
				143,416	143,416
742,809	19,586	3,862	473	-	1,044,071
\$ 583,323	\$ 20,381	\$ 4,019	\$ 1,681	\$ -	\$ 682,258

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COMPLIANCE REPORT



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
 REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

City Council
 City of Colfax, California
 Colfax, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Colfax, California (the City) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 17, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

To the City Council
City of Colfax, California

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richardson & Company, LLP

December 17, 2024



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
 MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
 REQUIRED BY THE UNIFORM GUIDANCE

City Council
 City of Colfax, California
 Colfax, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Colfax, California's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

To the City Council
City of Colfax, California

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not

To the City Council
City of Colfax, California

identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Richardson & Company, LLP

December 17, 2024

CITY OF COLFAX, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

A. SUMMARY OF AUDIT RESULTS

<u>Financial Statements</u>	<u>Summary of Auditor's Results</u>
1. Type of auditor's report issued:	Unmodified opinion
2. Internal controls over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	None noted
3. Noncompliance material to financial statements noted?	No

Federal Awards

4. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	None noted
5. Type of auditor's report issued on compliance for major programs:	Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No
7. Identification of major programs:	

<u>AL Number</u>	<u>Name of Federal Program</u>
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
8. Dollar Threshold used to distinguish between Type A and Type B programs?	\$ 750,000
9. Auditee qualified as a low-risk auditee under 2 CFR Section 200.516(a)?	No

(Continued)

CITY OF COLFAX, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

B. CURRENT YEAR FINDINGS – FINANCIAL STATEMENT AUDIT

None

C. CURRENT YEAR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM

None

D. PRIOR YEAR FINDINGS

None

CITY OF COLFAX, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2024

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Grantors' Number</u>	<u>Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through the California Department of Housing and Community Development			
Community Development Block Grant Program	14.228	22-CDBG-NH-00052	\$ 754,452
TOTAL FEDERAL AWARDS			<u>\$ 754,452</u>

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule.

CITY OF COLFAX, CALIFORNIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2024

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Colfax, California (the City) under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the City's operations, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenses reported on the Schedule are reported on the accrual basis of accounting. Such expenses are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenses are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COSTS

The City did not charge indirect costs to federal programs during the year ended June 30, 2024.

NOTE D – SUBRECIPIENTS

There were no subrecipients of the City's programs during the year ended June 30, 2024.



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GOVERNANCE LETTER

To the City Council
 City of Colfax
 Colfax, California

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Colfax, California (the City), for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated August 7, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and Uniform Guidance

As stated in our engagement letter dated August 7, 2024, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing proceeds for the purpose of expressing our opinion on the consolidating financial statements and not to provide assurance on the internal control over financial reporting. We considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether the City's consolidating financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the consolidating financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with the Uniform Guidance, we examined, on a test basis, evidence about the City's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the City's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination of the City's compliance with those requirements.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involves judgment about the number of transactions to be examined and the areas to be tested.

To the City Council
Page 2

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We noted no material weaknesses in internal control as a result of our audit.

We are required by the audit standards to identify potential risks of material misstatement during the audit process. We have identified the following significant risks of material misstatement as part of our audit planning: Management override of internal control and revenue recognition. These are the areas that the audit standards require at a minimum to be identified as significant risks.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note A to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year. We noted no transaction entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statement prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were determining the depreciable lives used for capital assets, allowance for doubtful accounts receivable, the accrual of the grant receivables, the discount rate used to calculate the leases receivable and the computation of the net pension liability. We evaluated the methods, assumptions, and data used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole. The net pension asset was determined by an actuarial valuation performed by CalPERS.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was the following:

- Disclosures related to the City's postclosure landfill liability, loans and notes payable and other long-term liabilities are reported in Note F to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We proposed three adjustments during our audit. The following adjustments were proposed:

- Accrue receivable on CDBG grant

To the City Council

Page 3

- Correct posting of grant revenue, incorrectly recorded in an expense account
- Correct pension entries posted to pension asset account

The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgement, such uncorrected misstatements are immaterial to the financial statements under audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 17, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) listed in the table of contents, which are RSI that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund financial statements and schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

To the City Council
Page 4

Restriction on Use

This information is intended solely for the information and use of the City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Richardson & Company, LLP

December 17, 2024

CITY OF COLFAX, CALIFORNIA
SUMMARY OF UNADJUSTED AUDIT DIFFERENCES
YEAR ENDED JUNE 30, 2024

GOVERNMENTAL ACTIVITIES

Description (Nature) of Audit Difference	Financial Statement Effect - Amount of Overstatement (Understatement) of:			
	Total Assets	Total Liabilities	Total Net Position	Total Change in Net Position
Impact of not adjusting investment in LAIF to fair value.	\$ 19,832		\$ 19,832	\$ 19,832
Understatement of postclosure landfill liability		\$ (34,038)		34,038
Net Unadjusted Audit Differences - This Year	19,832	(34,038)	19,832	53,870
Financial Statement Caption Totals (Governmental Activities)	\$ 18,588,227	\$ 1,383,356	\$ 16,810,798	\$ 1,382,882
Net Audit Differences as % of F/S Captions	0.11%	(2.46%)	0.12%	3.90%

CITY OF COLFAX, CALIFORNIA
SUMMARY OF UNADJUSTED AUDIT DIFFERENCES
YEAR ENDED JUNE 30, 2024

GENERAL FUND

Description (Nature) of Audit Difference	Financial Statement Effect - Amount of Overstatement (Understatement) of:			
	Total Assets	Total Liabilities	Total Fund Balance	Total Change in Fund Balance
Impact of not adjusting investment in LAIF to fair value.	\$ 17,095		\$ 17,095	\$ 17,095
Total Net Unadjusted Audit Difference - This year	17,095	-	17,095	17,095
Financial Statement Caption Totals (General Fund)	\$ 6,602,594	\$ 158,534	\$ 5,950,932	\$ 981,003
Net Audit Differences as % of F/S Captions	0.26%	0.00%	0.29%	1.74%

CITY OF COLFAX, CALIFORNIA
SUMMARY OF UNADJUSTED AUDIT DIFFERENCES
YEAR ENDED JUNE 30, 2024

AGGREGATE REMAINING FUNDS

Description (Nature) of Audit Difference	Financial Statement Effect - Amount of Overstatement (Understatement) of:			
	Total Assets	Total Liabilities	Total Fund Balance	Total Change in Fund Balance
Impact of not adjusting investment in LAIF to fair value.	\$ 2,737		\$ 2,737	\$ 2,737
Total Net Unadjusted Audit Difference - This year	2,737	-	2,737	2,737
Financial Statement Caption Totals (Aggregate Remaining Funds)	\$ 1,580,506	\$ 889,181	\$ 156,020	\$ (744,635)
Net Audit Differences as % of F/S Captions	0.17%	0.00%	1.75%	(0.37%)

CITY OF COLFAX, CALIFORNIA
SUMMARY OF UNADJUSTED AUDIT DIFFERENCES
YEAR ENDED JUNE 30, 2024

SEWER FUND

Description (Nature) of Audit Difference	Financial Statement Effect - Amount of Overstatement (Understatement) of:			
	Total Assets	Total Liabilities	Total Net Position	Total Change in Net Position
Impact of not adjusting investment in LAIF to fair value.	\$ 9,991		\$ 9,991	\$ 9,991
Net Unadjusted Audit Differences - This Year	9,991		9,991	9,991
Financial Statement Caption Totals (Sewer Fund)	\$ 32,841,371	\$ 8,160,915	\$ 24,785,638	\$ 7,334,732
Net Audit Differences as % of F/S Captions	0.03%	0.00%	0.04%	0.14%



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INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES APPLIED TO APPROPRIATIONS LIMIT TESTING

City Council
 City of Colfax
 Colfax, California

We have performed the procedures enumerated below to the accompanying calculation of the Appropriation Limit of the City of Colfax (the City) for the year ended June 30, 2024. The City management is responsible for complying with the appropriations limit calculation. The City and the League of California Cities (as presented in the publication entitled Agreed-Upon Procedures applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution) have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose to assist the Agency in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures performed and our findings were as follows:

1. We obtained the City's calculation of the 2023/2024 appropriations limit and compared the limit and annual adjustment factors included in the calculation to the limit and annual adjustment factors that were adopted by resolution of the City Council.

Finding: No exceptions were noted as a result of our procedures.

2. We compared the methodology used to determine the cost of living adjustment component to Article XIII B which states that the City may annually adjust the component for either the change in California per capita personal income or, the percentage change in the City's assessed valuation which is attributable to non-residential new construction. We recalculated the factor based on the above information.

Finding: No exceptions were noted as a result of our procedures.

3. We compared the methodology used to determine the population adjustment component to Article XIII B which states that the City may annually choose to adjust the component for either the change in population in the County in which the City is located, or the change in population within the unincorporated area of the County in which the City is located. We recalculated the factor based on the above information.

Finding: No exceptions were noted as a result of our procedures.

4. We compared the prior year appropriations limit presented in the accompanying Appropriations Limit Calculation to the prior year appropriations limit adopted by the City Council for the prior year.

Finding: No exceptions were noted as a result of our procedures.

5. We recalculated the 2023/2024 Appropriation Limit by multiplying the product of the two above factors by the 2022/2023 appropriation limit.

Finding: No exceptions were noted as a result of our procedures.

6. We compared the City's actual revenues to the computed appropriation limit for fiscal year 2023/2024.

Finding: For the 2023/2024 fiscal year, the City's actual revenues subject to the appropriations limit did not exceed the appropriation limit adopted by resolution of the City Council.

We were engaged by the Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on accompanying calculation of the Appropriation Limit. Accordingly, we do not express such an opinion or conclusion. No procedures have been performed with respect to the determination of the Appropriations Limit for the base year, as defined by *Article XIII-B* of the California Constitution.

We are required to be independent of the City of Colfax and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the use of the City of Colfax and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Richardson & Company, LLP

December 17, 2024

APPENDIX A

**CITY OF COLFAX
APPROPRIATION LIMIT CALCULATION
Year Ended June 30, 2024**

**APPROPRIATIONS LIMIT
ADOPTED BY CITY:**

Recorded in Final 2023/2024 Budget	\$7,342,508
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**APPROPRIATIONS LIMIT
COMPUTATION PER REVIEW:**

2022/2023 Appropriations Limit	\$7,015,627	
Cost of living factor:		
Change in California per capita income	1.0444	
Population Adjustment Factor:		
Population change in County of Placer	<u>1.0021</u>	
Auditor computed limitation		<u>\$7,342,508</u>
Variance		<u><u>\$0</u></u>



Staff Report to City Council

FOR THE JANUARY 8, 2025 REGULAR CITY COUNCIL MEETING

From: Ron Walker, City Manager
Prepared by: Ron Walker, City Manager
Subject: Holiday Outdoor Light Contest

Budget Impact Overview:

N/A:	Funded:	Un-funded:	Amount:	Fund(s):
-------------	----------------	-------------------	----------------	-----------------

Discuss and award the 1st, 2nd, and 3rd place participants.

Summary/Background

December 2024 was the first year of the annual Holiday Outdoor Light Contest, and out of the many participants, the City Council members picked the 1st, 2nd, and 3rd place winners.

Conclusions and Findings

The Holiday Outdoor Light Contest was well received in the community and so City staff is considering adding additional holiday decorating events for 2025.



Staff Report to City Council

FOR THE DECEMBER 8, 2024, REGULAR CITY COUNCIL MEETING

From: Ron Walker, City Manager
Prepared by: Kathy Pease, AICP, Planning Consultant
Subject: New Sidewalk Repair Maintenance and Liability Ordinance

Budget Impact Overview:

N/A:	Funded:	Un-funded: ✓	Amount:	Fund(s):
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RECOMMENDED ACTION: Introduce the proposed ordinance by title only, conduct a public hearing, to adopt a Sidewalk Repair Ordinance, waive the first reading and schedule the proposed ordinance for a second reading and adoption at the next regular City Council meeting currently scheduled for January 22, 2025, to be effective 30 days after adoption.

Summary/Background

This is a proposal to consider adoption of a Municipal Code amendment to add a new section 12.24, which will clarify that it will be the responsibility of the property owner to maintain sidewalks abutting their property. The City Council directed some changes to the ordinance at its meeting of December 11, 2024. Those changes have been made and this item brings back the ordinance for consideration.

Discussion

The responsibility of an owner to maintain sidewalks is found in the California Streets and Highways Code Section 5610, which establishes adjacent property owner's obligation to repair a defective sidewalk. The State Legislature further supported this in 1935 with the approval of Assembly Bill 1194, which also provided for maintenance of sidewalks by adjacent property owners. This proposal would add the provision to the City's Municipal Code to clarify responsibilities.

At the December 11, 2024, meeting members of the City Council expressed concern that sidewalk repair could create an undue financial burden on some property owners. With this in mind they directed the following changes to clarify the intent that the City will work with property owners and provide flexibility:

- Extension of the time of repairs from 60- to 90-days
- Allowance so that property owners could request an extension to the 90-day timeframe
- Flexibility on payment options including voluntarily adding costs to tax rolls.
- Definition of 'Good Faith Effort' and Standards of Repair.
- Consideration of property owners that have a parcel on a corner or on hillside where the sidewalk may be located far from property.
- Consideration of sidewalks that dead end or go to nowhere.

Fiscal

This action has minimal impact on the City's General Fund as a result of this amendment. The City of Colfax has limited staff and General Fund resources available to make sidewalk repairs without a revenue source. This amendment would be consistent with the State Highways code, that repairs are the responsibility of the abutting property owner.

Environmental Review

The City of Colfax finds that adoption of this ordinance does not constitute a project under the California Environmental Quality Act (CEQA), and further sidewalk repair would qualify for a Class 1 Existing Facilities exemption (repair, maintenance or minor alteration of an existing structure).

Attachments

1. Ordinance Cover
2. Zoning Code Amendment Ordinance

CITY OF COLFAX

ORDINANCE NO. 560

AN ORDINANCE OF THE CITY COUNCIL OF
THE CITY OF COLFAX ADDING A NEW CHAPTER 12.24 TO THE
CITY'S MUNICIPAL CODE, SIDEWALK REPAIR, MAINTENANCE AND
LIABILITY.

The City Council of the City of Colfax does ordain as follows:

Section 1:

A new Chapter 12.24 to the Colfax Municipal Code is hereby added as set forth in Exhibit A attached hereto and by this reference incorporated herein.

