

# City Council Meeting

COUNCIL CHAMBERS, 33 SOUTH MAIN STREET, COLFAX, CA

Mayor Marnie Mendoza · Mayor Pro Tem Sean Lomen  
Councilmembers · Kim Douglass · Trinity Burruss · Joe Fatula

## AMENDED REGULAR MEETING AGENDA

July 8, 2020

Closed Session 5:00PM - Regular Session: 6:00PM

The open session will be performed via TELECONFERENCE

Join via ZOOM on a computer or mobile device by visiting <https://us02web.zoom.us/j/83968500895>

Dial in by calling one of the numbers listed below and enter the Webinar ID: 839 6850 0895

1 (669) 900-6833

1 (346) 248-7799

1 (312) 626-6799

1 (929) 205-6099

1 (253) 215-8782

1 (301) 715-8592

Or join via Facebook Live on our City of Colfax page: City of Colfax California

### 1 CLOSED SESSION

1A. Call Closed Session to Order

1B. Roll Call

1C. Public Comment on Closed Session Items

1D. Closed Session

- a) Conference with legal counsel – existing litigation pursuant to Government Code Section 54956.9 (d) (1): Central Valley Regional Water Quality Control Board Administrative Civil Liability R5-2020-0507

\*\*\* NOTE: Public Comment for Closed Session items will be taken via email and must be received by the City Clerk no later 4:30PM on July 8th 2020. Please submit Closed Session Public Comments to [city.clerk@colfax-ca.gov](mailto:city.clerk@colfax-ca.gov) \*\*\*

### 2 OPEN SESSION

2A. Call Open Session to Order

2B. Pledge of Allegiance

2C. Roll Call

2D. 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.

### 3 AGENCY REPORTS

3A. Placer County Sheriff

### 4 PRESENTATION (NO PRESENTATION)



Colfax City Council Meetings are ADA compliant. If you need special assistance 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.

July 8, 2020

Page 1 of 3

5 **PUBLIC HEARING** (NO 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.*

6 **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**

- 6A. **Minutes – Special Budget Workshop Meeting of May 20, 2020** (Pages 4-9)  
**Recommendation:** Approve the Minutes of the Special Workshop Budget Meeting of May 20, 2020
- 6B. **Minutes – Regular Meeting of June 10, 2020** (Pages 10-12)  
**Recommendation:** Approve the Minutes of the Regular Meeting of June 10, 2020
- 6C. **Minutes – Regular Meeting of June 24, 2020** (Pages 13-15)  
**Recommendation:** Approve the Minutes of the Regular Meeting of June 24, 2020
- 6D. **Minutes – Special Closed Session Meeting of June 25, 2020** (Page 16)  
**Recommendation:** Approve the Minutes of the Special Closed Session Meeting of June 25, 2020
- 6E. **Minutes – Special Closed Session Meeting of July 1, 2020** (Page 17)  
**Recommendation:** Approve the Minutes of the Special Closed Session Meeting of July 1, 2020
- 6F. **Quarterly Sales Tax Analysis** (Pages 18-26)  
**Recommendation:** Accept and File.
- 6G. **Professional Auditing Services** (Pages 27-56)  
**Recommendation:** Adopt Resolution \_\_-2020 authorizing the City Manager to execute an agreement with Richardson & Company, LLP to provide annual audit services for the fiscal year ending June 30, 2020 with the option to extend the contract for each of two (2) subsequent years in an anticipated amount of \$77,890.
- 6H. **Contract Award for Replacement of Two (2) Sanitary Sewer Manholes on Kneeland Street – Simpson & Simpson Inc.** (Pages 57-68)  
**Recommendation:** Adopt Resolution \_\_ - 2020 authorizing the City Manager to execute a construction contract to Simpson & Simpson, Inc. in the amount of \$21,658.00 and authorize the City Manager to execute 20% change order authority in a total amount not to exceed \$25,990 for Replacement of Two (2) Sanitary Manholes on Kneeland Street.



- 6I. **Placer County Sheriff’s Substation – Handicap Parking Space Design Acceptance** (Pages 69-74)  
**Recommendation:** Adopt Resolution \_\_-2020 accepting the project design and authorizing the City Manager to solicit informal bids for the construction of the Handicap Parking Space on Culver Street in front of the Placer County Sheriff’s Substation.
- 6J. **Second Reading of Commercial Cannabis Ordinances** (Pages 75-134)  
**Recommended Action:** By motion, waive the second reading and adopt Ordinance No. 542 Amending Colfax Municipal Code Chapter 5.32 (Commercial Cannabis Activity) and Title 17 (Zoning – Commercial Cannabis Activities).

**7 PUBLIC COMMENT**

*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.*

**8 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.*

- 8A. **Committee Reports and Colfax Informational Items – All Councilmembers**
- 8B. **City Operations Update – City Manager**

**9 COUNCIL BUSINESS (NO COUNCIL BUSINESS)**

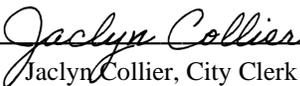
**10 GOOD OF THE ORDER**

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

**11 ADJOURNMENT**

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I, Jaclyn Collier, City Clerk for the City of Colfax declare that this agenda was posted at Colfax City Hall and the Colfax Post Office. The agenda is also available on the City website at [www.Colfax-ca.gov](http://www.Colfax-ca.gov).

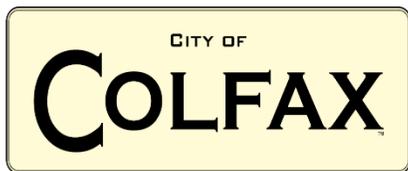
  
 \_\_\_\_\_  
 Jaclyn Collier, City Clerk

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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.

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# City Council Minutes

Special Budget Workshop Meeting of Wednesday, May 20, 2020  
 City Hall Council Chambers  
 33 S. Main Street, Colfax CA

## 1 PUBLIC COMMENT

Mayor Pro Tem Lomen called the Special Meeting Budget Workshop to order at 9:02AM.

Roll Call:

Present: Lomen, Douglass, Burruss, Fatula

Absent: Mendoza

Mayor Pro Tem Lomen opened up Public Comment – No comments provided by the public.

## 2 COUNCIL BUSINESS

### **2A. State Community Development Block Grant Application – Submittal Authorization and Statement of Assurances**

**Staff Presentation:** Wes Heathcock, City Manager

**Recommendation:** Approve Resolution 23-2020 an application for funding and the execution of a grant agreement and any amendments thereto from the 2019-2020 funding year of the state CDBG Program as follows:

1) The City Council has reviewed and hereby approves one or more application(s) in the aggregate amount, not to exceed, of \$3,500,000 for the following CDBG activities, pursuant to the January 2020 CDBG NOFA:

List activities and amounts

Public Improvement Project: Street Improvements \$ 3,500,000

Total CDBG Funding Application: \$ 3,500,000

2) The City acknowledges compliance with state and federal public participation requirements in the development of this application(s).

3) The City hereby authorizes and directs the City Manager to execute and deliver all applications and act on the City's behalf in all matters pertaining to all such applications.

4) If the application is approved, the City Manager is authorized to enter into, execute and deliver the grant agreement (i.e., Standard Agreement) and any and all subsequent amendments thereto with the State of California for the purposes of the grant.

5) If the application is approved, the City Manager or designee is authorized to sign and submit Funds Requests and all required reporting forms and other documentation as may be required by the State of California from time to time in connection with the grant.

City Manager Heathcock provided background information, introduced Lorie Adams with Adams Ashby.

Lorie Adams with Adams Ashby provided detailed background information on the Community Development Block Grant (CDBG) application and projects planned.

City Manager Heathcock explained requirements for roads to be eligible for improvement with the CDBG funding.

Councilmember Fatula inquired about the amount of funding being requested.

City Manager Heathcock and Lorie Adams provided an explanation of funding amount being requested.

Councilmember Fatula and Lorie Adams discussed ability to submit applications for additional funding at a later date and how funding is awarded.

Councilmember Fatula requested staff start working on a phase 2.

MOTION made by Councilmember Fatula and seconded by Councilmember Burruss to approve the Resolution and instruct staff to begin work on phase 2 and approved by the following roll call vote:

**AYES:** Lomen, Burruss, Douglass, Fatula

**NOES:**

**ABSTAIN:**

**ABSENT:** Mendoza

### **3 WORKSHOP**

#### **3A. FY 2020/2021 – 2021/2022 Budget Workshop**

**Action:** Discuss and direct staff.

City Manager Heathcock provided background information.

Finance Director, Laurie Van Groningen explanation of the purpose of the budget. She then began a presentation on the budget.

City Manager Heathcock added staff positions Maintenance Worker 1 and Customer Service Representative are currently vacant and staff does not intend to fill those until the financial status is confirmed.

Councilmember Fatula inquired about how the vacant positions impact the budget.

Finance Director Van Groningen, City Manager Heathcock, and Councilmember Fatula discussed the financial impact of the vacant positions.

City Manager Heathcock clarified the Customer Service Representative position is currently furloughed, not vacant.

Councilmember Fatula asked the question again, worded in another way.

Councilmember Fatula, Finance Director Van Groningen, and City Manager Heathcock discussed how the vacant positions impact the budget.

Finance Director Van Groningen continued her presentation. She noted conservative projections for revenues due to unknown impacts of COVID-19.

Councilmember Fatula asked about the Landfill Post Closure Maintenance line item.

Finance Director Van Groningen and City Manager Heathcock provided information about the line item in the budget.

Councilmember Fatula, City Manager Heathcock and Finance Director discussed requirements for closing the landfill, what the process would be, timeline, where the funding comes from in the budget, and what the ongoing operating expenses are and options for purchasing the necessary equipment to do the testing in house.

Councilmember Fatula requested breakdown on the testing component for the landfill and sewer to compare current expenses with paying for testing.

Finance Director Van Groningen continued her budget presentation.

Councilmember Fatula requested to talk more about the Sheriff Contract line item. He talked about the estimate for next year and this year being 17%.

Finance Director Van Groningen, Councilmember Fatula, and City Manager Heathcock discussed how the funding is allocated and funds coming from different sources.

Councilmember Fatula requested totals for the Sheriff Contract this year and the next 2 years.

Finance Director Van Groningen requested a minute to gather the information.

City Manager Heathcock received Sheriff Contract funding for current year from Accounting Technician, Shanna Stahl, he stated it is \$736,000.

Councilmember Burruss noted the source of these increases have to do with Prop F and these are mandatory increases that are set by California state law.

Councilmember Fatula commented the coverage in the contract. He requested to know what the total is this year and the next 2 years we are projecting.

City Manager Heathcock clarified our Sheriff Contract has specific hours of coverage.

Finance Director Van Groningen stated we are projecting \$781,000 for next year, and \$816,000 for the following year.

Councilmember Fatula requested clarification of the funding this year as \$736,000.

Finance Director Van Groningen requested clarification of who brought in the figure for this year, she confirmed that is correct.

Mayor Pro Tem Lomen requested comments from Council and the Public.

Councilmember Burruss confirmed, no public comments received. She also noted, Mayor Mendoza is attempting to join the meeting via ZOOM.

Councilmember Fatula inquired whether or not Finance Director Van Groningen was going to provide information about the sewer.

Finance Director Van Groningen stated she was going to touch on it but asked Councilmember Fatula to go ahead.

Councilmember Fatula requested the sewer loan amount be included in future budget packets to show where it started and where we are to show progress. He also asked if there is a way, this year especially with the way losses are looking, the businesses can prepay it's part of the loan off and take it as a business loss this year and the City, for that business, wouldn't have that component of the loan to pay back. Councilmember Fatula stated he is unsure how you could do it on a property by property accounting basis, but it may provide an opportunity to bring in additional revenue short term and avoid additional interest in the long term.

Finance Director Van Groningen confirmed anybody can prepay their expense and it would track to their account, but is unsure how we would pull out a piece and do a prepayment on the loan.

Councilmember Fatula asked if a business wanted to lower its monthly sewer bill so that when they sell, the new owner gets it at a lower rate. He provided an example.

Finance Director Van Groningen and Councilmember Fatula discussed prepayment on accounts, how the prepayment would affect their long-term rate and how the rate would affect the overall cost of the loan.

City Manager Heathcock informed Councilmember Fatula we would likely need to include something like that in our next rate study if that is the will of Council.

Councilmember Burruss mentioned the possibility of opening the prepayment for loan payoff to include individual parcels for an additional option to someone listing their property for sale as an added value.

Councilmember Fatula agreed.

Finance Director Van Groningen asked what other details Council would like to go through.

Councilmember Fatula inquired what can be done to put more investment into streets and fire reduction that would improve the fire insurance rates in Colfax.

City Manager Heathcock provided information about reserves and that money used from the general fund for projects, that amount can be required to be spent going forward. He noted how much grant funding the City is seeking to make improvements and that we will continue to look for grant funding.

Councilmember Burruss provided comments about the sales tax measure reallocation of sales tax being in the air.

Councilmember Fatula inquired about things the City can do to help lower fire insurance costs.