Section 2. Superceding Provisions

The provisions of this ordinance and any resolution adopted pursuant hereto shall supersede any previous ordinance or resolution to the extent the same is in conflict herewith.

Section 3. Severability

If any section, phrase, sentence, or portion of this ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, the invalid or unconstitutional portion shall be deemed a separate, distinct, and independent provision and such holding shall not affect the validity of the remaining portions hereof.

Section 4. California Environmental Quality Act Findings

The City of Colfax hereby finds that said action is exempt CEQA and the CEQA Guidelines, for the following reasons: The action falls the Class 1 CEQA exemption provided in 14 CCR 15061(c). Sidewalks are considered existing facilities and are exempt from CEQA under the Class 1 exemption, also known as the "existing facilities" exemption. This exemption applies to the repair, maintenance, or minor alteration of existing public or private structures.

This ordinance shall, within 15 days after its adoption, be published or posted in accordance with Section 36933 of the Government Code of the State of California with the names of those City Council members voting for and against it.

The foregoing ordinance was introduced at a duly held regular meeting of the City Council of the City of Colfax on the ____ day of _____ 2024 and passed and adopted at a duly held regular meeting of the City Council on the ____ day of _____ 2024, by the following vote:

AYES:

NOES:

ABSENT:

Kim Douglass
Mayor

APPROVED AS TO FORM:

ATTEST:

Connor W. Harkins
City Attorney

City Clerk

Chapter 12.24

SIDEWALK REPAIR, MAINTENANCE AND LIABILITY

12.24.010	Purpose of chapter
12.24.020	Definitions
12.24.030	Owner's duty to repair defective sidewalk
12.24.040	Civil liability for injuries
12.24.050	Indemnity
12.24.060	Specifications for Repair
12.24.070	Notice to Repair
12.24.080	Service of Notice to Repair
12.24.090	Contents of Notice to Repair
12.24.100	Time for Commencement and Completion of Repairs by Owner
12.24.110	Failure to make required repairs
12.24.120	Payment to make required repairs
12.24.130	Assessment and Appeal
12.24.140	Decision and Collection

12.24.010 Purpose of chapter.

This chapter provides sidewalk repair procedures which are alternative and supplementary to the procedures set forth in the California Streets and Highways Code, Division 7, Part 3, Chapter 22, commencing at Section 5600, as those sections now exist or may hereafter be amended or renumbered. The City, in each instance, may follow the procedure set forth in the Streets and Highways Code or those set forth in this chapter, or some combination thereof.

12.24.020 Definitions

As used in this chapter, the terms listed below shall have the meaning assigned them:

"Defective sidewalk" means a sidewalk where, in the judgment of the director, the vertical or horizontal line or grade is altered or displaced or such other condition exists that interferes with the public convenience in the use of the sidewalk.

"Director" means the director of the department of public works, or designee; "Director" shall have the same meaning as the terms "Superintendent of Streets" and "City Engineer" as those

terms are utilized in the Streets and Highways Code, Division 7, Part 3, Chapter 22, as amended or renumbered.

"Good Faith Effort" means the owner's diligent and honest effort to take deliberate action to obtain cost estimates and a timeline for the repair

"Lot," "lots" or "portion of a lot" means a parcel of real property located within the city of Colfax, fronting any portion of a public street, alley or other place where a sidewalk exists. When used in connection with the words, "fronting the defective sidewalk," or variation thereof, it shall refer to the property in front of or along the side of the defective sidewalk.

"Owner" means a person owning a lot (residential, commercial, industrial) or a portion of a lot within the city of Colfax which fronts any portion of a public street, alley, or other place where a sidewalk exists.

"Repair" means elimination of a defective sidewalk by removal and replacement of all or a portion of the existing sidewalk or by other methods. Repair may include grinding, crack filling, or patching.

"Standards of Repair" means that over 99 percent of the sidewalk area should be free of vertical misalignments greater than $\frac{1}{4}$ inch, horizontal cracks greater than $\frac{3}{4}$ inch, or spalled areas greater than $\frac{1}{2}$ -inch.

12.24.030 Owner's duty to repair defective sidewalk.

A. An Owner shall maintain any sidewalk fronting the owner's lot, lots, or portion of a lot in accordance with the Standards of Repair.

B. An Owner shall repair any Defective Sidewalk fronting the Owner's lot, lots, or portion of a lot. Where a defective sidewalk is caused in whole or in part by a tree root or roots, the Owner shall nevertheless have the duty to repair the sidewalk. The Director may grant permission to cut the root(s) after consulting an arborist.

C. The Director shall evaluate the following types of sidewalks case-by-case and may waive an owner's duty to repair:

1. Corner lots which may have an increased maintenance and repair burden (more than one sidewalk, American with Disabilities (ADA) requirements for special ramps/treatments, etc.);
2. "Sidewalks to nowhere" that are located in remote areas or that do not provide meaningful connections; and
3. Sidewalks on hillsides that are substantially separated from the adjacent sidewalk.

12.24.040 Civil liability for injuries.

Each Owner shall owe a duty to members of the public to keep and maintain any sidewalk fronting the Owner's lot in a non-defective condition. If any person suffers injury or property

damage as a result of the failure of any Owner to maintain or repair the sidewalk as required by this chapter, the Owner shall be liable to such person for the resulting injury or damage.

12.24.050 Indemnity.

An Owner shall defend and indemnify the City and its agents from any action, claim, or judgment, and any cost or expense incurred, including attorneys' fees, which arise from the Owner's failure to maintain and repair the sidewalk as required by this chapter. Nothing in this section creates an obligation on an Owner to defend or indemnify the City from any action, claim or judgment to the extent any employee or instrumentality of the City caused the defective sidewalk which resulted in the claimant's injuries or damage.

12.24.060 Specifications for Repair.

The Director shall enforce this chapter and establish criteria and specifications for each type of repair. These specifications may be in addition to or instead of the Standards of Repair.

12.24.070 Notice to repair.

When the Director has actual notice of the existence of a defective sidewalk, the Director shall give written notice to the Owner of the lot fronting the defective sidewalk to repair the defective sidewalk. The Director may also give notice to the person in possession of the lot, lots or portion of the lot, in addition to the notice given to the Owner.

12.24.080 Service of notice to repair.

The notice to repair shall be served on the Owner by any of the following methods:

- A. Personal service of a copy of the notice on the Owner;
- B. Mailing the notice to the Owner by first class mail, postage prepaid, to the address of the Owner as set forth on the last equalized assessment roll;
- C. Personal service of a copy of the notice on the person in possession of the lot fronting the defective sidewalk, if a copy of the notice so served is also mailed to the Owner in accordance with subsection B of this section; or
- D. Posting the notice in a conspicuous place at the lot fronting the defective sidewalk, if a copy of the notice so posted is also mailed to the Owner in accordance with subsection B of this section.

If the notice is served on the Owner by mail, the Director shall, not more than thirty (30) days after the mailing of the initial notice to repair, mail to the Owner in the same manner an additional notice to repair, marked "second notice," containing the same information set forth in the initial notice.

12.24.090 Contents of notice to repair.

The notice to repair shall, at a minimum, contain the following information:

- A. That the sidewalk is a defective sidewalk;
- B. The nature of the work required to be done;
- C. The manner in which the work is to be done, including the specifications required by the City as to materials and workmanship;
- D. That if the repair is not commenced within the time specified in this chapter, or once commenced is not completed diligently and without interruption, the Director shall immediately commence and complete the repair and the cost thereof shall become a lien on the lot;
- E. That the Owner may elect to perform the repairs him or herself; have the work performed by a licensed contractor; or have the work performed by the City, through a contractor selected by the City or with City employees;
- F. An agreement, in a form established by the Director, which sets forth the party the Owner elects to repair the defective sidewalk and the City's requirements with respect to the manner in which the repairs must be performed.

12.24.100 Time for commencement and completion of repairs by Owner.

- A. The Owner shall commence the repairs required by the notice to repair within ninety (90) days after the Owner elects either to perform the repairs as outlined in section 12.24.090 E, or within ninety (90) days after service of the second notice, whichever occurs first. Once commenced, the repairs shall be completed diligently and without interruption.
- B. The City may grant time extension(s) on a case-by-case basis if a good faith effort has been made toward repairing the sidewalk.

12.24.110 Failure to make required repairs.

It is the City's intent to work with property owners and provide flexible solutions. If, after notice to repair has been served, the Owner fails to make the repairs required by the notice within the time set forth in this chapter or fails to respond and execute the agreement, the Director shall, within a reasonable period of time, cause the City to make the required repairs.

12.24.120 Payment for repairs.

- A. The Owner is responsible for paying the cost of all work provided by the City in connection with the repair of a defective sidewalk, including administrative and inspection costs, upon receipt of an invoice from the City.
- B. If the Owner has not provided payment thirty (30) days after receipt of an invoice for the work provided by the City for repair of a defective sidewalk, the Finance Department may initiate proceedings to make the cost of the work performed by the City of a special assessment against the parcel(s) of property fronting the repaired sidewalk(s).
- C. Notwithstanding any contrary provision of this chapter or the California Streets and Highways Code, if the Owner demonstrates to the reasonable satisfaction of the Finance Department that payment of the cost of repair of the defective sidewalk will constitute a severe

financial hardship on the Owner, then no action shall be taken to collect the repair cost provided that the Owner enters into an agreement to pay the costs on terms acceptable to the Finance Department. This could include a request for installment payments, or a request for the amount to be added voluntarily to the property's tax rolls. The City Manager may enter into and execute the agreement for the City. If the Owner fails to perform the agreement, then the City shall have the right to collect the costs in the amount then owing after ten (10) days' written notice is given to the Owner. This remedy shall be in addition to any other remedies at law or in equity which the City may have.

12.24.130 Assessment and appeal.

A. If the Owner has not provided payment thirty (30) days after receipt of an invoice for the work provided by the City for repair of a defective sidewalk, the Finance Department may initiate proceedings to make the cost of the work performed by the City a special assessment against the parcel(s) of property fronting the repaired sidewalk(s).

B. The Finance Department shall issue a notice of special assessment to all Owners who fail to pay for the work provided by the City for repair of a defective sidewalk. The notice shall be mailed to the address of the Owner as shown on the last equalized assessment roll or such other address of the Owners as may be known to the Finance Department. The notice shall set forth a due date for payment.

C. An Owner may protest a notice of special assessment. The notice of special assessment shall provide a process for the Owner to obtain a hearing before a lien hearing officer appointed by the City Manager. The notice shall set the date and time by which the Owner shall file a protest with the Finance Department, which shall not be sooner than thirty (30) days from notice of the special assessment. No objection or protest received after that date and time shall be considered.

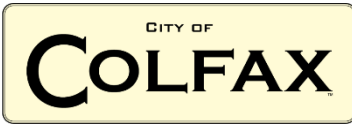
D. Upon receipt of a valid protest, the Finance Department shall cause notice of the hearing before the lien hearing office to be mailed to an Owner who requests a hearing. Notice shall be mailed not less than ten (10) days prior to the date of the hearing. The notice shall be mailed to the address of the Owner as shown on the last equalized assessment roll or such other address of the Owner as may be known to the Finance Department.

D. City staff will investigate the protest, and at the conclusion of the staff resolution process, a "finding of facts" letter will be prepared and mailed to the Owner. If the Owner disagrees with City staff's findings, he or she may request a formal hearing before the City Council under chapter 1.20.

12.24.140 Decision and Collection.

A. The validity of any assessment made under the provisions of this title shall be final and shall not be contested in any action or proceeding unless the same commences within thirty (30) days after the assessment is confirmed by the City Council.

B. Upon final decision by the lien hearing officer or the City Council, the sidewalk repair costs upheld in the decision shall constitute a special assessment against the property fronting the repaired sidewalk(s). Thereafter, such assessment may be collected at the same time and in the same manner as ordinary secured property taxes are collected and shall be subject to the same penalties and the same procedures of sale as provided for delinquent ordinary secured property taxes. The assessments shall be subordinate to all existing special assessment liens previously imposed upon the property and paramount to all other liens except those for state, county and municipal taxes with which it shall be upon parity. The lien shall be continued until the assessment and all interest and penalties due and payable thereon are paid. All laws applicable to the levy, collection and enforcement of secured property taxes shall be applicable to such special assessments.



Staff Report to City Council

FOR THE JANUARY 8, 2025 REGULAR CITY COUNCIL MEETING

From: Ron Walker, City Manager
Prepared by: Ron Walker, City Manager
Subject: City Procurement Policy Amendment – City Manager Purchase Authority.

Budget Impact Overview:

N/A:	Funded:	Un-funded:	Amount:	Fund(s):
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RECOMMENDED ACTION: Adopt Resolution __-2025 amending the City's Purchasing Policy, increasing the City Manager's purchasing authority to \$25,000.

Summary/Background

The purpose of the City of Colfax Procurement Policies and Procedures is to establish procedures for the City for the procurement of supplies and other expendable property, equipment, real property, and other services. The current dollar amount of the City Manager's purchase authority is set at \$10,000 with this authority written in the City Manager's employment contract. The City Attorney has stated that this authority belongs in the City's Procurement Policies and Procedures, and not in the City Manager's contract.

During the September 11, 2024 City Council meeting, the Council directed the City Manager to update his purchasing authority dollar amount to a level that would better serve the City. After reviewing the purchasing authority dollar amount of neighboring cities, staff has determined that a \$25,000 limit of the City Manager's purchasing authority will best serve the City.

Conclusions and Findings

Increasing the signing authority of the City Manager will improve efficiency and expedite the delivery of services, while keeping all purchases signed off by the City Manager within the City's budget and within the parameters of the City's Purchasing Policies.