City Manager Heathcock noted the question being asked during the last Council meeting, working with CalFIRE and Council to make a strategic plan to achieve a lower ISO rating to reduce insurance costs, assuming insurance companies are still using ISO ratings to determine rates.

Councilmember Fatula believes it to be part of a 5-year plan to attack the issue.

Councilmember Burruss noted options for cost to benefit ratio, possible methods to ease the burden of our volunteer fire department. She believes providing the information to the public and receiving feedback on what they think is the best for our town.

Councilmember Fatula stated it should include what a homeowner can do themselves to help improve their rating.

Mayor Pro Tem Lomen commented he has worked on the last 2 ISO studies and noted we are at our top level of cooperation with CalFIRE and what benefits that provides. He stated the biggest thing for the volunteer fire department is getting numbers up, updated equipment, and having particular equipment ISO wants to see. Mayor Pro Tem Lomen reported that insurance companies are claiming any elevation above 1500 feet to be considered no insurance zones or are raising rates regardless of their ISO ratings after the 2018 fire season. He is hopeful our vegetation management ordinance brings more to the table and shows insurance companies that our individual are needs to be treated differently than the rest of the outlying areas.

Councilmember Fatula inquired about putting an advertising piece in the budget for fire to be able to attract new members in.

Mayor Pro Tem Lomen suggested putting an ad in Colfax Connections, noted purchase of additional gear and possibility of a new water tender bringing up the score on ISOs rating system.

City Manager Heathcock expressed appreciation of the discussion. He asked if Finance Director Van Groningen has additional information she would like to go through regarding the budget.

Finance Director Van Groningen confirmed she has completed her presentation and asked if anyone has questions or additions.

Councilmember Burruss asked about the status of her request for the breakdown of staff salaries by fund showing the allocation. She stated she would like to review the percentage allocations are that are currently being used.

City Manager Heathcock requested the City Clerk read public comment received.

City Clerk Collier read a question from an anonymous user of whether or not the sewer bill is tax deductible.

Councilmember Fatula stated he could not hear the City Clerk.

Councilmember Burruss repeated the question.

Finance Director Van Groningen suggested the anonymous user refer to their tax accountant.

City Manager Heathcock confirmed there are no other public comments, inquired whether or not Council has any further discussion and that he felt staff had received good direction. He referred to Finance Director Van Groningen to confirm the timeline for when the budget adoption will be brought to Council.

Finance Director Van Groningen confirmed, the budget is scheduled to be voted on during the first meeting in June.

City Manager Heathcock deferred to Mayor Pro Tem Lomen.

Mayor Pro Tem Lomen asked if Council has any additional questions.

Councilmember Fatula asked about Mitigation Funds Park and Recreation and why the revenue more than doubled.

Finance Director Van Groningen confirmed the revenue comes from the new development mitigation fees.

Councilmember Fatula requested a breakdown of those fees.

Finance Director Van Groningen confirmed she will provide Councilmember Fatula with that information.

Mayor Pro Tem Lomen confirmed there were no additional questions.

Councilmember Burruss inquired about a general discussion being allowed. She confirmed she has returned back to work full-time and is unable to continue her morning pick up of food from the Nevada County Food Bank and distribution for senior and homebound residents so she is looking to the rest of Council for some assistance.

Councilmember Fatula and Mayor Pro Tem Lomen requested to discuss this with Councilmember Burruss after the meeting.

Councilmember Burruss agreed and announced Mayor Mendoza has joined the meeting.

Mayor Mendoza apologized for being late due to a doctor appointment and announced she has been working with Auburn Faith who has been delivering food to seniors and would like to refer them back to Auburn Faith for assistance.

Councilmember Burruss noted it is more than just seniors but families as well.

City Manager Heathcock reminded Council of the next meeting of May 27<sup>th</sup> as well as a Special Cannabis Workshop Meeting that morning at 9:00AM. He stated the documents would be coming out later this day but the workshop may take a little longer than anticipated. He requested the meeting that morning be pushed to 11:00AM to allow Councilmember Burruss to be in attendance as she has a conflicting meeting that day for PCTPA.

Councilmember Burruss confirmed she cannot miss the PCTPA meeting because she is the Chair.

City Manager Heathcock asked if Council has any objection to pushing the Special Cannabis Workshop Meeting on Wednesday, May 27<sup>th</sup> from 9:00AM to 11:00AM.

Mayor Pro Tem Lomen, Councilmember Fatula both agreed to the time change.

Councilmember Burruss thanked Council.

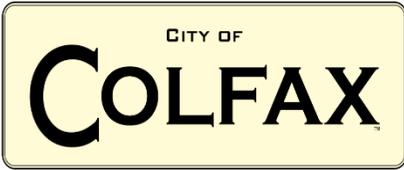
Mayor Pro Tem Lomen thanked Councilmember Burruss for everything she is doing and thanked Marnie for joining.

#### **4 ADJOURNMENT**

As there was no further business on the agenda, Mayor Pro Tem Lomen adjourned the meeting, without objection at 10:12AM.

Respectfully submitted to City Council this 8<sup>th</sup> day of July, 2020.

  
\_\_\_\_\_  
Jaclyn Collier, City Clerk



# City Council Minutes

Regular Meeting of Wednesday, June 10, 2020  
City Hall Council Chambers  
33 S. Main Street, Colfax CA

**1 CLOSED SESSION** (NO CLOSED SESSION)

**2 OPEN SESSION**

**2A. Call Open Session to Order**

Mayor Mendoza called the open session to order at 6:03PM

**2B. Pledge of Allegiance**

Andrea Harrison led the Pledge of Allegiance

**2C. Roll Call**

Present: Mendoza, Lomen, Burruss, Douglass

Absent: Fatula

**2D. Approval of Agenda Order**

**Recommendation:** By motion, accept the agenda as presented or amended.

MOTION made by Councilmember Burruss and seconded Mayor Pro Tem Lomen and approved by the following roll call vote:

**AYES:** Mendoza, Lomen, Burruss, Douglass

**NOES:**

**ABSTAIN:**

**ABSENT:** Fatula

**3 AGENCY REPORTS**

**3A. Placer County Sheriff** – Ty Conners provided an update

**4 PRESENTATION** (NO PRESENTATION)

**5 PUBLIC HEARING** (NO PUBLIC HEARING)

**6 CONSENT CALENDAR**

**6A. Minutes – Regular Meeting of May 27, 2020**

**Recommendation:** Approve the Minutes of the Regular Meeting of May 27, 2020

**6B. Consolidation of November 3, 2020 Election and Request for Election Services by the County Clerk**

**Recommendation:** Adopt Resolution 28-2020 declaring an Election to be held in its jurisdiction; requesting the Board of Supervisors to consolidate this election with any other election conducted on said date; and requesting election services by the County Clerk.

**6C. Annual Appropriation Limits**

**Recommendation:** Adopt Resolution 29-2020 certifying compliance with the Fiscal Year 2019-2020 Appropriation Limitation and establishing the Appropriation Limitation for the Fiscal Year 2020-2021.

**6D. Community Development Block Grant – Road Rehabilitation Project Land Surveying**  
**Recommendation:** Adopt Resolution 30-2020 authorizing the City Manager to enter into an agreement with GHD Inc. to provide topographic surveying services for the CDBG Road Rehabilitation Project in an amount not to exceed \$29,612.

**6E. Grant Funding for Sewer Collection System and Wastewater Treatment Plant Improvements – Authorization Resolution**  
**Recommendation:** Adopt Resolution 31-2020 authorizing Resolution related to the financing agreement with the State Water Resources and Control Board for the construction of Sewer Collection System and Wastewater Treatment Plant Improvements.

MOTION made by Councilmember Burruss and seconded by Mayor Pro Tem Lomen to approve the Consent Calendar and approved by the following roll call vote:

- AYES:** Mendoza, Lomen, Burruss, Douglass
- NOES:**
- ABSTAIN:**
- ABSENT:** Fatula

**7 PUBLIC COMMENT** (NONE)

\*Councilmember Fatula joined the meeting\*

**8 COUNCIL AND STAFF REPORTS**

**9 COUNCIL BUSINESS**

**9A Proposed Budget – Fiscal Years 2020-2021 and 2021-2022**  
**Staff Presentation:** Wes Heathcock, City Manager  
**Recommendation:** Adopt Resolution 32-2020 adopting the Proposed Budget for Fiscal Years 2020-2021 and 2021-2022.

MOTION made by Councilmember Fatula, seconded by Councilmember Burruss and approved by the following roll call vote:

- AYES:** Mendoza, Lomen, Burruss, Douglass, Fatula
- NOES:**
- ABSTAIN:**
- ABSENT:**

**9B Skate Park Design Concept Approval**  
**Staff Presentation:** Wes Heathcock, City Manager  
**Recommendation:** Discuss and consider approving the Skate Park Design concept.

MOTION made by Councilmember Burruss, seconded by Mayor Mendoza and approved by the following roll call vote:

- AYES:** Mendoza, Lomen, Burruss, Douglass, Fatula
- NOES:**
- ABSTAIN:**
- ABSENT:**

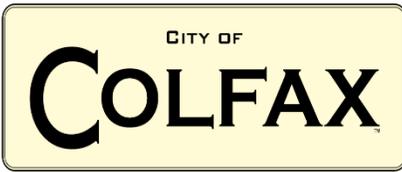
**10 GOOD OF THE ORDER**

**11 ADJOURNMENT**

As there was no further business on the agenda, Mayor Mendoza adjourned the meeting, without objection at 6:45PM.

Respectfully submitted to City Council this 8<sup>th</sup> day of July, 2020.

  
\_\_\_\_\_  
Jaclyn Collier, City Clerk



# City Council Minutes

Regular Meeting of Wednesday, June 24, 2020

City Hall Council Chambers

33 S. Main Street, Colfax CA via Zoom Meetings

## 1 CLOSED SESSION (*No Closed Session*)

## 2 OPEN SESSION

### 2A. Call Open Session to Order

Mayor Mendoza called the open session to order at 6:04PM

### 2B. Pledge of Allegiance

Council Member Burruss led the Pledge of Allegiance

### 2C. Roll Call

Present: Mendoza, Lomen, Burruss, Douglass, Fatula

Absent:

### 2D. Approval of Agenda Order

**Recommendation:** By motion, accept the agenda as presented

MOTION made by Councilmember Burruss and seconded Councilmember Fatula and approved by the following roll call vote:

**AYES:** Mendoza, Lomen, Burruss, Douglass, Fatula

**NOES:**

**ABSTAIN:**

**ABSENT:**

## 3 AGENCY REPORTS

### 3A. Placer County Sheriff – No report provided

Fred Abbott reported on the cancellation of Railroad Days this year. He also spoke about the billboard for the senior graduating class.

## 4 PRESENTATION (*NO PRESENTATION*)

## 5 PUBLIC HEARING

### 5A. Delinquent Sewer Service Charges and Delinquent Refuse Collection Fees

**Action:** Laurie Van Groningen gave a brief update and the City Council conducted a public hearing to consider public comments. There was no public comment received.

Adopt Resolutions 33-2020 and 34-2020 requesting collection of delinquent sewer and refuse collection fees on the Placer County Tax Roll for Tax Year 2020-2021.

MOTION made by Councilmember Burruss and seconded Mayor Pro Tem Lomen and approved by the following roll call vote:

**AYES:** Mendoza, Lomen, Burruss, Douglass, Fatula  
**NOES:**  
**ABSTAIN:**  
**ABSENT:**

**5B. Commercial Cannabis Ordinances**

**Action:** Kyle Tankard, SCI gave a brief presentation and City Council held a public hearing. Public testimony was received by Tom Parnham, Wendy Dion & Barrie Eves.

Council Members requested substantive changes to the ordinance and it was determined a special session would be held one week from tonight to review these changes.

Introduce the proposed ordinance amending Colfax Municipal Code Chapter 5.32 (Cannabis Regulations) and Title 17 (Zoning) by title only, and continue this public hearing until 6pm on Wednesday, July 1, 2020, with second reading to adopt on July 8, 2020.

MOTION made by Councilmember Burruss and seconded Mayor Mendoza and approved by the following roll call vote:

**AYES:** Mendoza, Lomen, Burruss, Douglass, Fatula  
**NOES:**  
**ABSTAIN:**  
**ABSENT:**

**6 CONSENT CALENDAR**

**6A. Cash Summary Report – May 2020**

Recommendation: Accept and File.

**6B. MOU 1-Year Contract Extension**

Recommendation: Approve Resolution 35-2020, authorizing the Mayor and City Manager to execute the 1-year Memorandum of Understanding extension between the City of Colfax and IOUE, Stationary Engineers, Local 39 Representing General Employees July 1, 2020 through June 30, 2021.

**6C. Fiscal Year 2020-2021 Rate Adjustments**

Recommendation: Information Only; Accept and File.

**6D. Sheriff Contract Amendment #5**

Recommendation: Adopt Resolution 36-2020 authorizing the City Manager to enter into a contract extension with the Placer County Sheriff-Coroner-Marshall's Office for Fiscal Year 2020/2021.

**6E. Community Development Block Grant – Road Rehabilitation Project: Crawford and Associates Inc. Geotechnical Engineering Report Contract**

Recommendation: Adopt Resolution 37-2020 authorizing the City Manager to execute a Consultant Services Agreement with Crawford & Associates, Inc. for Geotechnical Engineering services for the CDBG Road Rehabilitation project in the amount of \$33,875.10.

**\*\* End of Consent Calendar \*\*\***

By MOTION, approve the consent calendar.

MOTION made by Councilmember Burruss and seconded by Councilmember Fatula to approve the Consent Calendar and approved by the following roll call vote:

**AYES:** Mendoza, Lomen, Burruss, Douglass, Fatula

**NOES:**

**ABSTAIN:**

**ABSENT:**

**7 PUBLIC COMMENT (None)**

**8 COUNCIL AND STAFF REPORTS**

Councilmember Douglass reported on SACOG and Pioneer Energy.

Councilmember Burruss reported on Placer County Air Pollution Control District and Placer County Transportation and Planning Agency.

City Manager Heathcock reported on the Culver St Phase 2 Project and thanked the Auburn City Clerk for assisting Council.

**9 COUNCIL BUSINESS (No Council Business)**

**10 GOOD OF THE ORDER**

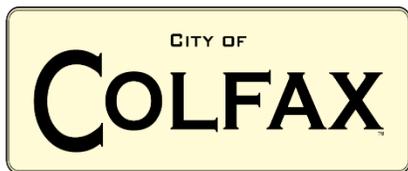
Councilmember Fatula spoke about rioting/looting events and insurance coverage, WAVE fiber cable fixed on Foresthill St by Depot Ally, Community Center, practices related to deferred time off/vacation/medical time off, requested workshop.

**11 ADJOURNMENT**

Due to a medical emergency, Councilmember Burruss requested the meeting adjourn, Mayor Pro Tem Lomen adjourned the meeting, without objection at 7:36PM.

Respectfully submitted to City Council this 8<sup>th</sup> day of July, 2020.

  
\_\_\_\_\_  
Amy Lind, City Clerk



# City Council Minutes

Special Closed Session Meeting of Thursday, June 25, 2020  
 City Hall Council Chambers  
 33 S. Main Street, Colfax CA

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## 1 CLOSED SESSION

### 1A. Call Closed Session to Order

Mayor Pro Tem Lomen called the closed session to order at 10:03AM

### 1B. Roll Call

Present: Lomen, Burruss, Douglass

Absent: Mendoza, Fatula

### 1C. Public Comment on Closed Session Items

No public comments were received on this item.

### 1D. Closed Session

- (a) Conference with legal counsel – existing litigation pursuant to Government Code Section 54956.9
- (d) (1): ColfaxNet vs City of Colfax, United States District Court for the Eastern District of California Case Number 2:19 – cv – 02167 – WBS – CKD.

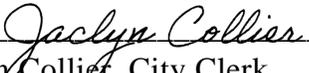
## 2 CLOSED SESSION REPORT

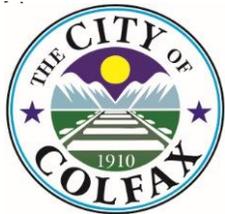
No reportable action on this item.

## 3 ADJOURNMENT

As there was no further business on the agenda, Mayor Pro Tem Lomen adjourned the meeting, without objection at 10:45AM.

Respectfully submitted to City Council this 8<sup>th</sup> day of July, 2020.

  
 Jaclyn Collier, City Clerk



# City Council Minutes

Special Meeting on Wednesday, July 1<sup>st</sup>, 2020  
City Hall Council Chambers (VIA ZOOM)  
33 S. Main Street, Colfax CA

## **1 OPEN SESSION**

### **1A. Call Open Session to Order**

Mayor Mendoza called the open session to order at 6:04PM

### **1B. Roll Call**

Present: Mendoza, Lomen, Burruss, Douglass, Fatula

## **2 PUBLIC COMMENT**

None

## **3 CONTINUED PUBLIC HEARING**

### **3A. Commercial Cannabis Ordinances (continued from the June 24, 2020 meeting)**

The City Attorney reviewed recent changes to the ordinance and council discussion followed regarding non-substantive changes to be included in the second reading.

**ACTION:** Close the public hearing, waive the first reading of an ordinance amending Colfax Municipal Code Chapter 5.32 (Cannabis Regulations) and Title 17 (Zoning) and schedule the proposed ordinance for adoption at the July 8, 2020 regular meeting.

MOTION made by Councilmember Burruss and seconded Mayor Pro Tem Lomen and approved by the following roll call vote:

AYES: Mendoza, Lomen, Burruss, Douglass, Fatula

NOES:

ABSTAIN:

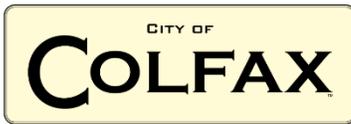
ABSENT:

## **4 ADJOURNMENT**

Mayor Mendoza adjourned the meeting, without objection at 6:42 p.m.

Respectfully submitted to City Council this 8<sup>th</sup> day of July, 2020

*Amy Lind*  
\_\_\_\_\_  
Amy Lind, Interim City Clerk



# Staff Report to City Council

## FOR THE JULY 8, 2020 REGULAR CITY COUNCIL MEETING

**From:** Wes Heathcock, City Manager  
**Prepared by:** Laurie Van Groningen, Finance Director  
**Subject:** Quarterly Sales Tax Analysis

*Budget Impact Overview:*

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

### Summary/Background

The City has received the final Accounting for Sales and Use Tax revenues for the quarter ended March 31, 2020.

The City of Colfax contracts with Hdl Companies (Hdl) to manage and analyze Sales and Use Tax Revenues. The Covid-19 outbreak is anticipated to have a significant impact on Sales and Use Tax Revenues across our State. Last quarter (reported at April 22, 2020 regular council meeting) we reported estimates for the final two quarters of this fiscal year and next fiscal year based on a California consensus forecast of Statewide sales tax trends report updated by Hdl in April 2020. This report assumed that the statewide “shelter in place” directive would continue until the end of May and assumed the virus would run its course through the end of September.

The Covid-19 outbreak does not appear to have had a significant impact on the sales tax revenues for the quarter ended March 31, 2020 for the City of Colfax. City revenues for this quarter were in fact about 45% higher than the April estimate using the Hdl forecasts by industry and approximately 40% higher than the same quarter last fiscal year. The significant increases were primarily in Autos and Transportation industry and the County Pool allocations. It also appears that the 90-day extension for sales, use and transaction tax returns granted by the State of California did not have a significant impact for this quarter.

Hdl has provided an updated “Hdl Companies – California Forecast – Sales Tax Trends and Economic Drivers report dated June 2020 (copy attached) which provides a consensus forecast of Statewide sales tax trends for the balance of fiscal year 2019-2020 and for the fiscal year 2020-2021 based on the quarter ended March 31, 2020 data and updated industry forecasts. The forecasts are provided by major industry group projections, and we have updated the individual forecasts to the City of Colfax business base to calculate estimated projections for the balance of this fiscal year and for the next fiscal year. This new forecast reflects better results than previously reported for this fiscal year, but slightly lower revenues for next fiscal year than previously projected. The estimates are highlighted in the chart analysis below

	QE 09/30	QE 12/31	QE 03/31	QE 06/30	TOTAL	Budget	% of Budget	Budget Diff	Prev Forecast
Fiscal Year 2020-2021					\$ 1,345,511	\$ 1,125,000	120%	\$ 220,511	\$ 1,358,475
Fiscal Year 2019-2020	\$ 457,737	\$ 320,975	\$ 370,903	\$ 280,773	\$ 1,430,388	\$ 1,450,000	99%	\$ (19,612)	\$ 1,255,178
Fiscal Year 2018-2019	\$ 354,152	\$ 353,870	\$ 336,721	\$ 356,865	\$ 1,401,608	\$ 1,350,000	104%	\$ 51,608	
% Change - Previous Calendar Qtr	28%	-30%	16%	-24%					
% Change - Same Qtr - Prev Year	29%	-9%	10%	-21%	2%				

### Fiscal and Budget Impacts

Forecasting Sales and Use Tax Revenues is a challenge under normal circumstances and new information in this pandemic period seems to come about daily. The true impact of the Covid-19 outbreak will not be known until we see the results of the quarter ended June 30<sup>th</sup> – which is not expected to be available until September 2020.

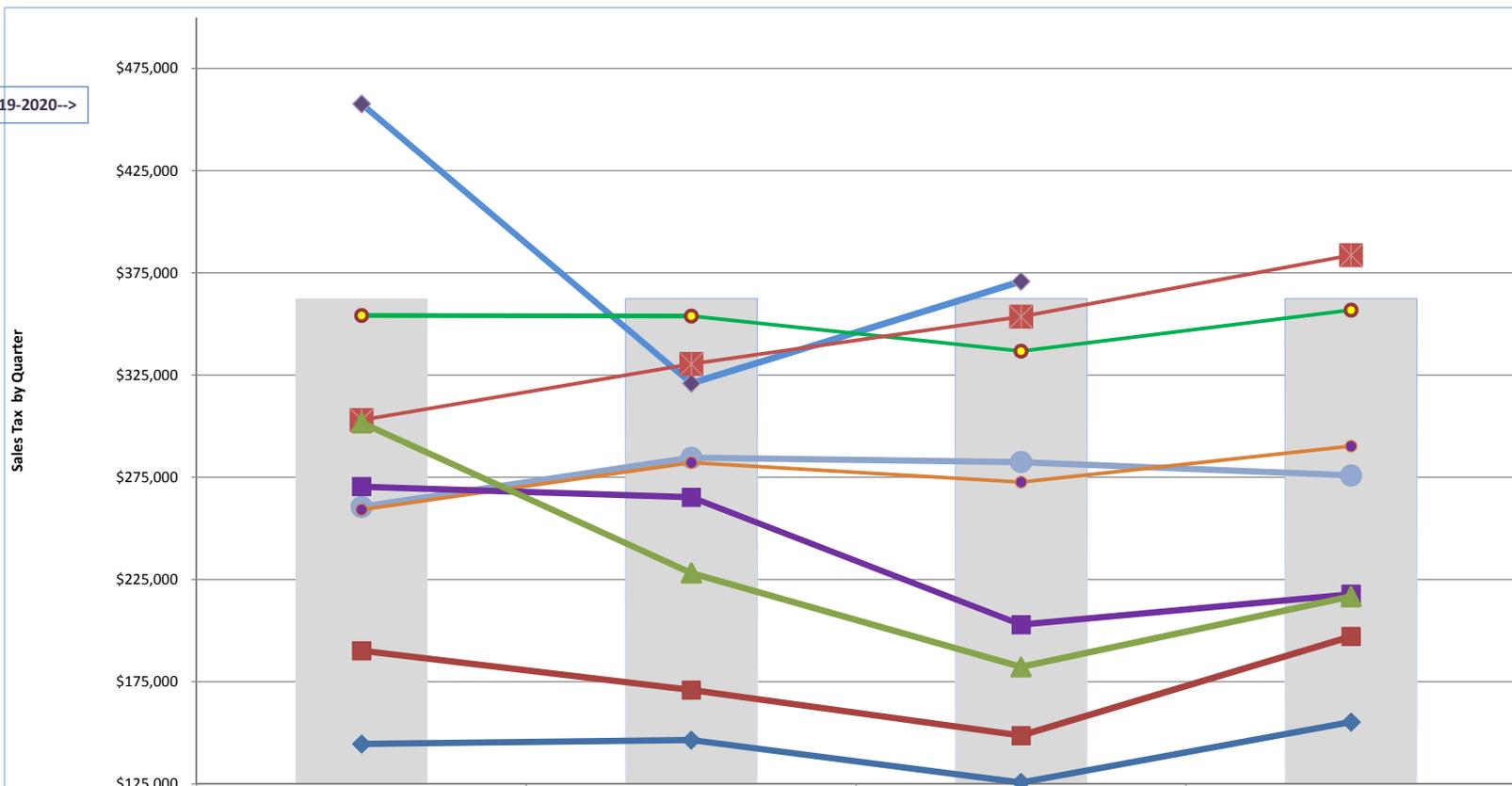
The recently adopted budget for fiscal year 2020-2021 included a very conservative estimate for Sales and Use Tax Revenues and based on this current information is below the current forecasted data. Staff will continue to monitor and provide updates as additional information is available.