Fiscal Impacts

None

Attachments:

1. Resolution __-2025
2. City of Colfax – Procurement Policies and Procedures

City of Colfax

City Council

Resolution № __-2025

APPROVING AND AUTHORIZE AMENDING THE CITY’S PURCHASING POLICY TO
REFLECT THE CITY MANAGER’S SIGNING AUTHORITY OF 25,000.00

WHEREAS, the purpose of the City of Colfax Procurement Policies and Procedures is to establish procedures for the City for the procurement of supplies and other expendable property, equipment, real property, and other services; and,

WHEREAS, the current dollar amount of the City Manager’s purchase authority is set at \$10,000; and,

WHEREAS, during the September 11, 2024 City Council meeting, the Council directed the City Manager to update his purchasing authority dollar amount to a level that would better serve the City. After reviewing the purchasing authority dollar amount of neighboring cities, staff has determined that a \$25,000 limit of the City Manager’s purchasing authority will best serve the City; and,

WHEREAS, increasing the signing authority of the City Manager will improve efficiency and expedite the delivery of services, while keeping all purchases signed off by the City Manager within the City’s budget and within the parameters of the City’s Purchasing Policies.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Colfax approves amending the City’s Purchasing Policy to increase the City Manager’s signing authority to \$25,000.00

THE FOREGOING RESOLUTION WAS DULY AND REGULARLY ADOPTED at the Regular Meeting of the City Council of the City of Colfax held on January 8, 2025, by the following vote of the Council:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

Sean Lomen, Mayor

Amanda Ahre, City Clerk

City of Colfax

Procurement Policies and Procedures

1. **Purpose of procurement standards.** The purpose of these standards is to establish procedures for the City for the procurement of supplies and other expendable property, equipment, real property, and other services.

2. **Code of conduct.** No employee, officer, councilmembers, or agent shall participate in the selection, award, or administration of a contract if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the City shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to subagreements except for where the financial interest is not substantial, or the gift is an unsolicited item of nominal value. Members of the City's board of directors shall comply with all relevant fiduciary duties, including those governing conflicts of interest, when they vote upon matters related to procurement contracts in which they have a direct or indirect financial or personal interest. Officers, employees, directors, and agents of the City shall be subject to disciplinary actions for violations of these standards.

3. **Competition.** All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open, and free competition. The City shall be alert to organizational conflicts of interest as well as noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, invitations for bids and/or requests for proposals shall be excluded from competing for such procurements. Awards shall be made to the bidder or offeror whose bid or offer is responsive to the solicitation and is most advantageous to the City, price, quality, and other factors considered. Solicitations shall clearly set forth all requirements that the bidder or offeror shall fulfill in order for the bid or offer to be evaluated by the City. Any and all bids or offers may be rejected when it is in the City's interest to do so. In all procurement the City shall avoid practices that are restrictive of competition. These include but are not limited to:
 - (a) Placing unreasonable requirements on firms in order for them to qualify to do business,
 - (b) Requiring unnecessary experience and excessive bonding,
 - (c) Noncompetitive pricing practices between firms or between affiliated companies,
 - (d) Noncompetitive awards to consultants that are on retainer contracts,
 - (e) Organizational conflicts of interest,
 - (f) Specifying only a brand name product instead of allowing an equal product to be offered and describing the performance of other relevant requirements of the procurement, and

- (g) Any arbitrary action in the procurement process.

4. Methods of Procurement to be Followed.

(a) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the "Simplified Acquisition Threshold" fixed at 41 U.S.C. 403(11) (currently set at \$100,000) and where procurement by sealed bid is not required. If small purchase procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources to ensure that the selection process is competitive in accordance with these policies. City funded procurement is not subject to the procedures.

(b) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price.

- (i) The sealed bid method is the preferred method for procuring construction if the following conditions are present:

- (A) A complete, adequate, and realistic specification or purchase description is available;
- (B) Two or more responsible bidders are willing and able to compete effectively and for the business; and
- (C) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

- (ii) If sealed bids are used, the following requirements apply:

- (A) The invitation for bids will be publicly advertised and bids shall be solicited from an adequate number of known suppliers, providing them sufficient time prior to the date set for opening the bids;
- (B) The invitation for bids, which will include any specifications and pertinent attachments, shall define the items or services in order for the bidder to properly respond;
- (C) All bids will be publicly opened at the time and place prescribed in the invitation for bids;
- (D) Any or all bids may be rejected if there is a sound documented reason.

(c) Procurement by competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed-price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for

the use of sealed bids or small purchase procedures. If this method is used, the following requirements apply:

- (i) Requests for proposals will be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals shall be honored to the maximum extent practical;
 - (ii) Proposals will be solicited from an adequate number of qualified sources;
 - (iii) The City shall evaluate responses to its solicitations and select awardees in accordance the procedures outlined in section 5 below ("Procurement Procedures")
 - (iv) Awards will be made to the responsible firm whose proposal is most advantageous to the City with price and other factors considered; and
 - (v) The City may use the competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services, consultant services, and other services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. A procurement process where price is not to be used as a stated selection factor can only be used in procurement of A/E professional services. It cannot be used to purchase other types of A/E firms are a potential source to perform the proposed effort.
- (d) Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source, or after solicitation of a number of sources, competition is determined inadequate.
- (i) Procurement by noncompetitive proposals may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids, or competitive proposals and one of the following circumstances applies:
 - (A) The item is available only from a single source;
 - (B) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
 - (C) The funding source specifically authorizes the use of noncompetitive proposals; or
 - (D) After solicitation of a number of sources, competition is determined inadequate.
 - (ii) Cost analysis, i.e., verifying the proposed cost data, the projections of the data, and the evaluation of the specific elements of costs and profits, is required.
 - (iii) When using a noncompetitive process, the City normally would be expected to submit

the proposed procurement to the relevant funding source for pre-award.

- (iv) When the funding is from the local municipality.

5. Procurement procedures.

- (a) All procurement by the City shall comply, at a minimum, with the requirements of subsections (i), (ii), and (iii) below:

- (i) the City avoid purchasing unnecessary items.
- (ii) Where appropriate, an analysis is made of lease and purchase alternatives to determine which would be the most economical and practical procurement.
- (iii) Solicitations for goods and services provide for all of the following.
 - (A) A clear and accurate description of the technical requirements for the material, product, or service to be procured. In competitive procurements, such a description shall not contain features which unduly restrict competition.
 - (B) Requirements which must be fulfilled and all other factors to be used in evaluating proposal submitted in response to solicitations.
 - (C) A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards.
 - (D) When relevant, the specific features of "brand name or equal" descriptions that are to be included in responses submitted to solicitation.
 - (E) The acceptance, to the extent practicable and economically feasible, of products and services dimensioned in the metric system of measurement.
 - (F) Preference, to the extent practicable and economically feasible, for products and services that conserve natural resources and protect the environment and are energy efficient.

- (b) The type of procuring instruments used (e.g., fixed price contracts, cost reimbursable contracts, purchase orders, and incentive contracts) shall be determined by the City but shall be appropriate for the particular procurement and for promoting the best interest of the program or project involved. The "*cost-plus-a-percentage-of- cost" or "*percentage of construction cost" methods of contracting shall not be used.

* Cost-plus-percentage-of-cost is a contract under which the contractor is paid a percentage of the total actual expenses or costs in addition to the contractor's actual expenses or costs.

* Percentage-of-Construction-costs is a values set for the total estimated construction contract award amount, including of all built-in costs to set a contract.

(c) Contracts shall be made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of the proposed procurement. Consideration shall be given to such matters as contractor integrity, record of past performance, financial and technical resources, or accessibility to other necessary resources.

(d) Debarment and Suspension – No contract shall be made to parties listed on the General Services Administration’s List of Parties Excluded from Federal Procurement or Nonprocurement Programs in accordance with E.O.s 12549 and 12689, “Debarment and Suspension.” Contractors with awards that exceed the small purchase threshold shall provide the required certification regarding its exclusion status and that of its principal employees.

6. Environmental Preferable Purchasing.

(a) Purpose.

- (i) It is the policy of the City to institute practices that reduce waste by increasing product efficiency and effectiveness, purchase products that minimize environmental impacts, toxics, pollution, and hazards to worker and community safety to the greatest extent practicable, and purchase products that include recycled content, are durable and long-lasting, conserve energy and water, reduce greenhouse gas emissions, use unbleached or chlorine-free manufacturing processes, are lead-free and mercury-free, and use wood from sustainably harvested forests.
- (ii) This policy is adopted in order to support strong recycling markets, reduce materials that are landfilled, identify environmentally preferable products and distribution systems, increase the use and availability of environmentally preferable products that protect the environment, reward manufacturers and vendors that reduce environmental impacts in their production and distribution systems or services, and create a model for successfully purchasing environmentally preferable products that encourages other purchasers to adopt similar goals.
- (iii) This policy shall comply with State requirements as contained in 14 CCR Division 7, Chapter 12, Article 12 (SB 1383 procurement regulations) to procure a specified amount of Recovered Organic Waste Products, to purchase Recycled-Content Paper Products, and Recycled-Content Printing and Writing Paper, and procure resources in a way that aligns with the City’s goals.

(b) Recycled Content Products.

- (i) All products for which the United States Environmental Protection Agency (U.S. EPA) has established minimum recycled content standard guidelines, such as those for printing paper, office paper, janitorial paper, construction, landscaping, parks and recreation, transportation, vehicles, miscellaneous, and non-paper office products, shall contain the highest postconsumer content practicable, but no less than the minimum recycled content standards established by the U.S. EPA Guidelines.

- (ii) If fitness and quality of Recycled-Content Paper Products and Recycled-Content Printing and Writing Paper are equal to that of non-recycled items, all departments and divisions of the City shall purchase Recycled-Content Paper Products and Recycled-Content Printing and Writing Paper that consists of at least thirty percent (30%), by fiber weight, postconsumer fiber, whenever available at the same or a lesser total cost than non-recycled items, consistent with the requirements of the Public Contracts Code, Sections 22150 through 22154 and Sections 12200 and 12209, as amended.
- (iii) All Paper Products and Printing and Writing Paper shall be eligible to be labeled with an unqualified recyclable label as defined in Title 16 Code of Federal Regulations Section 260.12 (2013).
- (iv) Records must be submitted to the City of all Paper Products and Printing and Writing Paper purchases on a schedule to be determined by the City and not less than annually (both recycled-content and non-recycled content, if any is purchased) for all purchases made by a division or department or employee of the City.
- (v) All vendors that provide Paper Products (including janitorial Paper Products) and Printing and Writing Paper to the City shall:
 - (A) Provide Recycled-Content Paper Products and Recycled-Content Printing and Writing Paper that consists of at least thirty percent (30%), by fiber weight, postconsumer fiber, if fitness and quality are equal to that of non-recycled item, and available at equal or lesser price.
 - (B) Certify in writing the minimum percentage of postconsumer material in the Paper Products and Printing and Writing Paper offered or sold to the City. This certification requirement may be waived if the percentage of postconsumer material in the Paper Products and/or Printing and Writing Paper can be verified by a product label, catalog, invoice, or a manufacturer or vendor internet website.
 - (C) Only provide Paper Products and Printing and Writing Papers that meet Federal Trade Commission Recyclability standard as defined.
 - (D) Provide records to the Recordkeeping Designee for all Paper Products and Printing and Writing Paper on a schedule to be determined by the Recordkeeping Designee.
 - (E) All vendors providing printing services to the City via a printing contract or written agreement, shall use Printing and Writing Paper that consists of at least thirty percent (30%), by fiber weight, postconsumer fiber, or as amended by Public Contract Code Section 12209.
- (vi) All pre-printed recycled content papers intended for distribution that are purchased or

produced shall contain a statement that the paper is recycled content.

- (vii) Copiers and printers bought shall be compatible with the use of recycled content products.

(c) Green Building – Construction and Renovations

- (i) All building and renovations undertaken by the City shall follow Green Building Practices for design, construction, and operation, where appropriate, as described in the *LEED™ Rating System and meet *CalGreen and *MWELO requirements. Building and landscaping products, purchases, and use by the City shall be consistent with CalGreen and MWELO requirements.

(d) Landscaping.

- (i) All landscape renovations, construction, and maintenance by the City, including workers and contractors providing landscaping services for the City, shall employ sustainable landscape management techniques for design, construction, and maintenance whenever possible, including, but not limited to, integrated pest management, grasscycling, drip irrigation, composting, and procurement and use of mulch and compost.
- (ii) The City, including through its direct service providers, will make every effort to meet its annual procurement target for *Recovered Organic Waste Products as determined by the State. Periodically, the City's Recordkeeping Designee shall distribute information to City Staff on the Procurement target and specific products that meet the SB 1383 procurement requirements. Divisions and departments responsible for landscaping maintenance shall:
 - (A) Use SB 1383 Eligible Compost and SB 1383 Eligible Mulch produced from recovered Organic Waste, as defined in the Definitions section of this Policy, for landscaping maintenance as practicable, whenever available, and capable of meeting quality standards and criteria specified.

* LEED – Leadership Energy and Environmental Design

• Recovered Organic Waste Products - means products made from California, landfill-diverted recovered Organic Waste processed at a permitted or otherwise authorized operation or facility, or as otherwise defined in 14 CCR Section 18982(a)(60).

* CalGreen – California state mandated green building code standards <https://calgreenenergyservices.com/knowledge-center/calgreen-code/>

*MWELo – Model Water Efficient Landscape Ordinance

*Recovered Organic Waste Products - means products made from California, landfill-diverted recovered Organic Waste processed at a permitted or otherwise authorized operation or facility, or as otherwise defined in 14 CCR Section 18982(a)(60).

- (B) Keep records, including invoices or proof of Recovered Organic Waste Product procurement (either through purchase or acquisition), and submit records to the City, on a schedule to be determined by City. General Procurement Records shall include: General description of how and where the product was used and applied, if applicable; Source of product including name, physical location, and contact information for each entity, operation, or facility from whom the Recovered Organic Waste Products were procured; Type of product; Quantity of each product; and, Invoice or other record demonstrating purchase or procurement.
 - (C) For Compost and SB 1383 Eligible Mulch provided to residents through giveaway events or other types of distribution methods, keep records of the Compost and SB 1383 Eligible Mulch provided. Records shall be maintained and submitted to the City in accordance with the requirements specified in Section 7 below.
 - (D) When a direct service provider for the City procures compost or mulch, enters into a written contract or agreement, or executes a purchase order between the City and direct service provider with enforceable provisions that include: Definitions and specifications for SB 1383 Eligible Mulch, Compost, Renewable Gas, and/or Electricity Procured from Biomass Conversion, and, an enforcement mechanism (e.g., termination or liquidated damages) in the event the direct service provider is not compliant with the requirements.
 - (E) Projects subject to California's MWELo that will be used to meet the annual recovered organic waste product procurement target must comply with CCR Title 23, Division 2, Chapter 2.7, Sections 492.6 (a)(3)(B), (C), (D), and (G).
- (e) Gas and Oil Procurement.
- (i) For Renewable Gas procurement (used for fuel for transportation, electricity, or heating applications), the City shall:
 - (A) Procure Renewable Gas made from recovered Organic Waste for transportation fuel, electricity, and heating applications to the degree that it is appropriate and available for the Jurisdiction.
 - (B) Keep records in the same manner indicated in Section 7 below. for the amount of Renewable Gas procured and used by the Jurisdiction, including the general procurement record information specified in Section 7, and submit records to

the City on a schedule to be determined by the City and not less than annually. Jurisdiction shall additionally obtain the documentation and submit records specified in Section 7 below, if applicable.