**Attachments:**

1. Graph – City of Colfax – Retail Sales Tax Revenues
2. Chart – City of Colfax – Retail Sales Tax History
3. Hdl Companies – California Forecast – Sales Tax Trends and Economic Drivers – June 2020

# Attachment 1 City of Colfax Sales and Use Tax Revenues (Actuals Through Quarter Ended 03/31/2020)

FY 2019-2020-->



	QE 09/30	QE 12/31	QE 03/31	QE 06/30
2019-2020 Budget	\$362,500	\$362,500	\$362,500	\$362,500
2019-2020	\$457,737	\$320,975	\$370,903	
2018-2019	\$354,152	\$353,870	\$336,721	\$356,865
2017-2018	\$302,974	\$330,457	\$353,642	\$383,667
2016-2017	\$260,536	\$284,588	\$282,486	\$275,950
2015-2016	\$259,216	\$282,233	\$272,685	\$290,223
2014-2015	\$270,405	\$265,207	\$202,928	\$217,802
2013-2014	\$301,739	\$228,157	\$182,183	\$216,650
2012-2013	\$190,104	\$170,947	\$148,672	\$197,105
2011-2012	\$144,554	\$146,466	\$125,690	\$155,233

# 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%

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



# CALIFORNIA FORECAST SALES TAX TRENDS AND ECONOMIC DRIVERS JUNE 2020

San Clemente, California

HdL provides relevant information and analyses on the economic forces affecting California's local government agencies. In addition, HdL's Revenue Enhancement and Economic Development Services help clients to maximize revenues.

**HdL serves over 500 cities, counties and special districts in California and across the nation.**



*Delivering Revenue, Insight and Efficiency  
to Local Government Since 1983*

# HDL CONSENSUS FORECAST - JUNE 2020

## STATEWIDE SALES TAX TRENDS




**TOTAL** 2Q20 | 2020/21  
-27% | -1.1%

 **Autos/Transportation** 2Q20 | 2020/21  
-35% | -7.4%

Industry forecasts have projected a wide range for new vehicle sales in 2020. Firms such as Moody's, JD Power, the California New Car Dealer's Association, and ALG made recent projections for a decline in the range of 15% to as much as 34%. Recent news reports were more positive; many dealers had strong sales in May on popular truck and SUV models as the economy reopens. Pricing concerns remain with the threat of possible bankruptcies by car rental firms triggering a glut of used cars on the market. Shortages of popular models could also be a problem later this year after recent factory closures. Job and income losses are expected to contribute to weakness in the next few quarters followed by a slow recovery. A 20% drop in overall sales is projected this calendar year.

 **Building/Construction** -3% | 0.8%

The lifting of Bay Area restrictions on construction projects in May coupled with the fact that other counties' restrictions were much less severe than anticipated, relieved the downward pressure on construction spending. While there is still apprehension regarding the direction taken by developers as they consider whether commercial projects will pencil out in the end, the backlog of work created by the Bay Area shutdowns along with the persistent demand for new housing are expected to boost statewide spending for the next two quarters. Growth is expected to flatten during FY 2020-21 in response to so many consecutive quarters of lower permit issuance across the state. However, strong increases are expected in FY 2021-22 following a return to positive trends in the rest of the economy.

 **Business/Industry** -27% | -3.8%

Private sector data suggests this group bottomed out in April 2020. However, supply chain disruptions along with COVID-19 social distancing and other protocols are reported to limit production capacity for many companies through fall. Firms supplying hospitals and ecommerce related storage, sales and delivery activities are anticipated to post gains. Tax from buses and public carriers funded by federal grant programs may produce one time revenues for some agencies. Most other segments are not expected to surpass 90% of previous levels until adequate virus testing and vaccines are available. Each jurisdiction's experience will differ due to the size and character of its business/industrial tax base.

 **Food/Drugs** 2Q20 | 2020/21  
5% | 2.5%

Cannabis, grocery and drug stores have remained operational during shelter in place mandates. As such, revenues improved during the first quarter of this year. Households which chose to avoid long lines and limit merchant location trips utilized online ordering capabilities in much greater numbers. To retain shoppers, vendors adapted quickly by further implementing BOPIS, mobile checkouts and other safe means of completing transactions. Retailers invested in employee and customer safety. Less frequent dining out causes greater sales of food and beverages. Cannabis dispensaries, manufacturers and growers provide additional taxes for this category.

 **Fuel/Service Stations** -55% | -4.7%

As the shelter in place restrictions resulting from COVID-19 have slowly been lifted, there are now small signs of positive economic activity. While crude oil barrel prices plummeted last quarter due to reduced demand and oversupply, they have ratcheted back up. This is reflected in the average price of a gallon of gas in California inching positively toward \$3 per gallon. Oil barrel prices are forecasted in the low \$40 range by mid-summer, nevertheless, this does not translate into higher fuel and service station sales until demand picks up. Taxes will rise when consumer confidence and willingness to travel approach pre-COVID-19 levels. The short term outlook is reduction in receipts through the end of 2020 with enhanced returns occurring during the first quarter of 2021.

 **General Consumer Goods** -45% | 1.3%

As restrictions were implemented to combat the spread of COVID-19 in an effort to flatten the curve, brick and mortar retail was heavily impacted in the second quarter. In what is being dubbed by some as the Great Disruption, nonessential retail across most of the state came to a standstill. Job losses, stay-at-home orders and diminished wealth all substantially decreased consumers ability to spend even by those not facing income losses. As doors closed and immediate demand fell, many national retailers restructured; some permanently shuttered their footprint. Reopening in June drives a slight boost tied to pent-up demand before settling below pre-crisis levels for some time. While trends have been shifting for a while, the pandemic significantly sped up the timeline as customers were forced to explore shopping through different channels. Will these behaviors be long-lasting and how will stores adapt has yet to be seen.

HDL CONSENSUS FORECAST - JUNE 2020  
**STATEWIDE SALES TAX TRENDS**



 **TOTAL** 2Q20 | 2020/21  
 -27% | -1.1%

 **Restaurants/Hotels** 2Q20 | 2020/21  
 -50% | -11.7%

Quick service restaurants were the least affected by shelter in place, as drive thru's quickly adapted to social distancing; some chains even saw gains in the first quarter. Casual dining scrambled to establish to go/delivery options, but still most reported revenues down more than 50% through May. Most fine dining and leisure/entertainment temporarily closed while hotels recorded 85% vacancy rates. Reopening is at varying stages, with dining room capacity reduced to accommodate six feet of separation. Numerous agencies are allowing outdoor seating in parking lots and streets to help reach the needed seating capacity for restaurants to operate. People anxious to eat out provide a short term boost, but higher prices and reduced capacity result in a long recovery for this sector.

 **State and County Pools** 2Q20 | 2020/21  
 20% | 10.9%

The irony is not lost. While many categories have suffered from the worldwide virus outbreak, the 2018 SCOTUS Wayfair decision and subsequent implementation yielded double digit percentage growth each of the last four quarters. Annual pool revenues now exceed one billion dollars; the upward trend stays the course. Marketplace facilitator's compliance extends until third quarter 2020 which completes full implementation. For reasons stated throughout this forecast, online spending behavior has exploded as buyers seek deals and order needed products as people work differently from past norms. Non-store retail grabbed a larger share of the market sooner than expected; experts believe a portion of this behavioral shift is permanent which is reflected in the figures presented.



Proposition 172 projections vary from statewide Bradley-Burns calculations due to the state's utilization of differing collection periods in its allocation to counties. HdL forecasts a statewide decrease of -6.3% for Fiscal Year 2019/2020 and -1.3% for 2020/2021.



# NATIONAL AND STATEWIDE ECONOMIC DRIVERS



## U.S. Real GDP Growth

2020/21 | 2021/22

-0.8% | 3.4%

With most of April's data in, the Federal Reserve Bank of Atlanta's GDPNow forecast for second quarter growth currently sits at a startling -51% annualized pace – five times worse than the worst quarter for growth ever recorded in the United States. The Congressional Budget Office (CBO) released a recent forecast that predicted U.S. economic output at the end of 2022 will be 5% smaller than if there had been no pandemic, and a full recovery could take a decade – very similar to what transpired after the Great Recession. The good news is that the second quarter, as bad as it's expected to be, will still be significantly better than this early GDPNow prediction. The -51% growth will only occur if May and June look like April. However, the pieces of data that have been coming in for May all suggest that the nation is already past the trough of economic activity and things are rebounding. Moreover, evidence continues to build that the third quarter will be even better. Despite continued dismal outlooks from a broad group of pundits, economists, and government officials, the "V" shaped recovery is already underway.



## U.S. Unemployment Rate

8.1% | 4.5%

Two of the most important stimuli plans implemented to date include the Paycheck Protection Program, which gave forgivable loans to businesses, and expanded unemployment benefits, which increased the number of workers who could receive benefits as well as providing an additional \$600 per week in payments. The data for May suggest that 22 million Americans are receiving unemployment benefits—functionally speaking, that is everyone who is unemployed. And with the supplemental payment, anyone who was earning less than \$42,000 per year is actually making more money being unemployed. Beacon Economics continues to forecast a strong, rapid economic recovery. We expect the economy to reach close to pre-virus levels of production by the end of the year and unemployment to decline to the 5% range. The 2020 coronavirus recession will be one of the sharpest and shortest on record.



## CA Total Nonfarm Employment Growth

1.5% | 1.3%

In April 2020, total nonfarm employment in California fell by 2.3 million positions compared to the month earlier. This represents a 13.5% drop in the number of nonfarm jobs in the state over the course of just one month. The number of jobs in California has not been this low since March 2013 – seven years of job gains lost in the blink of an eye. California's Leisure and Hospitality sector led job declines in April, shedding 866,200 positions. This translates into an extraordinary 44% drop in one month for the sector. The state's highest paying sectors have not been immune to lay-offs. In the Professional and Business Services sector, 242,800 (-9%) jobs were shed during the month, and in the Information sector, the number of jobs fell by 40,500 (-7%). The release of national data on June 5, revealed that the national economy added jobs in May, returning a relatively small, but not insignificant, number of employees to work. The expectation is that these national gains will filter through to California, and that employment growth will have also returned to the state in May following April's losses.



## CA Unemployment Rate

2020/21 | 2021/22

4.0% | 4.0%

From March to April, 1.8 million workers were added to the state's unemployment ranks. The number of unemployed workers, at just shy of 3 million, is now the highest on record. At 3.7%, December 2019 marked the best unemployment rate in California history. Four months later, at 15.5%, April 2020 marked the state's worst unemployment rate in more than 80 years. Today, now that stay-at-home health mandates have eased, California's employment picture is brighter than it was in April. We can take comfort in the fact that 75% of the state's unemployed workers report their layoffs as being temporary, and that employment growth returned to the national economy in May.



## CA Median Existing Home Price

\$532,216 | \$564,823

The state's Median Existing Home Price increased 1.5% between the fourth quarter of 2019 and the first quarter of 2020. This represents a year-over-year increase of 6.4%, reaching \$513,250. Current home prices show no effects from the pandemic, especially as national shelter inflation remains elevated – having swiftly recovered in May after a brief dip in April. Home sales, generally a leading indicator of prices, fell by 3,160 in the first quarter, ending the year-long recovery from the mortgage rate spike that occurred in the Fall of 2018. The decline in sales is assuredly due to stay-at-home mandates, but whether its strong enough to move the needle remains to be seen. Beacon Economics will continue to monitor the situation and adjust its forecast accordingly.



## CA Residential Building Permits

126,449 | 131,572

Residential permits in California dipped slightly in the first quarter of 2020. Beyond typical seasonal influences, it appears that the COVID-19 pandemic and related closures have had a small impact, although Beacon Economics does not foresee any drastic shifts on the horizon. Still, the state is in the midst of a housing shortage and this ultimately puts pressure on housing prices and threatens California's labor force.

## Attachment 3

### **HdL Companies**

120 S. State College Blvd., Suite 200  
Brea, CA 92821  
Telephone: 714.879.5000 • 888.861.0220  
Fax: 909.861.7726

California's allocation data trails actual sales activity by three to six months. HdL compensates for the lack of current information by reviewing the latest reports, statistics and perspectives from fifty or more economists, analysts and trade associations to reach a consensus on probable trends for coming quarters. The forecast is used to help project revenues based on statewide formulas and for reference in tailoring sales tax estimates appropriate to each client's specific demographics, tax base and regional trends.

### **Beacon Economics**

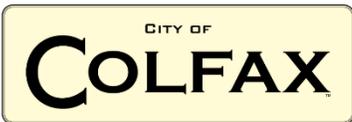
Southern California Office  
5777 West Century Boulevard, Suite 895  
Los Angeles, CA 90045  
Telephone: 310.571.3399  
Fax: 424.646.4660

Beacon Economics has proven to be one of the most thorough and accurate economic research/analytical forecasting firms in the country. Their evaluation of the key drivers impacting local economies and tax revenues provides additional perspective to HdL's quarterly consensus updates. The collaboration and sharing of information between Beacon and HdL helps both companies enhance the accuracy of the work that they perform for their respective clients.



**HdL** Companies

714.879.5000 | [hdlcompanies.com](http://hdlcompanies.com)



# Staff Report to City Council

## FOR THE JULY 8, 2020 REGULAR CITY COUNCIL MEETING

**From:** Wes Heathcock, City Manager  
**Prepared by:** Laurie Van Groningen, Finance Director  
**Subject:** Professional Auditing Services

*Budget Impact Overview:*

<b>N/A:</b> ✓	<b>Funded:</b>	<b>Un-funded:</b>	<b>Amount:</b>	<b>Fund(s):</b>
---------------	----------------	-------------------	----------------	-----------------

**RECOMMENDED ACTION:** Adopt Resolution \_\_-2020 authorizing the City Manager to execute an agreement with Richardson & Company, LLP to provide annual audit services for the fiscal year ending June 30, 2020 with the option to extend the contract for each of two (2) subsequent years in an anticipated amount of \$77,890.