7. Procurement records. Procurement records and files for purchases in excess of the small purchase threshold as fixed at 41 U.S.C. 403(11) (currently \$25,000) shall include the following at a minimum: (a) basis for contractor selection, (b) justification for lack of competition when competitive bids or offers are not obtained, and (c) basis for award cost or price.

(a) Record Keeping.

- (i) The City Manager shall select an employee to act as the Recordkeeping Designee that will be responsible for obtaining records pertaining to Procurement of Recovered Organic Waste Products, Recycled-Content Paper Products, and Recycled-Content Printing and Writing Paper. The Recordkeeping Designee will do the following to track Procurement of Recovered Organic Waste Products, Recycled-Content Paper Products, and Recycled-Content Printing and Writing Paper:
 - (A) Collect and collate copies of invoices or receipts (paper or electronic) or other proof of purchase that describe the procurement of Printing and Writing Paper and Paper Products, including the volume and type of all paper purchases; and, copies of certifications and other required verifications from all departments and/or divisions procuring Paper Products and Printing and Writing Paper (whether or not they contain recycled content) and/or from the vendors providing Printing and Writing Paper and Paper Products. These records must be kept as part of the City's documentation of its compliance with 14 CCR Section 18993.3.
 - (B) If non-Recycled-Content Paper Products and/or non-Recycled-Content Printing and Writing Paper are provided, include a description of why Recycled-Content Paper Products and/or Recycled-Content Printing and Writing Paper were not purchased.
 - (C) Collect and collate copies of invoices or receipts or documentation evidencing procurement from all departments and divisions procuring Recovered Organic Waste Products and invoices or similar records from vendors/contractors /others procuring Recovered Organic Waste Products on behalf of the City to develop evidence of the City meeting its Annual Recovered Organic Waste Product Procurement Target. These records must be kept as part of the City's documentation of its compliance with 14 CCR Section 18993.1.
 - (D) Collect, collate, and maintain documentation submitted by the City's direct service providers, and/or vendors, including the information reported to the Recordkeeping Designee.
 - (E) Collect, collate, and maintain documentation submitted by the City's direct

service providers, and/or vendors, including the information reported to the Recordkeeping Designee.

- (ii) As required, compile data and report on the City's direct procurement, and vendor/other procurement on behalf of the City, of Recovered Organic Waste Products, Recycled-Content Paper Products, and Recycled-Content Printing and Writing Paper, consistent with the requirements for Recycled-Content Paper Products and Recycled-Content Printing and Writing Paper procurement.

8. Contract administration. A system for contract administration shall be maintained to ensure contractor conformance with the terms, conditions, and specifications of the contract and to ensure adequate and timely follow up of all purchases. The City shall evaluate contractor performance and document, as appropriate, whether contractors have met the terms, conditions, and specifications of the contract.

9. Contract provisions. The City shall include, in addition to provisions to define a sound and complete agreement, the following provisions in all contracts. The following provisions shall also be applied to subcontracts.

(a) Contracts in excess of the *Simplified Acquisition Threshold shall contain contractual provisions or conditions that allow for administrative, contractual, or legal remedies in instances in which a contractor violates or breaches the contract terms and provide for such remedial actions as may be appropriate.

(b) All contracts in excess of the Simplified Acquisition Threshold shall contain suitable provisions for termination by the City, including the manner by which termination shall be effected and the basis for settlement. In addition, such contracts shall describe conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated because of circumstances beyond the control of the contractor.

(c) For contracts dealing with construction or facility improvements the City shall comply with all requirements imposed by its funding sources (and the government regulations applicable to those funding sources) with regard to construction bid guarantees, performance bonds, and payment bonds.

(d) All negotiated contracts (except those for less than the Simplified Acquisition Threshold) awarded by the City shall include a provision to the effect that the City shall have access to any books, documents, papers, and records of the contractor which are directly pertinent to a specific program for the purpose of making audits, examinations, excerpts, and transcriptions.

(e) All contracts, including small purchases, awarded by the City and their contractors where the source of the funds, directly or indirectly, is the federal government, shall contain the following procurement provisions as applicable.

* Simplified Acquisition Threshold means the dollar amount below which a non-Federal entity may purchase property or services using

small purchase methods

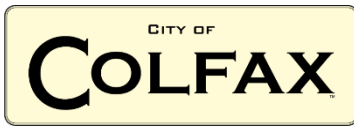
- (i). Equal Employment Opportunity - All contracts, when funded in whole or part by monies derived from the Federal government (either directly or indirectly), shall contain a provision requiring compliance with E.O. 11246, "Equal Employment Opportunity," as amended by E.O. 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and as supplemented by regulations at 41 CFR part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."
- (ii). Copeland "Anti-Kickback" Act (18 U.S.C. 874 and 40 U.S.C. 276c) - All contracts in excess of \$2000 for construction or repair, when funded in whole or part by monies derived from the Federal government (either directly or indirectly) shall include a provision for compliance with the Copeland "Anti-Kickback" Act (18 U.S.C. 874), as supplemented by Department of Labor regulations (29 CFR part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). The Act provides that each contractor or subrecipient shall be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he is otherwise entitled. The recipient shall report all suspected or reported violations to the Federal awarding agency.
- (iii). Davis-Bacon Act, as amended (40 U.S.C. 276a to a-7) - **When required by Federal program legislation**, all construction contracts awarded by the recipients and subrecipients of more than \$2000 shall include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 276a to a-7) and as supplemented by Department of Labor regulations (29 CFR part 5, "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction"). Under this Act, contractors shall be required to pay wages to laborers and mechanics at a rate not less than the minimum wages specified in a wage determination made by the State Secretary of Labor. In addition, contractors shall be required to pay wages not less than once a week. The recipient shall place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation and the award of a contract shall be conditioned upon the acceptance of the wage determination. The recipient shall report all suspected or reported violations to the Federal awarding agency.
- (iv). Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333) - All contracts in excess of \$2000 for construction contracts and in excess of \$2500 for other contracts that involve the employment of mechanics or laborers, when funded in whole or part by monies derived from the Federal government (either directly or indirectly), shall include a provision for compliance with Sections 102 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333), as supplemented by Department of Labor regulations (29 CFR part 5).
- (v). Rights to Inventions Made Under a Contract or Agreement - Contracts or agreements for the performance of experimental, developmental, or research work, when funded in whole or part by monies derived from the Federal government (either directly or indirectly), shall provide for the rights of the Federal Government and the recipient in any resulting invention in

accordance with 37 CFR part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.

(vi). Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), as amended - Contracts and subgrants of amounts in excess of \$100,000, **when funded in whole or part by monies derived from the Federal government** (either directly or indirectly), shall contain a provision that requires the recipient to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251 et seq.). Violations shall be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

(vii). Byrd Anti-Lobbying Amendment (31 U.S.C. 1352) - Contacts for an amount above \$100,000, **when funded in whole or part by monies derived from the Federal government** (either directly or indirectly), shall include a certification by the contracting parties that they have not and will not use Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. and to further require disclosure of any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award.

10. Effective Date. This policy shall take effect on June 09, 2022.



Staff Report to City Council

FOR THE JANUARY 8, 2025 REGULAR CITY COUNCIL MEETING

From: Ron Walker, City Manager
Prepared by: Ron Walker, City Manager
Subject: Consider Request from Jim Dion to Terminate SCI Consulting Group Contract for Consulting Services for GSPC

Budget Impact Overview:

N/A:	Funded:	Un-funded:	Amount:	Fund(s):
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RECOMMENDED ACTION: Adopt Resolution __-2025 authorizing the City Manager to amend the SCI Consulting Group Contract for Consulting Services by reducing the semiannual onsite inspection to a once-per-year inspection cycle for GSPC.

Summary/Background

Resolution 6-2019 authorized the City Manager to enter into a consultant services agreement with SCI Consulting Group to provide subject matter and technical support, conduct compliance and financial audits, and perform on-going, and non-compliance mitigation services for the City to assure Golden State Patient Care (GSPS) stays compliant with cannabis tax regulations.

On November 26, 2024 Jim Dion, owner of GSPS email the City Manager's office requesting the City terminate its agreement with SCI Consulting Group as a cost savings to his business. City Staff has had a conversation with a representative from SCI Consulting Group and was told that although there have been some initial growing pains in the beginning, the financial audits have identified and corrected these deficiencies. The semiannual physical inspections have found no deficiencies to date indicating the facility has been in and continues to be in compliance with state and local regulations.

Conclusions and Findings

The SCI Consulting Group has indicated that the city council may want to consider reducing the semiannual physical inspection to once per year but maintains the importance of the financial audit and physical inspection to assure compliance with State and City cannabis regulations. The cost to GSPS for the annual financial audit is \$4,000.00 per year, and the physical inspections are \$1,500.00 per visit.

Terminating the agreement with SCI would shift monitoring, compliance, and the tax verification process to City Staff, none of which are experts with cannabis compliance and the tax process.

Fiscal Impacts

It is not known what the fiscal impacts are to have staff trained in cannabis compliance and tax regulation at this time.

Attachments:

1. Resolution __-2025
2. SCI Group Agreement February 28, 2019
3. Commercial Cannabis Consulting Services February 27, 2019 Staff Report
4. SCI Group Agreement January 8, 2020
5. SCI Group Agreement February 28, 2024

City of Colfax

City Council

Resolution № __-2025

APPROVING AND AUTHORIZING THE CITY MANAGER TO AMEND THE SCI CONSULTING GROUP CONTRACT FOR CONSULTING SERVICES BY REDUCING THE SEMIANNUAL ONSITE INSPECTION TO A ONCE-PER-YEAR INSPECTION CYCLE FOR GSPC.

WHEREAS, Resolution 6-2019 authorized the City Manager to enter into a consultant services agreement with SCI Consulting Group to provide subject matter and technical support, conduct compliance and financial audits, and perform ongoing, and non-compliance mitigation services for the City to assure Golden State Patient Care (GSPS) stays compliant with cannabis tax regulations; and,

WHEREAS, on November 26, 2024 Jim Dion, owner of GSPS emailed the City Manager's office requesting the City terminate its agreement with SCI Consulting Group as a cost savings to his business; and,

WHEREAS, City staff has been in contact with SCI and was told that although there have been some initial growing pains in the beginning, the financial audits have identified and corrected these deficiencies. The semiannual physical inspections have found no deficiencies to date indicating the facility has been in and continues to be in compliance with state and local regulations; and,

WHEREAS, The SCI Consulting Group has indicated that the city council may want to consider reducing the semiannual physical inspection to once per year but maintains the importance of the financial audit and physical inspection to assure compliance with State and City cannabis regulations; and,

WHEREAS, Terminating the agreement with SCI would shift monitoring, compliance, and the tax verification process to City Staff, none of which are experts with cannabis compliance and the tax process; and,

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Colfax approves and authorizes the City Manager to amend the SCI Consulting Group Contract for Consulting Services by reducing the semiannual onsite inspection to a once per year inspection cycle for GSPC.

THE FOREGOING RESOLUTION WAS DULY AND REGULARLY ADOPTED at the Regular Meeting of the City Council of the City of Colfax held on January 8, 2025, by the following vote of the Council:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

Sean Lomen, Mayor

Amanda Ahre, City Clerk

AGREEMENT FOR CONSULTANT SERVICES

THIS AGREEMENT is made and entered into on this 28th day of February, 2019 by and between the City of Colfax, a municipal corporation of the State of California ("City") and SCI Consulting Group ("Consultant").

RECITALS

- A. The City desires to retain Consultant to provide the Services set forth in detail in Exhibit A hereto (the "Services") subject to the terms and conditions of this Agreement.
- B. Consultant is duly licensed and sufficiently experienced to undertake and perform the Services in a skilled and workmanlike manner and desires to do so in accordance with the terms and conditions of this Agreement.

Now, therefore, in consideration of the mutual covenants, promises and conditions set forth in this Agreement, the City and Consultant agree as follows:

Section 1. Services.

Subject to the terms and conditions set forth in this Agreement, Consultant shall furnish and perform all of the Services described in detail in Exhibit A hereto and incorporated herein by this reference (the "Services") to the satisfaction of the City. Consultant shall not perform any work exceeding the scope of the Services described in Exhibit A without prior written authorization from the City.

Section 2. Time of Completion.

Consultant's schedule for performance of the Services is set forth in Exhibit A hereto which is incorporated herein by this reference. Consultant shall commence performance of the Services promptly upon receipt of written notice from the City to proceed. **The contract term is for three (3) years with an option for a two (2) year extension commencing the day following the elected body approval.** During the performance of the Services, Consultant shall provide the City with written progress reports at least once each month and at such additional intervals as City may from time to time request.

Section 3. Compensation.

- A. Except as may otherwise be provided in Exhibit A or elsewhere in this Agreement or its exhibits, Consultant shall invoice City once each month for the Services performed during the preceding month in an amount not to exceed \$5000. Such invoices shall itemize all charges in such detail as may reasonably be required by City in the usual course of City business but shall include at least:
 - i. the date of performance of each of the Services,
 - ii. identification of the person who performed the Services,
 - iii. a detailed description of the Services performed on each date,

- iv. the hourly rate at which the Services on each date are charged,
- v. an itemization of all costs incurred and
- vi. the total charges for the Services for the month invoiced.

As long as the Consultant performs the Services to the satisfaction of the City, the City shall pay the Consultant an all-inclusive compensation that shall not exceed the amount as detailed in Exhibit A except pursuant to an authorized written change order issued pursuant to Section 15 of this Agreement before the Services requiring additional compensation are performed. City shall pay Consultant no later than thirty (30) days after approval of the monthly invoice by City's staff.

- B. The Consultant's compensation for the Services shall be full compensation for all indirect and direct personnel, materials, supplies, equipment and services incurred by the Consultant and used in carrying out or completing the Services. Payments shall be in accordance with the payment schedule established in Exhibit A or elsewhere in this Agreement or its exhibits.
- C. The City shall have the right to receive, upon request, documentation substantiating charges billed to the City pursuant to this Agreement. The City shall have the right to perform an audit of the Consultant's relevant records pertaining to the charges.
- D. Any Services performed more than sixty (60) days prior to the date upon which they are invoiced to the City shall not be compensable.