### Summary/Background

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. 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.

The contract with the current independent auditing firm (Richard & Company, LLC) expired with the services provided for the fiscal year ended June 30, 2019. Richardson & Company has served as the City’s auditors for the past thirteen years and has performed well. In keeping with good business practices of periodically soliciting for auditing services, City staff issued a Request for Proposals (RFP) for professional audit services in May 2020. The RFP was:

- Issued to a mail list compiled from previous RFP’s and local search of firms,
- Advertised on the City Website, and
- Advertised on the California Society of Municipal Finance Officers (CSMFO) website.

The City received eleven (11) proposals. After the initial review of proposals, the City Finance Director shortlisted six firms for further consideration in the selection process. The selection committee for final review consisted of the City Manager, City Finance Director, and Accounting Technician. Final review was based on qualifications and desired experience as requested in the RFP:

- License to practice in California
- Independence
- Insurance

- Partner, supervisory, and staff qualifications and experience
- Similar engagements with other Government entities
- Three client references
- Copies of firms last external quality (peer) review report
- Specific audit approach
- Statement as to why the respondent is best qualified to perform the auditing services
- Total fixed price for each year for three consecutive audits
- Hourly rate for partner, supervisor, accounting and clerical staff.

The committee unanimously selected Richardson & Company, LLC for an additional three years based on the criteria listed above. While all the firms appear to be qualified to perform the engagement, the committee concluded that Richard & Company, LLC is the most highly qualified and likely to deliver the best services based on their extensive experience with local government agencies, previous experience with the City, and their cost proposal.

Richardson & Company, LLC has provided excellent professional audit services to the City for the past thirteen (13) years. The committee gave serious consideration to their long standing tenure with the City and the need for periodic rotation. California Government Code Section 12410.6(b) requires local agencies to rotate the lead audit partner after six consecutive years of serving as the agency’s audit partner. The committee concluded that the City would be best served with the retention of Richard & Company, LLC subject to their plan for rotation of the lead audit partner for at least one year.

**Fiscal Impacts**

Not to exceed fee estimates by fiscal year are as follows:

	<b>Fiscal Year 2019-2020</b>	<b>Fiscal Year 2020-2021</b>	<b>Fiscal Year 2021-2022</b>	<b>Total</b>
<b>City-Wide Audit</b>	\$ 18,500	\$ 18,870	\$ 19,350	\$ 56,720
<b>Single Audit*</b>	\$ 4,200	\$ 4,300	\$ 4,400	\$ 12,900
<b>SCO Report</b>	\$ 2,700	\$ 2,750	\$ 2,820	\$ 8,270
<b>Total</b>	\$ 25,400	\$ 25,920	\$ 26,570	\$ 77,890
<b>Additional Single Audit*</b>	\$ 3,000	\$ 3,050	\$ 3,125	
<b>Hourly Rates</b>	\$65 - \$180	\$65 - \$185	\$65 - \$190	\$65 - \$190

*\* Single program/project audits to be completed only as required (>\$750K in Federal Funding expended per program in fiscal year). Estimates are based on one single audit per year – additional single audits to be charged at additional single audit fee listed.*

**Budget Impacts**

The recently adopted budget for fiscal years 2020-2021 and 2021-2022 included \$25,000 annually for professional audit services. The budget is allocated to the following funds:

- Fund 100 – General Fund
- Fund 250 – Transportation/Streets & Roads
- Fund 560/561 – Sewer Enterprise Fund

**Attachments:**

1. Resolution \_\_-2020
2. Richardson & Company, LLP – Technical & Cost Proposal – Professional Auditing Services.

# City of Colfax

## City Council

Resolution No. \_\_-2020

AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT WITH RICHARDSON & COMPANY, LLP TO PROVIDE ANNUAL AUDIT SERVICES FOR THE FISCAL YEAR ENDING JUNE 30, 2020 WITH THE OPTION TO EXTEND THE CONTRACT FOR EACH OF TWO (2) SUBSEQUENT YEARS IN AN ANTICIPATED AMOUNT OF \$77,890.

**WHEREAS**, the City of Colfax is required by federal, state and local statutes to have an annual audit performed of its books and records; and,

**WHEREAS**, City staff issued a Request for Proposal for professional audit services to evaluate available services; and,

**WHEREAS**, Richardson & Company, LLP has performed such services in a satisfactory manner; and

**WHEREAS**, the selection committee recommends a new contract with Richardson & Company, LLP; and,

**NOW THEREFORE, BE IT RESOLVED** by the City Council of the City of Colfax, authorizes the City Manager to execute an agreement with Richardson & Company, LLP to provide annual audit services for the fiscal year ended June 30, 2020 with the option to extend the contract for each of two (2) subsequent years in an anticipated amount of \$77,890 in accordance with the following fee schedule:

	Fiscal Year 2019-2020	Fiscal Year 2020-2021	Fiscal Year 2021-2022	Total
City-Wide Audit	\$ 18,500	\$ 18,870	\$ 19,350	\$ 56,720
Single Audit*	\$ 4,200	\$ 4,300	\$ 4,400	\$ 12,900
SCO Report	\$ 2,700	\$ 2,750	\$ 2,820	\$ 8,270
<b>Total</b>	<b>\$ 25,400</b>	<b>\$ 25,920</b>	<b>\$ 26,570</b>	<b>\$ 77,890</b>
Additional Single Audit*	\$ 3,000	\$ 3,050	\$ 3,125	
Hourly Rates	\$65 - \$180	\$65 - \$185	\$65 - \$190	\$65 - \$190

\* Single program/project audits to be completed only as required (>\$750K in Federal Funding expended per program in fiscal year). Estimates are based on one single audit per year – additional single audits to be charged at additional single audit fee listed.

**THE FOREGOING RESOLUTION WAS DULY AND REGULARLY ADOPTED** at the Regular Meeting of the City Council of the City of Colfax held on the 8th of July 2020 by the following vote of the Council:

**AYES:**

**NOES:**

**ABSTAIN:**

**ABSENT:**

\_\_\_\_\_  
**Marnie Mendoza, Mayor**

**ATTEST:**

\_\_\_\_\_  
**Jaclyn Collier, City Clerk**

**Attachment 2****Technical Proposal for  
Professional Auditing Services**

For the Fiscal Year Ended  
June 30, 2020, 2021 and 2022

**Richardson & Company, LLP**

550 Howe Avenue, Suite 210  
Sacramento, California 95825  
Phone (916) 564-8727  
Fax (916) 564-8728

Contact Person:

**Ingrid Sheipline or Brian Nash**  
[isheipline@richardsoncpas.com](mailto:isheipline@richardsoncpas.com) or [bnash@richardsoncpas.com](mailto:bnash@richardsoncpas.com)

May 29, 2020

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550 Howe Avenue, Suite 210  
Sacramento, California 95825

Telephone: (916) 564-8727  
FAX: (916) 564-8728

May 29, 2020

City of Colfax  
Attn: Jaclyn Collier  
33 South Main Street  
P.O. Box 702  
Colfax, California 95713

Thank you for your interest in our firm and the opportunity to present our proposal to continue serving the **City of Colfax** (the City). We are genuinely enthusiastic about the prospect of continuing to serve you because auditing cities with their unique reporting requirements has developed into one of our firm's major areas of expertise. If given the opportunity, you can be sure that we would serve the City with great care and pride.

#### **OUR UNDERSTANDING OF THE SERVICES TO BE PERFORMED**

We will audit and express an opinion on the fair presentation of the City's financial statements in conformity with generally accepted accounting principles and *Government Auditing Standards* for the years ending June 30, 2020, 2021 and 2022. We will also prepare the financial statements, including printing and binding. In conjunction with our audit, we will also issue a report on internal controls and compliance, a management report and auditor's communication letter. Our audits will include testing of compliance with Proposition 111, Article XIII.B – "Gann Limit". If the City has met the federal funds threshold, we will test compliance with the Single Audit Act as amended in 1996 and the provisions of the Title 2 U.S. Code of Federal Regulations Part 2000, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and prepare the Single Audit Reports. The audits will be conducted in accordance with generally accepted auditing standards, the standards set forth for financial audits contained in *Government Auditing Standards* (1994) issued by the Comptroller General of the United States as revised. We will also prepare the annual report to the State Controller's Office.

#### **OUR COMMITMENT TO PERFORM TIMELY SERVICES**

We have the technical expertise, engagement management skills and staffing resources sufficient to provide you with excellent service and ensure that your reporting deadlines are met. We have consistently planned, scheduled and conducted our audits of the organizations we serve in an efficient and effective manner in order to meet their reporting deadlines.

You have indicated that our reports for the audits shall be issued no later than December 31, and we are committed to perform the services required by that date. To ensure meeting these reporting deadlines, we will begin our preliminary planning in the July/August timeframe. We will commence year-end fieldwork in October or at such time as the books have been closed and all documents and analyses have been completed. We will provide you with a detailed audit plan

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and list of documents and analyses needed for fieldwork no later than one month in advance of our fieldwork date. We will provide the City with the priority and timely service it deserves.

From time to time our clients may need to contact us to ask questions or discuss accounting issues and other matters. We are available through the year to answer questions and encourage our clients to ask questions as the issues surface. We are timely and responsive to our clients' questions and requests for information. We have established a reputation with our clients for quality service, timeliness and professionalism. Accordingly, we have included some of these entities as references in this proposal and we encourage you to contact them.

### **OUR EXTENSIVE EXPERIENCE WITH LOCAL GOVERNMENTS**

In any service organization, it is the people who make the difference. All of our staff have extensive experience auditing governmental entities, including numerous cities. Our team members know and understand the challenges and opportunities confronting governmental entities and our team consists of professionals who have proven their ability to provide auditing and other services to cities and special districts. In addition to serving the City of Colfax, we have provided audit services to most of the cities in the Sacramento area including the Cities of West Sacramento, Chico, American Canyon, Sonoma, Marysville, Ione, Rocklin, Elk Grove, Lincoln, Sutter Creek, Dixon, Folsom, Biggs, Colusa and the Town of Loomis. We have also audited the Transportation Development Act (TDA) funds of the various cities and counties in Sacramento, Yolo, Yuba, Sutter, El Dorado, Placer, Butte, Amador, Calaveras and San Joaquin counties, including the City of Colfax. We have performed numerous audits of special districts with similar reporting requirements as the City, which are conducted in accordance with generally accepted auditing standards. We have extensive experience with preparation of State Controller's Reports, Single Audit Act procedures and reports, letters to underwriters (comfort letters) and preparation and review of Comprehensive Annual Financial Reports (CAFR) for compliance with the GFOA's preparer's checklist in order to receive the Certificate of Achievement for Excellence in Financial Reporting. Having provided all of these services for governmental entities makes us exceptionally well qualified to provide the services you currently request and to provide you with additional services should you request them in the future.

### **LOCAL EXPERIENCED PERSONNEL**

Our firm uses more experienced staff to actually perform the work than is typical of larger and other firms. If our firm is selected, we plan to have managers and above spend at least fifty percent of our total audit time. While larger and other firms may be able to demonstrate significant amounts of experience in the areas of expertise needed to provide the services you require, the specific individuals they actually assign to your engagement may not have the specific experience you need like the team of accountants we will assign to your engagement. The use of more experienced staff will also ensure you will receive quality services. The manager who has served the City in the past will work on-site during the duration of the audit fieldwork and will interact with your fiscal personnel during the audit, as well the other staff assigned to the audit. The audit partner will also spend time on site and will take a "hands on" approach to the engagement. Also, we are local and thus will not incur overnight travel expenses, so we are able to spend more time actually performing audit services than other out of town firms.

### **BENEFITS TO THE CITY OF AUDITOR CONTINUITY VS. ROTATION**

Our selection to continue as your independent accountants would be the best decision you could make because audits are strengthened by audit firm continuity since there is a significant benefit to the audit process in being well acquainted with a client's operations and controls, which

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allows the auditor to focus on the real issues facing the organization. A study conducted by the American Institute of Certified Public Accountants (AICPA) concluded that firm rotation is disruptive, time consuming and increases an organization's overall cost because more internal resources are diverted to the audit effort instead of being directed toward achieving the organization's goals. The study also concluded that experience has shown that audit failure occurs more frequently when a firm is in its first couple of years as auditors. The U.S. General Accounting Office (GAO) was required by the Sarbanes-Oxley Act to study the potential effects of mandatory audit firm rotation. In its report released in late 2003, the GAO concluded that "mandatory audit firm rotation may not be the most efficient way to strengthen auditor independence and improve audit quality considering the additional financial costs and the loss of institutional knowledge of the previous auditor of record, as well as the current reforms being implemented." It went on to say, "The potential benefits of mandatory audit firm rotation are harder to predict and quantify," though the GAO states it is fairly certain there will be additional costs if a mandatory rotation policy were to be adopted.