Section 4. Professional Ability; Standard of Quality.

City has relied upon the professional training and ability of Consultant to perform the Services described in Exhibit A as a material inducement to enter into this Agreement. Consultant shall therefore provide properly skilled professional and technical personnel to perform all Services under this Agreement. All Services performed by Consultant under this Agreement shall be in a skillful, workmanlike manner in accordance with applicable legal requirements and shall meet the standard of quality ordinarily to be expected of competent professionals in Consultant's field of expertise.

Section 5. Indemnification.

Consultant shall hold harmless and indemnify, including without limitation the cost to defend, the City and its officers, agents and employees from and against any and all claims, demands, damages, costs or liability that arise out of, or pertain to, or relate to the negligence, recklessness or willful misconduct of Consultant and/or its agents in the performance of the Services. This indemnity does not apply to liability for damages for death or bodily injury to persons, injury to property, or other loss, arising from the sole negligence, willful misconduct or material defects in design by the City or its agents, servants employees or independent contractors other than Consultant who are directly responsible to the City, or arising from the active negligence of the City officers, agents, employees or volunteers

Section 6. Insurance.

Without limiting Consultant's indemnification obligations provided for above, Consultant shall take out before beginning performance of the Services and maintain at all times during the life of this Agreement the following policies of insurance with insurers possessing a Best rating of not less than A. Consultant shall not allow any subcontractor, professional or otherwise, to commence work on any subcontract until all insurance required of the Consultant has also been obtained by the subcontractor.

- A. **Workers' Compensation Coverage.** Statutory Workers' Compensation insurance and Employer's Liability Insurance to cover its employees. In the alternative, Consultant may rely on a self-insurance program to meet its legal requirements as long as the program of self-insurance complies fully with the provisions of the California Labor Code. Consultant shall also require all subcontractors, if such are authorized by the City, to similarly provide Workers' Compensation insurance as required by the Labor Code of the State of California for all of the subcontractor's employees. All Workers' Compensation policies shall be endorsed with the provision that the insurance shall not be suspended, voided, or cancelled until thirty (30) days prior written notice has been provided to City by the insurer. The Workers' Compensation insurance shall also contain a provision whereby the insurance company agrees to waive all rights of subrogation against the City and its elected or appointed officials, officers, agents, and employees for losses paid under the terms of such policy which arise from the Services performed by the insured for the City.

- B. **General Liability Coverage.** General liability insurance, including personal injury and property damage insurance for all activities of the Consultant and its subcontractors, if such are authorized by the City, arising out of or in connection with the Services. The insurance shall be written on a comprehensive general liability form and include a broad form comprehensive general liability endorsement. In the alternative, the City will accept, in satisfaction of these requirements, commercial general liability coverage which is equivalent to the comprehensive general liability form and a broad form comprehensive general liability endorsement. The insurance shall be in an amount of not less than \$1 million combined single limit personal injury and property damage for each occurrence. The insurance shall be occurrence based insurance. General liability coverage written on a claims made basis shall not be acceptable absent prior written authorization from the City.

- C. **Automobile Liability Coverage.** Automobile liability insurance covering bodily injury and property damage for all activities of the Consultant arising out of or in connection with this Agreement, including coverage for owned, hired and non-owned vehicles, in an amount of not less than \$1 million combined single limit for each occurrence.

- D. Policy Endorsements. Each general liability and automobile liability insurance policy shall be endorsed with the following provisions:
1. The City, and its elected or appointed officials, employees and agents shall be named as insureds or additional insureds with regard to damages and defenses of claims arising from activities performed by or on behalf of the Consultant.
 2. The insurance afforded by each policy shall apply separately to each insured who is seeking coverage or against whom a claim is made or a suit is brought, except with respect to the insurer's limits of liability.
 3. The insurance shall be primary insurance as respects the City and its elected or appointed officers, officials, employees and agents. Any other insurance maintained by the City or its elected or appointed officers, officials, employees, agents or volunteers shall be in excess of this insurance and shall not contribute with it.
 4. The insurance shall not be suspended, voided, cancelled, or reduced in coverage or in limits except after thirty (30) days prior written notice has been provided to the City.
 5. Any failure to comply with the reporting requirements of any policy shall not affect coverage provided to the City, its elected or appointed officers, officials, employees, or agents.
- E. Professional Liability Coverage. If required by the City, Consultant shall also take out and maintain professional liability, errors and omissions insurance in an amount not less than \$1 million. The professional liability insurance policy shall be endorsed with a provision stating that it shall not be suspended, voided, cancelled, or reduced in coverage or in limits except after thirty (30) days written notice has been provided to the City.
- F. Insurance Certificates and Endorsements. Prior to commencing the Services under this Agreement, Consultant shall submit to the City documentation evidencing the required insurance signed by the insurance agent and the companies named. This documentation shall be on forms which are acceptable to the City and shall include all required endorsements and verify that coverage is actually in effect. This Agreement shall not be effective until the required insurance forms and endorsements are submitted to and approved by the City. Failure to provide these forms within the time period specified by City may result in the award of this Agreement to another Consultant should the City, in its sole discretion, decide to do so. Current certification of insurance shall be kept on file with the City at all times during the term of this Agreement.

- G. **Deductible and Self-Insured Retentions.** Any deductibles or self-insured retentions must be declared to and approved by City.
- H. **Termination of Insurance.** If the City receives notification that Consultant's insurance will be suspended, voided, cancelled or reduced in coverage or in limits, and if the Consultant does not provide for either the reinstatement of that insurance or for the furnishing of alternate insurance containing all of the terms and provisions specified above prior to the termination of that insurance, City may either terminate this Agreement for that breach, or City may secure the required insurance to satisfy the conditions of this Agreement and deduct the cost thereof from compensation which would otherwise be due and payable to the Consultant for Services rendered under the terms of this Agreement.

Section 7. Subcontracts.

Consultant may not subcontract any portion of the Services without the written authorization of City. If City consents to a subcontract, Consultant shall be fully responsible to the City and third parties for all acts or omissions of the subcontractor to which the Services or any portion thereof are subcontracted. Nothing in this Agreement shall create any contractual relationship between City and any subcontractor, nor shall it create any obligation on the part of the City to pay or cause the payment of any monies due to any such subcontractor except as otherwise is required by law.

Section 8. Assignment.

Consultant shall not assign any right or obligation under this Agreement without the City's prior written consent. Any attempted assignment of any right or obligation under this Agreement without the City's prior written consent shall be void.

Section 9. Entire Agreement.

This Agreement represents the entire understanding of City and Consultant as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered herein. This Agreement may not be modified or altered except in writing signed by both parties.

Section 10. Jurisdiction.

This Agreement shall be administered and interpreted under the laws of the State of California. Jurisdiction over any litigation arising from this Agreement shall be in the Superior Court of the State of California with venue in Placer County, California.

Section 11. Suspension of Services.

Upon written request by Consultant, City may suspend, in writing, all or any portion of the Services if unforeseen circumstances beyond the control of the City and Consultant make normal progress of the Services impossible, impractical or infeasible. Upon written City approval to suspend performance of the Services, the time for completion of the Services

shall be extended by the number of days performance of the Services is suspended.

Section 12. Termination of Services.

City may at any time, at its sole discretion, terminate all or any portion of the Services and this Agreement upon seven (7) days written notice to Consultant. Upon receipt of notice of termination, Consultant shall stop performance of the Services at the stage directed by City. Consultant shall be entitled to payment within thirty (30) days for Services performed up to the date of receipt of the written notice of termination. Consultant shall not be entitled to payment for any Services performed after the receipt of the notice of termination unless such payment is authorized in advance in writing by the City.

Should Consultant fail to perform any of the obligations required of Consultant within the time and in the manner provided for under the terms of this Agreement, or should Consultant violate any of the terms and conditions of this Agreement, City may terminate this Agreement by providing Consultant with seven (7) days written notice of such termination. The Consultant shall be compensated for all Services performed prior to the date of receipt of the notice of termination. However, the City may deduct from the compensation which may be owed to Consultant the amount of damage sustained or estimated by City resulting from Consultant's breach of this Agreement.

Consultant's obligations pursuant to Sections 5 and 6 of this Agreement shall survive termination, and continue in effect for as long as necessary to fulfill the purposes of Sections 5 and 6.

Section 13. Independent Contractor.

Consultant shall in all respects be an independent contractor and not an agent or employee of City. Consultant has and shall retain the right to exercise full control and supervision of the means and methods of performing the Services. Consultant shall receive no premium or enhanced pay for Services normally understood as overtime; nor shall Consultant receive holiday pay, sick leave, administrative leave or pay for any other time not actually expended in the performance of the Services. It is intended by the parties that Consultant shall not be eligible for benefits and shall receive no compensation from the City, except as expressly set forth in this Agreement. Consultant shall submit completed W-9 and Report of Independent Contractor forms upon execution of this Agreement and prior to the payment of any compensation hereunder.

Section 14. Ownership of Documents.

Within thirty (30) days after the Consultant substantially completes performance of the Services, or within thirty (30) days after the termination of this Agreement, the Consultant shall deliver to the City all files, records, materials and documents drafted or prepared by Consultant's in the performance of the Services. It is expressly understood and agreed that all such files, records, materials and documents are the property of the City and not the property of the Consultant. All finished and unfinished reports, plans, studies, documents

and other writings prepared by and for Consultant, its officers, employees and agents in the course of performing the Services shall become the sole property of the City upon payment to Consultant for the Services, and the City shall have the exclusive right to use such materials in its sole discretion without further compensation to Consultant or to any other party. Consultant shall, at Consultant's expense, provide such reports, plans, studies, documents and writings to City or any party the City may designate, upon written request. Consultant may keep file copies of all documents prepared for City. Use of any such documents by the City for projects that are not the subject of this Agreement or for purposes beyond the scope of the Services shall be at the City's sole risk without legal liability or expense to Consultant.

Section 15. Changes and/or Extra Work.

Only the City Council may authorize extra and/or changed Services, modification of the time of completion of the Services, or additional compensation for the tasks to be performed by Consultant. Consultant expressly recognizes that other City personnel are without authorization to order extra and/or changed Services or to obligate the City to the payment of additional compensation. The failure of Consultant to secure the prior written authorization for such extra and/or changed Services shall constitute a waiver of any and all right to adjustment in the contract price due to such unauthorized Services, and Consultant thereafter shall not be entitled to any compensation whatsoever for the performance of such extra or changed Services. In the event Consultant and City agree that extra and/or changed Services are required, or that additional compensation shall be awarded to Consultant for performance of the Services under this Agreement, a supplemental agreement providing for such compensation shall be prepared and shall be executed by the Consultant and the necessary City officials before the extra and/or changed Services are provided.

Section 16. Compliance with Federal, State and Local Laws.

Consultant shall comply with all applicable federal, state and local laws, statutes, ordinances, rules and regulations affecting the Services, including without limitation laws requiring licensing and prohibiting discrimination in employment because of race, creed, color, sex, age, marital status, physical or mental disability, national origin or other prohibited bases. City shall not be responsible or liable for Consultant's failure to comply with applicable laws, statutes, ordinances, rules or regulations.

Section 17. Retention of Records.

Consultant and any subconsultants authorized by the terms of this Agreement shall keep and maintain full and complete documentation and accounting records, employees' time sheets, and correspondence pertaining to the Services, and Consultant shall make such documents available for review and/or audit by City and City's representatives at all reasonable times during performance of the Services and for at least four (4) years after completion of the Services and/or termination of this Agreement.

Section 18. Alternative Dispute Resolution

- A. Before resorting to mediation, arbitration or other legal process, the primary contacts of the parties shall meet and confer and attempt to amicably resolve any dispute arising from or relating to this Agreement subject to the following provisions. Any party desiring to meet and confer shall so advise the other party pursuant to a written notice. Within 15 days after provision of that written notice by the party desiring to meet and confer, the primary contacts for each party shall meet in person and attempt to amicably resolve their dispute. Each primary contact, or the person acting in their absence with full authority to resolve the dispute, shall attend the meeting and shall be prepared to devote an entire day thereto. If any dispute remains unresolved at the end of the meeting, any party to this Agreement shall have the right to invoke the mediation process provided for in the subparagraph B below.

- B. Subject to the provisions of subparagraph A, any dispute that remains unresolved after the meet and confer shall immediately be submitted to non-binding neutral mediation, before a mutually acceptable, neutral retired judge or justice at the Sacramento Office of the Judicial Arbitration and Mediation Service ("JAMS"). If within five days after the meet and confer the parties are unable to agree upon the selection of a neutral mediator, then the first available retired judge or justice at the Sacramento office of JAMS shall serve as the neutral mediator. The parties agree to commit to at least one full day to the mediation process. Additionally, to expedite the resolution of any dispute that is not resolved by mediation, the parties agree to each bring to the neutral mediation a list of at least five neutral arbitrators, including their resumes, whose availability for an arbitration hearing within 30 days after the mediation has been confirmed.

- C. If mediation is unsuccessful, before the mediation concludes, the parties shall mediate the selection of a neutral arbitrator to assist in the resolution of their dispute. If the parties are unable to agree on an arbitrator, the parties agree to submit selection of an arbitrator to the mediator, whose decision shall be binding on the parties. In that case, the mediator shall select a neutral arbitrator from the then active list of retired judges or justices at the Sacramento Office of the JAMS. The arbitration shall be conducted pursuant to the provisions of the California Arbitration Act, sections 1280-1294.2 of the California Code of Civil Procedure. In such case, the provisions of Code of Civil Procedure Section 1283.05 and 1283.1 shall apply and are hereby incorporated into this Agreement.

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Section 20. Entire Agreement; Amendment.

This Agreement, including all exhibits hereto, constitutes the complete and exclusive expression of the understanding and agreement between the parties with respect to the subject matter hereof. All prior written and oral communications, including correspondence, drafts, memoranda, and representations, are superseded in total by this Agreement. This Agreement may be amended or extended from time to time only by written agreement of the parties hereto.

Section 21. Time of the Essence.

Time is of the essence in the performance of the Services. The Consultant will perform its Services with due and reasonable diligence consistent with sound professional practices and shall devote such time to the performance of the Services as may be necessary for their timely completion.

Section 22. Written Notification.

Except as otherwise specified in this Agreement, any notice, demand, request, consent, approval or communications that either party desires or is required to give to the other party shall be in writing and either served personally or sent by first class mail, postage prepaid and addressed as follows. Either party may change its address by notifying the other party in writing of the change of address. Notice shall be deemed communicated within two business days from the time of mailing if mailed within the State of California as provided in this Section.

If to City: City of Colfax
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 Colfax, CA 95713

If to Consultant: SCI Consulting Group
 4745 Mangels Boulevard
 Fairfield, CA 94534

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This Agreement may be executed in original counterparts, each of which shall constitute one and the same instrument and shall become binding upon the parties when at least one original counterpart is signed by both parties hereto. In proving this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

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This Agreement shall be binding on and inure to the benefit of the respective parties hereto except to the extent of any contrary provision in this Agreement.

Section 25. Attorney's Fees.

If any party to this Agreement commences legal proceedings to enforce any of its terms or to recover damages for its breach, the prevailing party shall be entitled to recover its reasonable attorney's fees, costs and the expenses of expert witnesses, including any such fees costs and expenses incurred on appeal.

IN WITNESS WHEREOF, the parties hereby have executed this Agreement on the day first above written:

CITY

Signature: 

Wes Heathcock

Printed Name: _____

City Manager

Title: _____

Date: 2/28/2019

CONSULTANT

Signature: Printed Name: JOHN W. BLISSTitle: PRESIDENTDate: MARCH 11, 2019

APPROVED AS TO FORM:



City Attorney

EXHIBIT A

SCOPE OF WORK

SCI Consulting Group (SCI) to provide cannabis-related monitoring and compliance consulting services, including local cannabis tax verification auditing, to the City of Colfax SCI proposes to provide professional cannabis-related consulting services, as fully described in our Scope of Work:

Application Review, Selection and Renewal

1. Application Processing, Evaluation, Ranking and Selection: Phase 1 – Phase 4

Monitoring and Compliance and Local Tax Verification Process

2. Conduct Facility and Operations Inspections to Ensure Compliance
3. Conduct Local Cannabis Tax Verification Audits
4. Provide On-going Non-Compliant Businesses Mitigation Services

Scope of the services will continue through the 3-year term of the agreement expiring February 28, 2023 unless terminated under the conditions of the agreement.



STAFF REPORT TO THE COLFAX CITY COUNCIL

FOR THE FEBRUARY 27, 2019 COUNCIL MEETING

FROM: Wes Heathcock, City Manager
PREPARED BY: Wes Heathcock City Manager
DATE: February 14, 2019
SUBJECT: Commercial Cannabis Consulting Services

<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>	FUNDED	<input type="checkbox"/>	UN-FUNDED	AMOUNT: \$61,616	FROM FUND: 100
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RECOMMENDED ACTION: Discuss and consider adopting Resolution 06-2019 authorizing the City Manager to enter into a consultant services agreement with SCI Consulting Group to provide subject matter expertise and technical support, conduct compliance and financial audits, and on-going non-compliant mitigation services for the City of Colfax for a three-year term up to \$61,616.

SUMMARY:

At the February 13, 2019 City Council meeting, the City Council of the City of Colfax directed staff to open the commercial cannabis business retailer permit application process to one applicant. Council provided further direction the single applicant would be Golden State Patient Care for medicinal use only. In addition, Council directed staff obtain professional services from a different firm than HdL for administering the application process and on-going monitoring tasks.

Staff solicited proposals from two firms which provide commercial cannabis business compliance services, Helix Environmental and SCI Consulting Group. Helix Environmental declined to provide a cost proposal. SCI Consulting Group provided a cost proposal that mirrors the existing fee structure with HdL with an additional option for on-going non-compliant mitigation services. The proposal breakdown is provided as an attachment to the staff report. Staff contacted SCI Consulting Group references to confirm their services were satisfactory and received positive feedback.

Based on Council direction to pursue an alternative commercial cannabis consulting service and the appropriate fee structure in the SCI Consulting Group proposal, staff is recommending council approve a three-year agreement with SCI Consulting Group in an amount up to \$61,616 funded through application fees, permit fees, and/or Measure C revenue.

FISCAL IMPACT:

The fees for SCI Consulting Group scope of services shall be charged to the City based on the actual cost recovery fees collected by the City for the application process and compliance monitoring. On-going non-compliant mitigation service will be recovered by Measure C revenues. The total contract amount is based on the following assumptions:

- **2019** - one applicant completing Phase 1 of the application process, monitoring, and compliance costs \$17,696

- **2020** one new applicant completing through Phase 4 of the application process, monitoring, and compliance costs. \$21,960
- **2021** one new applicant completing through Phase 4 of the application process, monitoring, and compliance costs. \$21,960

ATTACHMENTS:

1. Resolution 06-2019
2. SCI Consulting Group scope of services
3. SCI Consulting Group Contract

RECEIVED

JAN 27 2020

CITY OF COLFAX

AGREEMENT FOR CONSULTANT SERVICES

THIS AGREEMENT is made and entered into on this 8th day of January, 2020 by and between the City of Colfax, a municipal corporation of the State of California ("City") and SCI Consulting Group ("Consultant").

RECITALS

- A. The City desires to retain Consultant to provide the Services set forth in detail in Exhibit A hereto (the "Services") subject to the terms and conditions of this Agreement.
- B. Consultant is duly licensed and sufficiently experienced to undertake and perform the Services in a skilled and workmanlike manner and desires to do so in accordance with the terms and conditions of this Agreement.

Now, therefore, in consideration of the mutual covenants, promises and conditions set forth in this Agreement, the City and Consultant agree as follows:

Section 1. Services.

Subject to the terms and conditions set forth in this Agreement, Consultant shall furnish and perform all of the Services described in detail in Exhibit A hereto and incorporated herein by this reference (the "Services") to the satisfaction of the City. Consultant shall not perform any work exceeding the scope of the Services described in Exhibit A without prior written authorization from the City.

Section 2. Time of Completion.

Consultant's schedule for performance of the Services is set forth in Exhibit A hereto which is incorporated herein by this reference. Consultant shall commence performance of the Services promptly upon receipt of written notice from the City to proceed. **The contract term is for (1) year commencing the day following the elected body approval.** During the performance of the Services, Consultant shall provide the City with written progress reports at least once each month and at such additional intervals as City may from time to time request.

Section 3. Compensation.

- A. Except as may otherwise be provided in Exhibit A or elsewhere in this Agreement or its exhibits, Consultant shall invoice City once each month for the Services performed during the preceding month in an amount not to exceed \$5000. Such invoices shall itemize all charges in such detail as may reasonably be required by City in the usual course of City business but shall include at least:
 - i. the date of performance of each of the Services,
 - ii. identification of the person who performed the Services,
 - iii. a detailed description of the Services performed on each date,
 - iv. the hourly rate at which the Services on each date are charged,
 - v. an itemization of all costs incurred and
 - vi. the total charges for the Services for the month invoiced.

As long as the Consultant performs the Services to the satisfaction of the City, the City shall pay the Consultant an all-inclusive compensation that shall not exceed the amount as detailed in Exhibit A except pursuant to an authorized written change order issued pursuant to Section 15 of this Agreement before the Services requiring additional compensation are performed. City shall pay Consultant no later than thirty (30) days after approval of the monthly invoice by City's staff.

- B. The Consultant's compensation for the Services shall be full compensation for all indirect and direct personnel, materials, supplies, equipment and services incurred by the Consultant and used in carrying out or completing the Services. Payments shall be in accordance with the payment schedule established in Exhibit A or elsewhere in this Agreement or its exhibits.
- C. The City shall have the right to receive, upon request, documentation substantiating charges billed to the City pursuant to this Agreement. The City shall have the right to perform an audit of the Consultant's relevant records pertaining to the charges.
- D. Any Services performed more than sixty (60) days prior to the date upon which they are invoiced to the City shall not be compensable.

Section 4. Professional Ability: Standard of Quality.

City has relied upon the professional training and ability of Consultant to perform the Services described in Exhibit A as a material inducement to enter into this Agreement. Consultant shall therefore provide properly skilled professional and technical personnel to perform all Services under this Agreement. All Services performed by Consultant under this Agreement shall be in a skillful, workmanlike manner in accordance with applicable legal requirements and shall meet the standard of quality ordinarily to be expected of competent professionals in Consultant's field of expertise.

Section 5. Indemnification.

Consultant shall hold harmless and indemnify, including without limitation the cost to defend, the City and its officers, agents and employees from and against any and all claims, demands, damages, costs or liability that arise out of, or pertain to, or relate to the negligence, recklessness or willful misconduct of Consultant and/or its agents in the performance of the Services. This indemnity does not apply to liability for damages for death or bodily injury to persons, injury to property, or other loss, arising from the sole negligence, willful misconduct or material defects in design by the City or its agents, servants employees or independent contractors other than Consultant who are directly responsible to the City, or arising from the active negligence of the City officers, agents, employees or volunteers

Section 6. Insurance.

Without limiting Consultant's indemnification obligations provided for above, Consultant shall take out before beginning performance of the Services and maintain at all times during the life of this Agreement the following policies of insurance with insurers possessing a Best rating of not less than A. Consultant shall not allow any subcontractor, professional or otherwise, to commence work on any subcontract until all insurance required of the Consultant has also been obtained by the subcontractor.

- A. Workers' Compensation Coverage. Statutory Workers' Compensation insurance and Employer's Liability Insurance to cover its employees. In the alternative, Consultant may rely on a self-insurance program to meet its legal requirements as long as the program of self-insurance complies fully with the provisions of the California Labor Code. Consultant shall also require all subcontractors, if such are authorized by the City, to similarly provide Workers' Compensation insurance as required by the Labor Code of the State of California for all of the subcontractor's employees. All Workers' Compensation policies shall be endorsed with the provision that the insurance shall not be suspended, voided, or cancelled until thirty (30) days prior written notice has been provided to City by the insurer. The Workers' Compensation insurance shall also contain a provision whereby the insurance company agrees to waive all rights of subrogation against the City and its elected or appointed officials, officers, agents, and employees for losses paid under the terms of such policy which arise from the Services performed by the insured for the City.

- B. General Liability Coverage. General liability insurance, including personal injury and property damage insurance for all activities of the Consultant and its subcontractors, if such are authorized by the City, arising out of or in connection with the Services. The insurance shall be written on a comprehensive general liability form and include a broad form comprehensive general liability endorsement. In the alternative, the City will accept, in satisfaction of these requirements, commercial general liability coverage which is equivalent to the comprehensive general liability form and a broad form comprehensive general liability endorsement. The insurance shall be in an amount of not less than \$1 million combined single limit personal injury and property damage for each occurrence. The insurance shall be occurrence based insurance. General liability coverage written on a claims made basis shall not be acceptable absent prior written authorization from the City.

- C. Automobile Liability Coverage. Automobile liability insurance covering bodily injury and property damage for all activities of the Consultant arising out of or in connection with this Agreement, including coverage for owned, hired and non-owned vehicles, in an amount of not less than \$1 million combined single limit for each occurrence.

- D. Policy Endorsements. Each general liability and automobile liability insurance policy shall be endorsed with the following provisions:

1. The City, and its elected or appointed officials, employees and agents shall be named as insureds or additional insureds with regard to damages and defenses of claims arising from activities performed by or on behalf of the Consultant.
 2. The insurance afforded by each policy shall apply separately to each insured who is seeking coverage or against whom a claim is made or a suit is brought, except with respect to the insurer's limits of liability.
 3. The insurance shall be primary insurance as respects the City and its elected or appointed officers, officials, employees and agents. Any other insurance maintained by the City or its elected or appointed officers, officials, employees, agents or volunteers shall be in excess of this insurance and shall not contribute with it.
 4. The insurance shall not be suspended, voided, cancelled, or reduced in coverage or in limits except after thirty (30) days prior written notice has been provided to the City.
 5. Any failure to comply with the reporting requirements of any policy shall not affect coverage provided to the City, its elected or appointed officers, officials, employees, or agents.
- E. Professional Liability Coverage. If required by the City, Consultant shall also take out and maintain professional liability, errors and omissions insurance in an amount not less than \$1 million. The professional liability insurance policy shall be endorsed with a provision stating that it shall not be suspended, voided, cancelled, or reduced in coverage or in limits except after thirty (30) days written notice has been provided to the City.
- F. Insurance Certificates and Endorsements. Prior to commencing the Services under this Agreement, Consultant shall submit to the City documentation evidencing the required insurance signed by the insurance agent and the companies named. This documentation shall be on forms which are acceptable to the City and shall include all required endorsements and verify that coverage is actually in effect. This Agreement shall not be effective until the required insurance forms and endorsements are submitted to and approved by the City. Failure to provide these forms within the time period specified by City may result in the award of this Agreement to another Consultant should the City, in its sole discretion, decide to do so. Current certification of insurance shall be kept on file with the City at all times during the term of this Agreement.
- G. Deductible and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by City.

- H. **Termination of Insurance.** If the City receives notification that Consultant's insurance will be suspended, voided, cancelled or reduced in coverage or in limits, and if the Consultant does not provide for either the reinstatement of that insurance or for the furnishing of alternate insurance containing all of the terms and provisions specified above prior to the termination of that insurance, City may either terminate this Agreement for that breach, or City may secure the required insurance to satisfy the conditions of this Agreement and deduct the cost thereof from compensation which would otherwise be due and payable to the Consultant for Services rendered under the terms of this Agreement.

Section 7. Subcontracts.

Consultant may not subcontract any portion of the Services without the written authorization of City. If City consents to a subcontract, Consultant shall be fully responsible to the City and third parties for all acts or omissions of the subcontractor to which the Services or any portion thereof are subcontracted. Nothing in this Agreement shall create any contractual relationship between City and any subcontractor, nor shall it create any obligation on the part of the City to pay or cause the payment of any monies due to any such subcontractor except as otherwise is required by law.

Section 8. Assignment.

Consultant shall not assign any right or obligation under this Agreement without the City's prior written consent. Any attempted assignment of any right or obligation under this Agreement without the City's prior written consent shall be void.

Section 9. Entire Agreement.

This Agreement represents the entire understanding of City and Consultant as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered herein. This Agreement may not be modified or altered except in writing signed by both parties.

Section 10. Jurisdiction.

This Agreement shall be administered and interpreted under the laws of the State of California. Jurisdiction over any litigation arising from this Agreement shall be in the Superior Court of the State of California with venue in Placer County, California.

Section 11. Suspension of Services.