Auditors are required to gain and document an understanding of the internal control framework as part of the audit planning process. Understandably, this process is especially costly in the first year of an audit engagement, because the auditors are becoming acquainted with and documenting the internal control framework for the first time. A multi-year audit contract has the advantage of allowing auditors to recover these and similar start-up costs over a longer period of time, which can lead to lower overall audit costs. Also, multi-year audit contracts can help create needed continuity in the audit process. Since we have already incurred the first year start-up costs and are well acquainted with the City's operations and controls, our selection to continue as your auditors would provide for better audits with less disruption to the City's staff.

California Government Code Section 12410.6(b) requires local agencies to rotate the lead audit partner after six consecutive years of serving as the agency's audit partner. Thus, we will rotate partners for the 2020 audit to satisfy this requirement. We are proposing that Ingrid Shepline will return to the engagement as the lead audit partner for 2021 because she is the most familiar with the City's operations, has the institutional knowledge the PCAOB and GAO indicated is so crucial to an effective audit and the audit partner rotation requirement will have been fully satisfied. If the City would like to exceed the auditor rotation requirements under the California Government Code, Brian Nash could continue to serve as the City's lead audit partner.

\* \* \* \* \*

Once again, we would like to thank you for the opportunity to discuss our services, present our qualifications, and submit our proposal to serve as independent auditors for the City. For the preceding reasons and many others as outlined in this proposal, we are exceptionally well qualified to provide the City with outstanding services. We have the people, experience and available resources to perform the work within the required time period.

If you have questions, please contact Mr. Brian Nash, Partner, or me by telephone at (916) 564-8727, fax (916) 564-8728, correspondence addressed to 550 Howe Avenue, Suite 210, Sacramento, California 95825 or email sent to [bnash@richardsoncpas.com](mailto:bnash@richardsoncpas.com) or [ishepline@richardsoncpas.com](mailto:ishepline@richardsoncpas.com).

Very truly yours,

RICHARDSON & COMPANY, LLP

*Ingrid M. Shepline*

Ingrid M. Shepline, CPA  
Managing Partner

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**FIRM QUALIFICATIONS AND EXPERIENCE**

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**License to Practice in California**

Richardson & Company, LLP and all assigned key professional staff are properly licensed to practice in the State of California.

**Independence**

The firm is independent of the City as defined by generally accepted auditing standards and U.S. General Accounting Office's *Government Auditing Standards*. The firm has no conflict of interest related to the City. We do have an indirect professional relationship with the City through our contract with the Placer County Transportation Planning Agency whereby we audit the City's Transportation Development Act Funds received and expended, but this relationship does not create an independence issue.

**Insurance**

We maintain professional liability, commercial general liability and bodily injury and automobile liability insurance coverage that we believe meet the levels required by the City.

**Introduction to Our Firm**

Richardson & Company, LLP (successor to Richardson & Company) is a regional CPA firm Richardson & Company, LLP is one of the top 25 firms operating in the Sacramento area since 1991. We have a staff of twenty-seven, including twelve CPAs. We are a certified Micro-Small Business Enterprise by the California Department of General Services and a certified Disadvantage Business Enterprise and Woman-owned Business Enterprise by CalTrans. We provide audit services to governmental entities (cities, water and fire districts, other special districts, regional transportation planning agencies, Transportation Development Act funding recipients and joint powers authorities), nonprofit organizations, financial institutions and bank holding companies, a Securities and Exchange Commission (SEC) registrant, real estate partnerships, a magazine circulation audit and others. We have provided audit services to most of the cities located within the greater Sacramento region, large water and fire special districts such as the Sacramento Suburban Water District and the Sacramento Metropolitan Fire District and several transportation planning agencies including the Sacramento Area, El Dorado, Placer, Amador, Calaveras, Butte and San Joaquin Councils of Governments and their city and county funding recipients. We perform Single Audit Act and compliance audits for both governmental and nonprofit entities. We provide tax services to our audit clients requiring those services.

**Qualifications and Experience of Our Key Personnel**

We have the personnel with the necessary professional qualifications and technical ability to provide you with the quality service you are looking for. As you can see from the resumes of our key personnel, we have developed the proficiency in the accounting principles and standards and governmental and grant compliance auditing to ensure you will receive quality work. Our firm philosophy centers around our commitment to the highest level of quality service - delivered by quality people. We have a history of providing technical excellence through teamwork responsive to clients' needs and expectations. Our commitment to quality results in satisfying the needs of our clients by providing value-added services and attracting and retaining clients of the highest caliber.

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Our key audit executives will participate heavily in the audit of the City. This assures the City will receive a quality audit managed and executed on-site by seasoned professionals, knowledgeable of the government industry. We believe the quality of our services exceeds that of national and other large firms because our audit team uses more experienced professionals to actually perform the work. National and other firms typically rely heavily on senior and staff accountants to perform audit fieldwork with minimal on-site direction from partners or managers. We will have at least one manager in the field during fieldwork to directly supervise staff and the audit partner will be heavily involved as in the past audits of the City. The following resumes outline the qualifications and experience of our key team members.

### Ingrid M. Shepline, CPA (Managing Partner and Audit Partner)

Ingrid serves as our Managing Partner and would be the City's audit partner, except for the 2020 audit, where rotation will be required. She would have overall responsibility for planning, directing and coordinating our services for you. Since significant and timely partner involvement is a cornerstone of our quality control procedures, she will be involved in all phases of our audit work from initial planning through report preparation. Formerly an audit manager with Ernst & Young LLP, she is a Certified Public Accountant with over thirty years of experience. Ingrid has supervised and conducted the fieldwork for a variety of clients including cities, governmental entities, nonprofit organizations, banks, insurance agencies, manufacturers and distributors. She has previously served as the partner on the City of Colfax audit. She has provided audit services to a number of cities, including American Canyon, Marysville, Sonoma, Sutter Creek, Dixon, Rancho Cordova, Colusa, Biggs, Rocklin, Chico, Lincoln, Loomis and Citrus Heights. She has also served many other government agencies including Placer County Transportation Planning Agency and the Transportation Development Act (TDA) funds of the cities within the County, as well as the TDA funds in the counties and cities within El Dorado, Amador, Sacramento, Yolo, Yuba and Sutter counties. While with Ernst & Young LLP, she specialized in governmental entities and grant compliance auditing, and has attended or taught numerous governmental education seminars. She is currently serving or has served almost all of the governmental entities mentioned in the following pages.

Ingrid has a Bachelor of Science degree in accounting with honors from California State University, Sacramento. She is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants, having served on the Board of Directors of the Society's Sacramento Chapter and as a member of the Government and Nonprofit Committee.

### Brian Nash, CPA (Partner and Concurring Reviewer)

Brian is a partner with our firm and would serve as a second, additional or concurring reviewer, if needed. He will also serve as the City's audit partner during the 2020 rotation year to comply with the State requirements. He is a Certified Public Accountant with twenty-seven years of professional accounting and auditing experience and has provided service to a variety of clients, including cities, governmental entities, nonprofits, banks and water agencies. He has served on many City and other government audits, including Cities of West Sacramento, Citrus Heights, Elk Grove, Folsom, Ione, Dixon and American Canyon and has served as audit manager for the Cities of Colusa, Rancho Cordova, Marysville and Biggs, as well as Calaveras County Water District, Sacramento Area County of Governments (SACOG), Sacramento Public Library Authority and Transportation Development Act funds at the counties and cities within Sacramento, Yolo, Yuba, Sutter and Calaveras counties as well as other governmental agencies. Brian received a Bachelor of Science degree in accounting with honors from California State

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University, Sacramento. He is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

### Heidi McLucas, CPA (Audit Senior Manager)

Heidi McLucas is a senior manager with our firm and will work closely with Ingrid in planning, conducting fieldwork and workpaper review. She would work on-site for the entire duration of the fieldwork. Heidi has over fifteen years of experience with our firm and a total of twenty-eight years of accounting experience, including five years as the manager in charge of an H&R block office. She has extensive experience auditing cities and other governmental entities with Richardson & Company, LLP, and federal grant compliance auditing. She has previously served as the manager on the City of Colfax audit. She has served numerous other government agencies including the Cities of West Sacramento, Marysville, Chico and Lincoln, Yolo-Solano Air Quality Management District, Nevada Irrigation District, Wilton Fire Protection District, Sacramento Suburban Water District and others. She has performed Single Audits for a number of cities and other government agencies. Heidi received a Bachelor of Arts degree from Simpson College.

### Eli Paul, CPA, CMA (Audit Supervisor)

Eli, an audit supervisor with our firm, will organize, conduct, review and evaluate field work and will be responsible for the planning and report preparation and review under the direction of Ingrid and Dave. He has nine years of auditing experience and has served a number of governmental agencies, including the City of Citrus Heights, City of Colfax, Sacramento Public Library, Wilton Fire Protection District, Herald Fire Protection District, California Pollution Control Financing Authority and others. Eli received a Bachelor of Science degree in accounting from California State University, Sacramento. He is a member of the American Institute of Certified Public Accountants.

### Other Staff

We would assign senior and staff accountants as needed to the engagement with experience working on cities and governmental audits, since everyone in our firm is required to work on a portion of our previously mentioned audits.

### Our Commitment to Staffing Continuity

Richardson & Company, LLP has proven its ability to attract and retain an excellent professional staff to serve our clients and meet our commitments. We currently have twenty-three professional staff, including twelve CPAs, and four administrative staff. In addition, while national and other firms have high staff turnover rates, which makes it difficult to provide staffing continuity from year to year, our firm has experienced a very low turnover rate. Accordingly, we commit to maintaining a staffing level sufficient in size and experience to successfully complete the audit each year. We consider staffing to be of the utmost importance because of its significant impact on our ability to provide you with outstanding service. We have consistently demonstrated our firm's ability to recruit, train and maintain a quality staff as evidenced by our excellent peer review results for the past twenty-eight years and our ability to consistently attract and serve quality clients.

If selected as your auditors, Ingrid Shepline would have overall responsibility for our services for you. Ingrid would spend a substantial amount of time on site during the audit and will assist with the resolution of any issues. Ingrid would work closely with Heidi and Eli to ensure they have all the resources necessary to provide the City with excellent service. Ingrid Shepline has been with the firm since its inception twenty-eight years ago.

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### Governmental Continuing Professional Education

Our firm regularly attends courses on government accounting and auditing issues and grant compliance auditing and is represented at the California Society of CPA's Sacramento Chapter of the Government Committee to stay abreast of current issues affecting the government industry. Consistent with *Government Auditing Standards*, each of our auditors that are responsible for planning, directing, conducting or reporting on any of our government-related audits completes 80 hours of continuing education and training every two years, including subjects directly related to the government environment and to grant compliance auditing. All personnel that will be assigned to your engagement team have attended governmental training programs. Our governmental training program consists of governmental courses offered by professional societies as well as subscription to a video training service that includes significant issues relating to governmental accounting standards and grant compliance presented by top government experts from throughout the country. We also provide internally developed classes addressing current accounting and auditing issues pertinent to our clients.