Upon written request by Consultant, City may suspend, in writing, all or any portion of the Services if unforeseen circumstances beyond the control of the City and Consultant make normal progress of the Services impossible, impractical or infeasible. Upon written City approval to suspend performance of the Services, the time for completion of the Services shall be extended by the number of days performance of the Services is suspended.

Section 12. Termination of Services.

City may at any time, at its sole discretion, terminate all or any portion of the Services and this Agreement upon seven (7) days written notice to Consultant. Upon receipt of notice of termination, Consultant shall stop performance of the Services at the stage directed by City. Consultant shall be entitled to payment within thirty (30) days for Services performed up to the date of receipt of the written notice of termination. Consultant shall not be entitled to payment for any Services performed after the receipt of the notice of termination unless such payment is authorized in advance in writing by the City.

Should Consultant fail to perform any of the obligations required of Consultant within the time and in the manner provided for under the terms of this Agreement, or should Consultant violate any of the terms and conditions of this Agreement, City may terminate this Agreement by providing Consultant with seven (7) days written notice of such termination. The Consultant shall be compensated for all Services performed prior to the date of receipt of the notice of termination. However, the City may deduct from the compensation which may be owed to Consultant the amount of damage sustained or estimated by City resulting from Consultant's breach of this Agreement.

Consultant's obligations pursuant to Sections 5 and 6 of this Agreement shall survive termination, and continue in effect for as long as necessary to fulfill the purposes of Sections 5 and 6.

Section 13. Independent Contractor.

Consultant shall in all respects be an independent contractor and not an agent or employee of City. Consultant has and shall retain the right to exercise full control and supervision of the means and methods of performing the Services. Consultant shall receive no premium or enhanced pay for Services normally understood as overtime; nor shall Consultant receive holiday pay, sick leave, administrative leave or pay for any other time not actually expended in the performance of the Services. It is intended by the parties that Consultant shall not be eligible for benefits and shall receive no compensation from the City, except as expressly set forth in this Agreement. Consultant shall submit completed W -9 and Report of Independent Contractor forms upon execution of this Agreement and prior to the payment of any compensation hereunder.

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studies, documents and writings to City or any party the City may designate, upon written request. Consultant may keep file copies of all documents prepared for City. Use of any such documents by the City for projects that are not the subject of this Agreement or for purposes beyond the scope of the Services shall be at the City's sole risk without legal liability or expense to Consultant.

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- D. This section 18 shall survive the termination or expiration of this Agreement. If there is no Sacramento office of JAMS, then the office of JAMS closest to the City shall be used instead of a Sacramento office.

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IN WITNESS WHEREOF, the parties hereby have executed this Agreement on the day first above written:

CITY

Signature: 

Printed Name: Wes Heathcock

Title: City Manager

Date: 1/9/2020

CONSULTANT

Signature: 

Printed Name: JOHN W. BLISS

Title: PRESIDENT

Date: 1.24.2020

APPROVED AS TO FORM:


City Attorney

Exhibit A

Page 3 of 7

SCOPE OF WORK

1.) Stakeholder Meetings and City Council Study Session

SCI will plan, develop, and facilitate up to three (3) interactive stakeholder meetings and one (1) City Council Study session to provide outreach to stakeholders, City staff and the community. Our stakeholder meeting goals are twofold. First, we seek to educate and assess concerns, options and trends in the cannabis industry and with commercial cannabis regulation and implementation and second, gather input that will assist in the development of commercial cannabis regulations for the City. SCI will prepare a report with all significant data from the meetings as well as recommendations. Following the stakeholder meetings, SCI will meet with City Staff to schedule a City Council study session to present the results and to receive policy direction from Council.

Deliverables:

- Plan, develop and facilitate up to (3) stakeholder meetings
- Prepare report with findings and recommendations
- Present results at City Council Study Session

2.) Cannabis Ordinance Review and Development

Drafting a Health and Safety Regulatory and Zoning Ordinances is one of the most important tasks in the implementation process. After we work with City staff, stakeholders and the community to understand the goals and priorities of local cannabis policies, we will present options and advise on best strategies and practice approaches for the content of the ordinance, as well as key components of timing and development. In addition to establishing land use and operating criteria, the regulations must ensure compliance with all State regulations, reflect local preferences, be flexible enough to adapt to the dynamic aspects of this unique industry, and lay the foundation for monitoring and compliance activities so that appropriate regulatory fees can be calculated. We use the input gathered from the stakeholders and combine it with our knowledge of the regulations and industry and draft a set of comprehensive regulations. We include input from City staff and stakeholders to help determine where the City's best fit is on a continuum ranging from minimal to significant local control of the industry. We will consider the political nature of local governance and the City's desire to create jobs and revenue for its citizens.

We will use our established matrix of over 55 cannabis-related attributes to ensure completeness and highlight all areas that need expansion and/or reconsideration. We will include the best practices from other similar cannabis ordinances, as well as emerging or anticipated industry changes in the draft of the City's ordinance. Our work will be carefully documented with specific reference to the appropriate code or reason for a change. We will carefully research our work to be compliant with all local and State laws and regulations, but the final ordinances should be reviewed by the City's legal counsel prior to implementation. We will help shepherd the ordinance through the approval process.

Deliverables:

- Amend City's Commercial Cannabis Ordinances 5.32 and 17.162 to allow medicinal permits under the current prohibited activities (cultivation, manufacturing, distribution, delivery)

Exhibit A

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-
- Ensure compliance with current State regulations
 - Prepare resolutions, staff reports and supporting documentation for Planning Commission and Council adoption

3.) Regulatory Fee Study Analysis

The goal of regulatory fees is to assign responsibility to the industry participants for expenses incurred by the City for regulating industry activities, ensuring full cost recovery for all the City's cannabis-related activities. By assigning reimbursement for these costs to industry participants, the City protects the benefit of the general tax revenue for all the City's residents.

SCI will provide engineering services in developing the fees for ongoing monitoring and compliance of cannabis businesses in the City. SCI will develop regulatory fees for each of the desired permit types (cultivation, manufacturing, distribution, delivery). The goal is to establish a reliable, robust cannabis fee structure that is supported by the community and the local cannabis industry, is Proposition 26 justifiable, and adheres to all State and local regulations.

The first step for developing the specific fees is to work with the City to establish administrative process flow documentation for each fee type. Next, the process flow is divided into discrete tasks within a spreadsheet, with the associated time increment required to conduct each task for each staff position type and hourly rate. Finally, these data are analyzed to ensure that all costs are covered, and a final fee rate is established.

Deliverables:

- Develop fee study report
- Prepare resolution, staff report and supporting documentation for Council adoption

PROJECT TEAM

KYLE TANKARD, CANNABIS SERVICES GROUP LEADER/SENIOR CONSULTANT SCI

Kyle Tankard, Senior Consultant, serves as the Cannabis Services Group Leader at SCI providing local cannabis policy expertise in California. He plays a diverse role, assisting municipalities with all aspects of local cannabis implementation including regulatory development, taxation policy and cost recovery, cannabis compliance, application review, and cannabis-related public education and outreach. In addition, Mr. Tankard brings seven years of project management experience to SCI, leading and assisting in the formation and administration of local revenue measures and their annual administration. He currently administers a variety of assessments and tax levies for a variety of special districts and cities throughout California.

CHRIS COULTER, SENIOR CANNABIS CONSULTANT/SENIOR CONSULTANT SCI

Chris Coulter, Senior Consultant, serves as a senior Cannabis Consultant at SCI contributing extensive experience assisting local agencies in developing cannabis policies for regulation, compliance, auditing and economic development. Mr. Coulter has developed high-profile commercial cannabis application selection processes for several jurisdictions in California and contributes comprehensive knowledge of implementing compliance regulations for all cannabis activities. Mr. Coulter also brings extensive consulting experience leading formation of proposition

Exhibit A

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FEE SCHEDULE

In consideration for the work accomplished, as outlined in this proposal, SCI shall be compensated as detailed below:

1. Stakeholder Meetings and City Council Study Session \$ 2,000 per meeting
2. Cannabis Ordinance Review and Development \$ 7,500
(Billed upon an hourly basis, at the rates listed below)
 - *Total compensation for the work performed shall be a minimum of \$5,000 which includes the initial 15 hours of consulting work.*
 - *Total compensation shall not exceed \$7,500 without permission from the City.*
3. Regulatory Fee Study Analysis \$ 9,500
(Billed upon an hourly basis, at the rates listed below)
 - *Total compensation shall not exceed \$9,500 without permission from the City*

Total compensations for Task 1-3 shall not exceed a total of \$25,000 without permission from the City.

SCI's hourly rates as shown in the table below:

<u>SCI Staff</u>	<u>Hourly Rates</u>
John Bliss, President, Fee Engineer	\$ 250
Kyle Tankard, Cannabis Consultant	\$ 200
Chris Coulter, Cannabis Consultant	\$ 185
Support Staff	\$ 65

Incidental costs incurred by SCI for the purchase of travel and other out-of-pocket expenses will be reimbursed at actual cost, with the total not to exceed \$1,500 without prior authorization from the City. The scope of services includes two face-to-face staff planning meetings. Any additional meetings, if required, shall be billed at the rate of \$1,050 per person, per meeting.

AGREEMENT FOR CONSULTANT SERVICES

THIS AGREEMENT is made and entered into on this 28th day of February 2024 by and between the City of Colfax, a municipal corporation of the State of California ("City") and SCI Consulting Group ("Consultant").

RECITALS

- A. The City desires to retain Consultant to provide the Services set forth in detail in Exhibit A hereto (the "Services") subject to the terms and conditions of this Agreement.**
- B. Consultant is duly licensed and sufficiently experienced to undertake and perform the Services in a skilled and workmanlike manner and desires to do so in accordance with the terms and conditions of this Agreement.**

Now, therefore, in consideration of the mutual covenants, promises and conditions set forth in this Agreement, the City and Consultant agree as follows:

Section 1. Services

Subject to the terms and conditions set forth in this Agreement, Consultant shall furnish and perform all of the Services described in detail in Exhibit A hereto and incorporated herein by this reference (the "Services") to the satisfaction of the City. Consultant shall not perform any work exceeding the scope of the Services described in Exhibit A without prior written authorization from the City.

Section 2. Time of Completion.

Consultant's schedule for performance of the Services is set forth in Exhibit A hereto which is incorporated herein by this reference. Consultant shall commence performance of the Services promptly upon receipt of written notice from the City to proceed. Performance of the Services shall progress and conclude in accordance with the schedule set forth in Exhibit A. During the performance of the Services, Consultant shall provide the City with written progress reports at least once each month and at such additional intervals as City may from time to time request.

Section 3. Compensation.

- A. Except as may otherwise be provided in Exhibit A or elsewhere in this Agreement or its exhibits, Consultant shall invoice City once each month for the Services performed during the preceding month. Such invoices shall itemize all charges in such detail as may reasonably be required by City in the usual course of City business but shall include at least:
 - i. the date of performance of each of the Services,**
 - ii. identification of the person who performed the Services,****

- iii. a detailed description of the Services performed on each date,
- iv. the hourly rate at which the Services on each date are charged,
- v. an itemization of all costs incurred and
- vi. the total charges for the Services for the month invoiced.

As long as the Consultant performs the Services to the satisfaction of the City, the City shall pay the Consultant an all-inclusive compensation that shall not exceed the amount as detailed in Exhibit A except pursuant to an authorized written change order issued pursuant to Section 15 of this Agreement before the Services requiring additional compensation are performed. City shall pay Consultant no later than thirty (30) days after approval of the monthly invoice by City's staff.

- B. The Consultant's compensation for the Services shall be full compensation for all indirect and direct personnel, materials, supplies, equipment and services incurred by the Consultant and used in carrying out or completing the Services. Payments shall be in accordance with the payment schedule established in Exhibit A or elsewhere in this Agreement or its exhibits.
- C. The City shall have the right to receive, upon request, documentation substantiating charges billed to the City pursuant to this Agreement. The City shall have the right to perform an audit of the Consultant's relevant records pertaining to the charges.
- D. Any Services performed more than sixty (60) days prior to the date upon which they are invoiced to the City shall not be compensable.

Section 4. Professional Ability: Standard of Quality.

City has relied upon the professional training and ability of Consultant to perform the Services described in Exhibit A as a material inducement to enter into this Agreement. Consultant shall therefore provide properly skilled professional and technical personnel to perform all Services under this Agreement. All Services performed by Consultant under this Agreement shall be in a skillful, workmanlike manner in accordance with applicable legal requirements and shall meet the standard of quality ordinarily to be expected of competent professionals in Consultant's field of expertise.

Section 5. Indemnification.

Consultant shall hold harmless and indemnify, including without limitation the cost to defend, the City and its officers, agents and employees from and against any and all claims, demands, damages, costs or liability that arise out of, or pertain to, or relate to the negligence, recklessness or willful misconduct of Consultant and/or its agents in the performance of the Services. This indemnity does not apply to liability for damages for death or bodily injury to persons, injury to property, or other loss, arising from the sole negligence, willful misconduct or material defects in design by the City or its agents, servants employees or independent contractors other than Consultant who are directly responsible to the City, or arising from the active negligence of the City officers, agents, employees or volunteers.

Section 6. Insurance.

Without limiting Consultant's indemnification obligations provided for above, Consultant shall take out before beginning performance of the Services and maintain at all times during the life of this Agreement the following policies of insurance with insurers possessing a Best rating of not less than A. Consultant shall not allow any subcontractor, professional or otherwise, to commence work on any subcontract until all insurance required of the Consultant has also been obtained by the subcontractor.