### **Similar Engagements with Other Governments**

Key personnel in our firm began their careers with Ernst & Young LLP serving governmental entities and other clients. Since leaving the international CPA firm of Ernst & Young LLP, Joe Richardson (deceased), the founder of Richardson & Company, Ingrid Sheipline, Brian Nash and their team have built a practice oriented toward providing services equal in caliber to those provided by firms operating on a national level. We believe we have the expertise in the governmental field to ensure high-quality service. The following is a list of governmental and governmental-affiliated entities we are currently serving or have served:

- City of Colfax (audit of basic financial statements (BFS), Transportation Development Act (TDA) Fund, federal grant compliance auditing under the Single Audit Act and preparation of State Controller's Report)
- City of Ione (audit of BFS)
- City of West Sacramento (audit of BFS, award-winning Comprehensive Annual Financial Report (CAFR), TDA Fund, Redevelopment Agency and Successor Agency, Flood Control Agency and federal grant compliance auditing under the Single Audit Act)
- City of American Canyon and American Canyon Fire District (audit of BFS, CAFR, TDA Fund and preparation of State Controller's Report)
- City of Citrus Heights (audit of BFS, award-winning CAFR, TDA Fund and federal grant compliance auditing under the Single Audit Act and preparation of State Controller's Report)
- City of Sonoma (audit of BFS, Redevelopment Agency and Successor Agency and preparation of State Controller's Report)
- City of Chico (audit of BFS, award-winning CAFR, Redevelopment Agency and Successor Agency, Public Financing Authority, Joint Powers Authority, TDA Fund and federal grant compliance auditing under the Single Audit Act)
- City of Elk Grove (audit of BFS, award-winning CAFR, TDA Fund and federal grant compliance auditing under the Single Audit Act)
- City of Sutter Creek (audit of BFS and federal grant compliance auditing under the Single Audit Act)

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- City of Lincoln (audit of BFS, Redevelopment Agency, Public Financing Authority, TDA Fund and federal grant compliance auditing under the Single Audit Act)
- City of Marysville (audit of BFS, TDA Fund, Community Development Agency, Levee District and federal grant compliance auditing under the Single Audit Act)
- City of Rocklin (audit of BFS, Redevelopment Agency, Public Financing Authority and TDA Fund)
- City of Dixon (audit of BFS, CAFR, Redevelopment Agency, Public Financing Authority, TDA Fund and federal grant compliance auditing under the Single Audit Act)
- City of Folsom (audit of BFS, Redevelopment Agency, TDA Fund and an award-winning CAFR)
- City of Biggs (audit of BFS and TDA Fund)
- City of Colusa (audit of BFS and federal grant compliance auditing under the Single Audit Act)
- City of Rancho Cordova (audit of BFS, CAFR, TDA Fund and preparation of State Controller's Report)
- Town of Loomis (audit of BFS and TDA Fund)
- City of Napa and City of Marysville AB 1484 Successor Agency compliance agreed-upon procedures
- Local Transportation Funds of the Counties of Sacramento, Sutter, Yolo and Yuba (compliance auditing)
- Sacramento County State Transit Assistance Fund (compliance auditing)
- Counties of Sacramento, Sutter Yolo and Yuba Transportation Development Act Funds
- Cities of Folsom, Rancho Cordova, Galt, Isleton, Sacramento, Davis, Live Oak, Yuba City, Marysville, Wheatland, West Sacramento, Winters and Woodland Transportation Development Act Funds (compliance auditing)
- El Dorado County and City of Placerville Transportation Development Act Funds (compliance auditing)
- El Dorado County Local Transportation and State Transit Assistance Funds (compliance auditing)
- County of Placer and Cities of Roseville, Lincoln, Auburn, Loomis and Colfax Transportation Development Act Funds (compliance auditing)
- County of Butte and Cities of Biggs, Oroville, Gridley, Chico and Paradise (compliance auditing)
- Cities of Escalon, Lodi, Manteca, Lathrop, Ripon and Tracy and County of San Joaquin Transportation Development Act Funds (compliance auditing)
- Sacramento Metropolitan Fire District (audit of BFS, CAFR and federal grant compliance auditing under the Single Audit Act and other special work)
- Sacramento Public Library Authority (audit of BFS)
- Sacramento Metropolitan Cable Television Commission (audit of BFS and preparation of State Controller's Report)

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- Sacramento Transportation Authority (audit of BFS and an award-winning CAFR)
- Auburn Area Recreation and Park District (audit of BFS)
- Nevada County Consolidated Fire District (audit of BFS and preparation of State Controller's Report)
- El Dorado County Emergency Services Authority (audit of BFS)
- Cal Tahoe Emergency Services Authority (audit of BFS)
- Herald Fire Protection District (audit of BFS)
- Pacific Fruitridge Fire Protection District (audit of BFS)
- Wilton Fire Protection District (audit of BFS)
- Stanislaus Consolidated Fire Protection District (audit of BFS and preparation of State Controller's Report)
- Reclamation District 2035 (audit of BFS and preparation of State Controller's Report)
- El Dorado Hills Fire Department (audit of BFS)
- San Luis and Delta-Mendota Water Authority (audit of BFS)
- California Fire Rescue Training Authority (audit of BFS)
- Glenn-Colusa Irrigation District (audit of BFS)
- Calaveras County Water District (audit of BFS)
- Nevada Irrigation District (audit of BFS, an award-winning CAFR and preparation of State Controller's Report)
- Yolo-Solano Air Quality Management District (audit of BFS)
- San Juan Water District (audit of BFS, award-winning CAFR and State Controller's Report)
- Amador Transit (audit of BFS and federal grant compliance auditing under the Single Audit Act)
- Amador County Transportation Commission (audit of BFS)
- Cosumnes (formerly Elk Grove) Community Services District (audit of BFS and an award-winning CAFR)
- Sacramento Regional Fire/EMS Communication System (audit of BFS)
- Citrus Heights Water District (audit of BFS and preparation of State Controller's Report)
- El Dorado Irrigation District (audit of BFS, an award-winning CAFR and single audit)
- South Feather Water and Power (audit of BFS)
- Tri-Dam Project and Tri-Dam Power Authority (audit of BFS and preparation of State Controller's Report)
- Florin Resource Conservation District (includes Elk Grove Water District) (audit of BFS and CAFR)
- South San Joaquin Irrigation District (audit of BFS and federal grant compliance auditing under the Single Audit Act)
- Oakdale Irrigation District (audit of BFS and CAFR)

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- Tuolumne Utilities District (audit of BFS and preparation of State Controller's Report)
- Mountain House Community Services District (audit of BFS)
- Amador Water Agency (audit of BFS)
- Carmichael Water District (audit of BFS and preparation of State Controller's Report)
- Fair Oaks Water District (audit of BFS, award-winning CAFR and other special work)
- Sacramento Suburban Water District (audit of BFS, award-winning CAFR and other special work)
- Merced Irrigation District (audit of BFS and preparation of State Controller's Report)
- Solano County Water Agency (audit of BFS and State Controller's Report)
- Yuba County Water Agency (audit of BFS)
- Del Paso Manor Water District (audit of BFS)
- South Sutter Water District (audit of BFS)
- Yolo County Local Agency Formation Commission (audit of BFS)
- American River Flood Control District (audit of BFS)
- Rio Linda/Elverta Community Water District (audit of BFS)
- South Yuba Water District (audit of BFS and preparation of State Controller's Report)
- Yolo County Flood Control and Water Conservation District (audit of BFS)
- Yolo Subbasin Groundwater Agency (audit of BFS)
- Yolo Emergency Communications Agency (audit of BFS)
- California Pollution Control Financing Authority (audit of BFS)
- State Water Project Contractors Authority (audit of BFS and preparation of State Controller's Report)
- El Dorado County Transportation Commission (audit of BFS and preparation of State Controller's Report)
- El Dorado County Transit Authority (audit of BFS and federal grant compliance auditing under the Single Audit Act)
- Placer County Transportation Planning Agency (audit of BFS and preparation of State Controller's Report)
- Lassen County Transportation Commission (audit of BFS)
- Lassen Transit Services Agency (audit of BFS)
- Transport System of the University of California at Davis (audit of BFS, preparation of State Controller's Report and federal grant compliance auditing under the Single Audit Act)
- Sacramento Area Council of Governments (compliance auditing)
- Yuba-Sutter Transit Authority (audit of BFS and federal grant compliance auditing under the Single Audit Act)
- Yolo County Transportation District (audit of BFS and federal grant compliance auditing under the Single Audit Act)

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- Paratransit, Inc. (audit of BFS and federal grant compliance auditing)
- Marin County Transit District (audit of BFS and federal grant compliance auditing under the Single Audit Act)
- Calaveras Council of Governments (audit of BFS)
- Butte County Association of Governments (audit of BFS and federal grant compliance auditing under the Single Audit Act)
- Regional Water Authority (audit of BFS)
- Sacramento Groundwater Authority (audit of BFS)
- Delta Conveyance Finance Authority (audit of BFS)
- Courtland Fire Protection District (audit of BFS and federal grant compliance auditing under the Single Audit Act)
- California State Assistance Fund for Enterprise, Business and Industrial Development (audit of BFS and federal grant compliance auditing under the Single Audit Act)
- San Joaquin Council of Governments (audit of BFS, award-winning CAFR and federal grant compliance under the Single Audit Act)
- San Joaquin County Local Transportation Fund and State Transit Assistance Fund (compliance auditing)
- San Joaquin Regional Transit District (compliance auditing)
- Association of California Healthcare Districts - The Alpha Fund (workers compensation risk pool for rural hospitals) (audit of BFS and State Controller's Report)
- Funds and accounts of the California Department of Water Resources on behalf of a large Southern California water agency, including special analyses and projects related to its contract with the State
- Funds and accounts of the U.S. Bureau of Reclamation (USBR) on behalf of the Central Valley Project Water Association and various water districts including Santa Clara Valley Water District, East Bay Municipal Utility District, Contra Costa Water District, Sacramento Municipal Utility District and Placer County Water Agency

The services we provide to our government and other clients prove that we have the ability to provide the services that the City requires. Examples of these services include the following:

- We conduct the audits of the basic financial statements of numerous cities and special districts, including water and fire districts. Our experience performing these audits of basic and special purpose governmental financial statements has made us thoroughly familiar with the application of generally accepted governmental accounting principles.
- We have provided the Cities of West Sacramento, Elk Grove, Chico, American Canyon, Citrus Heights, Folsom, Rancho Cordova and Dixon and the Cosumnes (formerly Elk Grove) Community Services District, Sacramento Metropolitan Fire District, Fair Oaks Water District, Oakdale Irrigation District, Florin Resource Conservation District, San Juan Water District and San Joaquin Council of Governments with extensive assistance in the preparation of their CAFR, including the first CAFR the City of Rancho Cordova, Sacramento Metropolitan Fire District, Florin Resource Conservation District, Consumes (formerly Elk Grove) Community Services District and San Joaquin Council of Governments had ever prepared.

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- We have provided federal compliance auditing services to numerous entities, including the Cities of Elk Grove, Chico, Colfax, West Sacramento, Citrus Heights, Marysville and Colusa, El Dorado Irrigation District, Yolo County Transportation District, El Dorado County Transit Authority, Marin County Transit District, Courtland Fire Protection District, Yuba-Sutter Transit Authority, the Transport System of the University of Davis and Paratransit and to several nonprofit organizations receiving federal grants that must also comply with *Government Auditing Standards* and the Single Audit Act, which are the same standards that apply to the City.

In addition, our key team members have gained extensive governmental accounting and auditing experience in their previous positions with Ernst & Young LLP, including the following:

- Provided auditing services to numerous state and local government units that face the same unique governmental accounting and auditing aspects as the City such as multifund structure, extensive reporting requirements, basis of accounting, and budgetary and other legal compliance requirements. These entities include the California Department of Water Resources Enterprise Fund, Sacramento County, Solano County Private Industry Council, City of Woodland, City of Lodi and California Housing Finance Agency. The audits of Sacramento County and City of Woodland also involved the preparation of award winning CAFRs.
- Established an audit approach for testing for compliance with federal, state and local grant requirements, including application of the Single Audit Act, for Sacramento County, City of Lodi and California Housing Finance Agency.

### **Quality Control and Peer Review**

We are a member of the Center for Audit Quality of the American Institute of Certified Public Accountants (AICPA) and participate in the AICPA National Peer Review Program. We are registered with the Public Company Accounting Oversight Board (PCAOB) created by the Sarbanes-Oxley Act to inspect firms that audit SEC registrants. All firms that join the Center for Audit Quality agree to adhere to published quality control standards and submit to peer reviews and inspections of their practice every three years. We have passed all nine of our peer reviews with a “clean opinion” and three PCAOB inspections. The nine peer reviews cover the entire period our firm has been in existence. Our latest peer review is included on page 14. All of our peer reviews have included the review of specific government engagements.

The quality control policies for our auditing practice are described in detail in our firm’s Quality Control Document. All employees and members of our firm are provided with a copy of our Quality Control Document and are responsible for understanding, implementing and adhering to these policies and procedures. Our policies and procedures cover each of the following six elements of quality control: 1) Leadership, 2) Relevant Ethical Requirements, 3) Acceptance and Continuance of Clients and Engagements, 4) Human Resources, 5) Engagement Performance and 6) Monitoring. The adequacy of our quality control system and our compliance with that system are independently evaluated every three years through a peer review.

We also demonstrate our commitment to providing quality service in many other ways, including:

- Organizing, staffing, and managing engagements to provide for appropriate levels of technical competence, experience, supervision and review.

## Attachment 2

- Undertaking quality control reviews of selected engagements to assure compliance with professional standards.
- Recognizing our obligation to the public as well as to our clients.
- Conducting engagements in accordance with clients whose concern for reputation and integrity is similar to our own.
- Promoting the growth of our firm primarily by referrals from existing clients satisfied with the quality of our services.

In addition to excellent peer review and inspection results, other examples of our commitment to quality include:

- Assisting numerous governmental entities with receiving the Certificate of Excellence in Financial Reporting awarded by the Government Finance Officers Association, including five that received the award on the first attempt.
- Engaging a nationally recognized accounting consultant who has authored several accounting and reporting manuals, including those dealing with SEC matters, as technical support for our firm in addition to the support customarily available through the American Institute and California Society of CPAs.
- Engaging a partner and Director of Audit and Banking Practices for a large midwestern firm to serve as the concurring reviewer for our SEC registrant bank as well as providing consultation with respect to audit and accounting issues for other clients. He has extensive experience auditing banks and public companies as result of more than twenty years with Ernst & Young, KPMG and his current firm.
- Auditing the California Department of Water Resources on behalf of a large Southern California water agency for the past thirty years, including twelve years while key personnel in our firm were with Ernst & Young. The Agency is a consortium of twenty-six cities and water districts serving nearly nineteen million people in the Los Angeles and San Diego areas. It is the largest water district in the world. This large, complex audit of the multi-billion dollar State Water Project managed by the California Department of Water Resources is on a scale and nature as to rarely be performed by other than “Big Four” international CPA firms.
- Performing several special investigative audits for governmental special districts that have received extensive statewide news media attention. Being selected several times to conduct this special audit work demonstrates that our firm has the resources and expertise to successfully complete difficult, unusual auditing projects in a timely manner. Our investigations discovered several problems and our audit results were made public by the districts involved. The FBI, IRS and district attorney’s office subpoenaed our workpapers to assist them with their investigations. We have testified in federal court and given depositions related to this work which, in certain cases, resulted in managers and assistants serving federal prison sentences.
- Preparing audited financial statements and other information for inclusion in several public offering documents reviewed by the SEC and other CPA firms, including Big Four firms, with minimal insignificant changes.
- Preparing audited financial statements reviewed by the State Board of Accountancy without change.