- A. **Workers' Compensation Coverage.** Statutory Workers' Compensation insurance and Employer's Liability Insurance to cover its employees. In the alternative, Consultant may rely on a self-insurance program to meet its legal requirements as long as the program of self-insurance complies fully with the provisions of the California Labor Code. Consultant shall also require all subcontractors, if such are authorized by the City, to similarly provide Workers' Compensation insurance as required by the Labor Code of the State of California for all of the subcontractor's employees. All Workers' Compensation policies shall be endorsed with the provision that the insurance shall not be suspended, voided, or cancelled until thirty (30) days prior written notice has been provided to City by the insurer. The Workers' Compensation insurance shall also contain a provision whereby the insurance company agrees to waive all rights of subrogation against the City and its elected or appointed officials, officers, agents, and employees for losses paid under the terms of such policy which arise from the Services performed by the insured for the City.
- B. **General Liability Coverage.** General liability insurance, including personal injury and property damage insurance for all activities of the Consultant and its subcontractors, if such are authorized by the City, arising out of or in connection with the Services. The insurance shall be written on a comprehensive general liability form and include a broad form comprehensive general liability endorsement. In the alternative, the City will accept, in satisfaction of these requirements, commercial general liability coverage which is equivalent to the comprehensive general liability form and a broad form comprehensive general liability endorsement. The insurance shall be in an amount of not less than \$1 million combined single limit personal injury and property damage for each occurrence. The insurance shall be occurrence based insurance. General liability coverage written on a claims made basis shall not be acceptable absent prior written authorization from the City.
- C. **Automobile Liability Coverage.** Automobile liability insurance covering bodily injury and property damage for all activities of the Consultant arising out of or in connection with this Agreement, including coverage for owned, hired and non-owned vehicles, in an amount of not less than \$1 million combined single limit for each occurrence.
- D. **Policy Endorsements.** Each general liability and automobile liability insurance policy shall be endorsed with the following provisions:

1. The City, and its elected or appointed officials, employees and agents shall be named as insureds or additional insureds with regard to damages and defenses of claims arising from activities performed by or on behalf of the Consultant.
 2. The insurance afforded by each policy shall apply separately to each insured who is seeking coverage or against whom a claim is made or a suit is brought, except with respect to the insurer's limits of liability.
 3. The insurance shall be primary insurance as respects the City and its elected or appointed officers, officials, employees and agents. Any other insurance maintained by the City or its elected or appointed officers, officials, employees, agents or volunteers shall be in excess of this insurance and shall not contribute with it.
 4. The insurance shall not be suspended, voided, cancelled, or reduced in coverage or in limits except after thirty (30) days prior written notice has been provided to the City.
 5. Any failure to comply with the reporting requirements of any policy shall not affect coverage provided to the City, its elected or appointed officers, officials, employees, or agents.
- E. **Professional Liability Coverage.** If required by the City, Consultant shall also take out and maintain professional liability, errors and omissions insurance in an amount not less than \$1 million. The professional liability insurance policy shall be endorsed with a provision stating that it shall not be suspended, voided, cancelled, or reduced in coverage or in limits except after thirty (30) days written notice has been provided to the City.
- F. **Insurance Certificates and Endorsements.** Prior to commencing the Services under this Agreement, Consultant shall submit to the City documentation evidencing the required insurance signed by the insurance agent and the companies named. This documentation shall be on forms which are acceptable to the City and shall include all required endorsements and verify that coverage is actually in effect. This Agreement shall not be effective until the required insurance forms and endorsements are submitted to and approved by the City. Failure to provide these forms within the time period specified by City may result in the award of this Agreement to another Consultant should the City, in its sole discretion, decide to do so. Current certification of insurance shall be kept on file with the City at all times during the term of this Agreement.
- G. **Deductible and Self-Insured Retentions.** Any deductibles or self-insured retentions must be declared to and approved by City.
- H. **Termination of Insurance.** If the City receives notification that Consultant's insurance will be suspended, voided, cancelled or reduced in coverage or in limits,

and if the Consultant does not provide for either the reinstatement of that insurance or for the furnishing of alternate insurance containing all of the terms and provisions specified above prior to the termination of that insurance, City may either terminate this Agreement for that breach, or City may secure the required insurance to satisfy the conditions of this Agreement and deduct the cost thereof from compensation which would otherwise be due and payable to the Consultant for Services rendered under the terms of this Agreement.

Section 7. Subcontracts.

Consultant may not subcontract any portion of the Services without the written authorization of City. If City consents to a subcontract, Consultant shall be fully responsible to the City and third parties for all acts or omissions of the subcontractor to which the Services or any portion thereof are subcontracted. Nothing in this Agreement shall create any contractual relationship between City and any subcontractor, nor shall it create any obligation on the part of the City to pay or cause the payment of any monies due to any such subcontractor except as otherwise is required by law.

Section 8. Assignment.

Consultant shall not assign any right or obligation under this Agreement without the City's prior written consent. Any attempted assignment of any right or obligation under this Agreement without the City's prior written consent shall be void.

Section 9. Entire Agreement.

This Agreement represents the entire understanding of City and Consultant as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered herein. This Agreement may not be modified or altered except in writing signed by both parties.

Section 10. Jurisdiction.

This Agreement shall be administered and interpreted under the laws of the State of California. Jurisdiction over any litigation arising from this Agreement shall be in the Superior Court of the State of California with venue in Placer County, California.

Section 11. Suspension of Services.

Upon written request by Consultant, City may suspend, in writing, all or any portion of the Services if unforeseen circumstances beyond the control of the City and Consultant make normal progress of the Services impossible, impractical or infeasible. Upon written City approval to suspend performance of the Services, the time for completion of the Services shall be extended by the number of days performance of the Services is suspended.

Section 12. Termination of Services.

City may at any time, at its sole discretion, terminate all or any portion of the Services and this Agreement upon seven (7) days written notice to Consultant. Upon receipt of notice of termination, Consultant shall stop performance of the Services at the stage directed by City. Consultant shall be entitled to payment within thirty (30) days for Services performed up to the date of receipt of the written notice of termination. Consultant shall not be entitled to payment for any Services performed after the receipt of the notice of termination unless such payment is authorized in advance in writing by the City.

Should Consultant fail to perform any of the obligations required of Consultant within the time and in the manner provided for under the terms of this Agreement, or should Consultant violate any of the terms and conditions of this Agreement, City may terminate this Agreement by providing Consultant with seven (7) days written notice of such termination. The Consultant shall be compensated for all Services performed prior to the date of receipt of the notice of termination. However, the City may deduct from the compensation which may be owed to Consultant the amount of damage sustained or estimated by City resulting from Consultant's breach of this Agreement.

Consultant's obligations pursuant to Sections 5 and 6 of this Agreement shall survive termination, and continue in effect for as long as necessary to fulfill the purposes of Sections 5 and 6.

Section 13. Independent Contractor.

Consultant shall in all respects be an independent contractor and not an agent or employee of City. Consultant has and shall retain the right to exercise full control and supervision of the means and methods of performing the Services. Consultant shall receive no premium or enhanced pay for Services normally understood as overtime; nor shall Consultant receive holiday pay, sick leave, administrative leave or pay for any other time not actually expended in the performance of the Services. It is intended by the parties that Consultant shall not be eligible for benefits and shall receive no compensation from the City, except as expressly set forth in this Agreement. Consultant shall submit completed W-9 and Report of Independent Contractor forms upon execution of this Agreement and prior to the payment of any compensation hereunder.

Section 14. Ownership of Documents.

Within thirty (30) days after the Consultant substantially completes performance of the Services, or within thirty (30) days after the termination of this Agreement, the Consultant shall deliver to the City all files, records, materials and documents drafted or prepared by Consultant's in the performance of the Services. It is expressly understood and agreed that all such files, records, materials and documents are the property of the City and not the property of the Consultant. All finished and unfinished reports, plans, studies, documents and other writings prepared by and for Consultant, its officers, employees and agents in the course of performing the Services shall become the sole property of the City upon payment

to Consultant for the Services, and the City shall have the exclusive right to use such materials in its sole discretion without further compensation to Consultant or to any other party. Consultant shall, at Consultant's expense, provide such reports, plans, studies, documents and writings to City or any party the City may designate, upon written request. Consultant may keep file copies of all documents prepared for City. Use of any such documents by the City for projects that are not the subject of this Agreement or for purposes beyond the scope of the Services shall be at the City's sole risk without legal liability or expense to Consultant.

Section 15. Changes and/or Extra Work.

Only the City Council may authorize extra and/or changed Services, modification of the time of completion of the Services, or additional compensation for the tasks to be performed by Consultant. Consultant expressly recognizes that other City personnel are without authorization to order extra and/or changed Services or to obligate the City to the payment of additional compensation. The failure of Consultant to secure the prior written authorization for such extra and/or changed Services shall constitute a waiver of any and all right to adjustment in the contract price due to such unauthorized Services, and Consultant thereafter shall not be entitled to any compensation whatsoever for the performance of such extra or changed Services. In the event Consultant and City agree that extra and/or changed Services are required, or that additional compensation shall be awarded to Consultant for performance of the Services under this Agreement, a supplemental agreement providing for such compensation shall be prepared and shall be executed by the Consultant and the necessary City officials before the extra and/or changed Services are provided.

Section 16. Compliance with Federal, State and Local Laws.

Consultant shall comply with all applicable federal, state and local laws, statutes, ordinances, rules and regulations affecting the Services, including without limitation laws requiring licensing and prohibiting discrimination in employment because of race, creed, color, sex, age, marital status, physical or mental disability, national origin or other prohibited bases. City shall not be responsible or liable for Consultant's failure to comply with applicable laws, statutes, ordinances, rules or regulations.

Section 17. Retention of Records.

Consultant and any subconsultants authorized by the terms of this Agreement shall keep and maintain full and complete documentation and accounting records, employees' time sheets, and correspondence pertaining to the Services, and Consultant shall make such documents available for review and/or audit by City and City's representatives at all reasonable times during performance of the Services and for at least four (4) years after completion of the Services and/or termination of this Agreement.

Section 18. Alternative Dispute Resolution

- A. Before resorting to mediation, arbitration or other legal process, the primary contacts of the parties shall meet and confer and attempt to amicably resolve any dispute arising from or relating to this Agreement subject to the following provisions. Any party desiring to meet and confer shall so advise the other party pursuant to a written notice. Within 15 days after provision of that written notice by the party desiring to meet and confer, the primary contacts for each party shall meet in person and attempt to amicably resolve their dispute. Each primary contact, or the person acting in their absence with full authority to resolve the dispute, shall attend the meeting and shall be prepared to devote an entire day thereto. If any dispute remains unresolved at the end of the meeting, any party to this Agreement shall have the right to invoke the mediation process provided for in the subparagraph B below.
- B. Subject to the provisions of subparagraph A, any dispute that remains unresolved after the meet and confer shall immediately be submitted to non-binding neutral mediation, before a mutually acceptable, neutral retired judge or justice at the Sacramento Office of the Judicial Arbitration and Mediation Service ("JAMS"). If within five days after the meet and confer the parties are unable to agree upon the selection of a neutral mediator, then the first available retired judge or justice at the Sacramento office of JAMS shall serve as the neutral mediator. The parties agree to commit to at least one full day to the mediation process. Additionally, to expedite the resolution of any dispute that is not resolved by mediation, the parties agree to each bring to the neutral mediation a list of at least five neutral arbitrators, including their resumes, whose availability for an arbitration hearing within 30 days after the mediation has been confirmed.
- C. If mediation is unsuccessful, before the mediation concludes, the parties shall mediate the selection of a neutral arbitrator to assist in the resolution of their dispute. If the parties are unable to agree on an arbitrator, the parties agree to submit selection of an arbitrator to the mediator, whose decision shall be binding on the parties. In that case, the mediator shall select a neutral arbitrator from the then active list of retired judges or justices at the Sacramento Office of the JAMS. The arbitration shall be conducted pursuant to the provisions of the California Arbitration Act, sections 1280-1294.2 of the California Code of Civil Procedure. In such case, the provisions of Code of Civil Procedure Section 1283.05 and 1283.1 shall apply and are hereby incorporated into this Agreement.
- D. This section 18 shall survive the termination or expiration of this Agreement. If there is no Sacramento office of JAMS, then the office of JAMS closest to the City shall be used instead of a Sacramento office.

Section 19. Severability.

The provisions of this Agreement are severable. If any portion of this Agreement is held

invalid by an arbitrator or by a court of competent jurisdiction, the remainder of the Agreement shall remain in full force and effect unless amended or modified by the mutual written consent of the parties.

Section 20. Entire Agreement; Amendment.

This Agreement, including all exhibits hereto, constitutes the complete and exclusive expression of the understanding and agreement between the parties with respect to the subject matter hereof. All prior written and oral communications, including correspondence, drafts, memoranda, and representations, are superseded in total by this Agreement. This Agreement may be amended or extended from time to time only by written agreement of the parties hereto.

Section 21. Time of the Essence.

Time is of the essence in the performance of the Services. The Consultant will perform its Services with due and reasonable diligence consistent with sound professional practices and shall devote such time to the performance of the Services as may be necessary for their timely completion.

Section 22. Written Notification.

Except as otherwise specified in this Agreement, any notice, demand, request, consent, approval or communications that either party desires or is required to give to the other party shall be in writing and either served personally or sent by first class mail, postage prepaid and addressed as follows. Either party may change its address by notifying the other party in writing of the change of address. Notice shall be deemed communicated within two business days from the time of mailing if mailed within the State of California as provided in this Section.

If to City: City of Colfax
 33 S. Main Street
 Colfax, CA 95713

If to Consultant: SCI Consulting Group
 4745 Mangels Boulevard
 Fairfield, CA 94534

Section 23. Execution.

This Agreement may be executed in original counterparts, each of which shall constitute one and the same instrument and shall become binding upon the parties when at least one original counterpart is signed by both parties hereto. In proving this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

Section 24. Successors.

This Agreement shall be binding on and inure to the benefit of the respective parties hereto except to the extent of any contrary provision in this Agreement.

Section 25. Attorney's Fees.

If any party to this Agreement commences legal proceedings to enforce any of its terms or to recover damages for its breach, the prevailing party shall be entitled to recover its reasonable attorney's fees, costs and the expenses of expert witnesses, including any such fees costs and expenses incurred on appeal.

IN WITNESS WHEREOF, the parties hereby have executed this Agreement on the day first above written:

CITY

Signature: Printed Name: Ron WalkerTitle: City ManagerDate: 3/1/2024

CONSULTANT

Signature: Printed Name: John BlissTitle: Pres/SecDate: 3/14/2024

APPROVED AS TO FORM:

DocuSigned by:

ADDBF4EBB3354B6
City Attorney

EXHIBIT A

SCOPE OF WORK

SCI Consulting Group (SCI) to provide cannabis-related monitoring and compliance consulting services, including local cannabis tax verification auditing, to the City of Colfax SCI proposes to provide professional cannabis-related consulting services, as fully described in our Scope of Work:

Application Review, Selection and Renewal

1. Application Processing, Evaluation, Ranking and Selection: Phase 1 – Phase 4

Monitoring and Compliance and Local Tax Verification Process

2. Conduct Facility and Operations Inspections to Ensure Compliance
3. Conduct Local Cannabis Tax Verification Audits
4. Provide On-going Non-Compliant Businesses Mitigation Services

Scope of the services will continue through the 3-year term of the agreement expiring February 28, 2023 unless terminated under the conditions of the agreement.