**Attachment 2****PEER REVIEW REPORT**

CPAs &amp; BUSINESS ADVISORS

**Report on the Firm's System of Quality Control**

July 17, 2018

To the Partners of Richardson & Company, LLP  
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Richardson & Company, LLP (the firm) in effect for the year ended March 31, 2018. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards). A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

**Firm's Responsibility**

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

**Peer Reviewer's Responsibility**

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

**Required Selections and Considerations**

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

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

**Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of Richardson & Company, LLP in effect for the year ended March 31, 2018, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Richardson & Company, LLP has received a peer review rating of *pass*.

*Eide Bailly LLP*  
Eide Bailly LLP

**What inspires you, inspires us. [eidebailly.com](http://eidebailly.com)**

400 Pine St., Ste. 600 Abilene, TX 79601-5190 T 325.672.4000 TF 800.588.2525 F 325.672.7049 EOE

## Attachment 2

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### REFERENCES

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We have emphasized throughout our proposal that Richardson & Company, LLP provides quality service. Please feel free to contact any of these clients to confirm our ability to provide the type of services you are seeking.

- Name of reference entity: City of West Sacramento, California
- Name of principal contact, title: Claire Connor, Finance Manager  
[clairec@cityofwestsacramento.org](mailto:clairec@cityofwestsacramento.org)
- Address and phone number: 1110 West Capitol Avenue, 3rd Floor  
 West Sacramento, California 95691  
 (916) 617-4582
- Services performed: Audit of the financial statements in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Single Audit Act. Preparation of the Comprehensive Annual Financial Report for submission to the GFOA's certificate program. GFOA Certificate of Achievement was awarded. Audit includes the Port of Sacramento blended component unit, the Redevelopment Successor Agency, the West Sacramento Area Flood Control Agency and the Gann limit. We also perform Transportation Development Act compliance auditing.
- Completion dates: Audits completed for the years ended June 30, 2005 through 2007 and 2013 through 2018.
- \* \* \* \* \*
- Name of reference entity: City of Sonoma, California
- Name of principal contact, title: Susan Casey, Assistant City Manager  
[scasey@sonomacity.org](mailto:scasey@sonomacity.org)
- Address and phone number: No. 1 The Plaza  
 Sonoma, California 95476  
 (707) 933-2215
- Services performed: Audits of the financial statements in accordance with generally accepted auditing standards, *Government Auditing Standards*. Preparation of the basic financial statements. Audit includes the Gann Limit.
- Completion dates: Audits completed for the fiscal years ended June 30, 2017 and 2018. Audit for 2019 is in process.

\* \* \* \* \*

**Attachment 2**

Name of reference entity: City of American Canyon, California

Name of principal contact, title: Susan Presto, Accounting Supervisor  
[spresto@cityofamericancanyon.org](mailto:spresto@cityofamericancanyon.org)

Address and phone number: 4381 Broadway, Suite 201  
American Canyon, California 95403  
(707) 647-4362

Services performed: Audit of the financial statements and CAFR in accordance with generally accepted auditing standards, *Government Auditing Standards*. Preparation of the CAFR. Audit included the Gann Limit.

Completion dates: Audit completed for the years ended June 30, 2012 through 2019.

\* \* \* \* \*

Name of reference entity: Placer County Transportation Planning Agency, (audits of PCTPA's financial statements including the Cities of Auburn, Colfax, Lincoln, Rocklin and Roseville, Town of Loomis and the County of Placer TDA)

Name of principal contact, title: Shirley LeBlanc, Fiscal/Administrative Officer  
[sleblanc@pctpa.net](mailto:sleblanc@pctpa.net)

Address and phone number: 299 Nevada Street  
Auburn, California 95603  
(530) 823-4034

Services performed: Audit of the financial statements of transit agencies and the special purpose financial statements of the TDA funds of the counties and municipalities listed above in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Single Audit Act, where applicable. The audits included testing for compliance with the Transportation Development Act.

Completion dates: Audits completed for the years ended June 30, 2014 through 2019.

## Attachment 2

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### SPECIFIC AUDIT APPROACH

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Our extensive experience in auditing ensures that we will concentrate on those areas of highest risk and plan and coordinate our work with management. We will not waste your time and resources by auditing areas that have no material risk to the financial statements. We will perform an assessment of the internal controls for the purpose of determining the procedures necessary to perform our audit, and any recommended enhancements to internal controls that we note during our audit will be communicated to management.

#### Scope of Services

We understand that the City requires an audit of its basic financial statements, including the preparation of the financial statements, for the fiscal years ended June 30, 2020, 2021 and 2022 including all procedures necessary for the issuance of an opinion regarding the fairness of the presentation of the financial statements in conformity with generally accepted accounting principles. The audits are to be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants (AICPA), standards for financial audits provided in the U.S. General Accounting Office's *Government Auditing Standards*, the provisions of the Single Audit Act of 1996 and the provisions of the Title 2 U.S. Code of Federal Regulations Part 2000, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) (formerly OMB Circular A-133) and the applicable laws, rules and regulations. These services will include the following:

1. Perform an audit of the Government-Wide Financial Statements of the City of Colfax in conformity with generally accepted accounting principles and issue a report on the fair presentation of the financial statements.
2. Evaluate internal controls sufficient to determine the nature and extent of procedures to perform and issue reports on internal control and compliance and management letter, if applicable.
3. Apply limited audit procedures to Management's Discussion and Analysis (MD&A) and required supplementary information.
4. Prepare the basic financial statement section of the City's financial statements.
5. Issue a report on internal control and compliance based upon the audit of the City's financial statements in accordance with *Government Auditing Standards*.
6. If federal expenditures exceed \$750,000 during the year, perform a Single Audit on the expenditures of federal grants in accordance with Uniform Guidance and render the appropriate reports on compliance with Requirements Applicable to each Major Program, Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards in Accordance with Uniform Guidance.
7. Prepare a management letter addressed to the City Council of the City of Colfax setting forth recommendations (as applicable) for improvements in the City's accounting systems.
8. Test compliance with Proposition 111, Article XIII.B – Review of Appropriation Limit Calculations.

**Attachment 2**

9. Preparation of Annual Financial Transactions Report to the State Controller by the due date.
10. 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.
11. We will communicate in a letter to the City Manager and Finance Officer any reportable conditions found during the audit. We will also make immediate, written notification to the City Manager and the Finance Officer of all irregularities and illegal acts or indications of illegal acts of which they become aware.
12. Prepare SF-SAC Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations for filing with the Federal Audit Clearinghouse.
13. Prepare any other reports to the governing body as may be required by the generally accepted auditing standards.
14. Adjusting journal entries will be discussed and explained to the Finance Officer personnel prior to recording and will be provided in a format that shows the lowest level of posting detail needed for data entry into the general ledger systems.
15. Attend City Council meeting when financial statements are presented for approval.

**Audit Approach**

Our audit approach to this engagement is divided into three stages as follows:

Initial Planning: We believe that a smoothly-run audit is based upon the early identification and resolution of reporting and auditing issues. Due to the extensive knowledge gained through auditing the City of Colfax, other cities and other governmental organizations, we will identify such issues in a timely manner and obtain a better understanding of your organization and the external and internal environments in which the City operates. We will examine significant contracts and agreements to determine the effect on the nature and extent of the auditing procedures and to determine laws and regulations subject to test work. Our familiarity with laws and regulations affecting cities, including those related to grant funding received, will also be used as a resource for determining the extent of testing needed. We will meet with your personnel to update our understanding of your internal control structure policies and procedures and to document the flow of information through the accounting system, including how the computer is used to process data, and prepare walkthrough questionnaires with the assistance of your staff.

In order to update our understanding of the City's accounting processes, including internal controls that are in place, we will provide the City with a list of questions and will meet with City personnel to discuss them. We will walk through controls over receipts, disbursements and payroll transactions while performing tests of controls and will update our documentation from our previous audits. We will also determine the provisions of any and all federal and state and county orders; statutes; ordinances; charters; bond covenants; administrative code or other rules and regulations that have a significant financial impact on the City. We will also review budgets, organization charts and any accounting procedures manuals to obtain an understanding of the City. We will evaluate information from other financial and management information systems used by the City to determine the potential use of the information from these systems in the audit process.

## Attachment 2

Program Development: Our risk assessment and evaluation of internal controls will provide the basis for determining the nature, timing and extent of audit procedures for specific transactions and accounts. Our approach to planning the audit will be in accordance with Statement of Audit Standard (SAS) Nos. 104 through 111, as updated by 122 through 125. Accordingly, we will focus on obtaining an understanding of the control environment, risk assessment, information and communication, and monitoring components. We will document the City's control environment and will perform a walkthrough of significant areas to assess control risk for the purpose of planning our substantive tests. We will perform additional testing of internal controls as needed based on our risk assessment. An overall audit program is the end product of our initial planning. The primary purpose of this phase of our audit approach is to assess the likelihood of material error in the accounts and transactions and to determine the most cost effective and cost efficient mix of audit procedures. In developing the audit program, our aim will be to:

- Provide a complete audit program for all important financial statement amounts.
- Eliminate redundant audit procedures.
- Use audit procedures that accomplish more than one purpose.

Our audit approach is based on an analysis and understanding of the external and internal risk currently facing the organization we are auditing. Risk analysis enables us to design the most effective and efficient audit program, which evaluates and includes audit tests in relation to the size and probability of these risks. This approach provides us with a uniform method for developing and documenting the basis for our audit program. We will use the City's budget to evaluate the need for committed and assigned fund balances as well as to perform analytical procedures for comparison to actual revenues and expenditures.

We provide our clients with a detailed list of items needed during the audit well in advance to allow for sufficient time to gather the information. This approach minimizes disruption to City staff during the course of the audit. We have a portal available that the City can upload documents to electronically.

Program Execution: During this stage of our audit, we will perform the tests of transactions processed through the accounting system, direct tests of account balances and tests of compliance with laws, regulations and contracts. We plan to use either random or systematic sample selection methods to perform such tests. We will utilize analytical procedures in all areas of the audit, especially revenues and expenses. We will perform all requested tasks as one integrated engagement and will schedule the timing of our field work so that there will be minimal disruption of the day-to-day operations. We will utilize computer software during the engagement, including during the on-site fieldwork, for all workpaper preparation and for developing the lead schedules and trend analysis reports used in the audit process.

We will use analytical review over receivables, liabilities, revenues and expenditures by comparing balances to the prior year and will analyze the mix and current portion of compensated absences for propriety. The analytical review will assist us in identifying areas of risk for which substantive procedures will be performed. However, we believe analytical procedures alone will not identify all potential significant misstatements and will detail test certain balance sheet and income statement accounts that our experience has shown are frequently misstated, such as certain receivables, subsequent payments that may need to be accrued as liabilities, cut-off of grant revenues and classification of restrictions and commitments of fund balance.

## Attachment 2

The work plan below was developed with your deadlines in mind. Upon selection as your independent accountants, we will meet with you, and together we will determine a specific timetable which ensures minimal disruption of your employees. As can be seen from the following work plan, the service team is composed in such a way that each member has adequate supervision and technical support.

### Work Plan

Task	Timing	Estimated Hours				Total
		Partner	Managers	Senior	Staff	
<b>Audit Planning:</b>						
Begin audit planning process	May/June	5	10		5	20
Internal control/systems documentation and evaluation						
Develop audit programs						
Prepare audit assistance package and confirmation letters						
Risk assessment						
<b>Compliance and Internal Control Testing</b>						
Tests of transactions for cash receipts, disbursements, payroll	October		5	8	8	21
Tests of compliance with laws, regulations and contracts						
<b>Substantive Testing:</b>						
Cash and investments	October	20	55	32	22	129
Revenue and receivables						
Payroll and related liabilities						
Expenses for goods and services and related liabilities						
Capital assets						
Long-term liabilities						
Equity and other credits						
<b>Reporting and Wrap-up:</b>						
Prepare financial statements and audit reports	October/November	10	20	10	10	50
Draft financial statements	Late November					
Delivery of final reports	No later than December 31					
Total Annual Audit Hours		35	90	50	45	220

Our audit will be planned so that delivery of all required reports will be accomplished in a timely manner. We believe that the staffing of the audit is sufficient to ensure the timely completion of the audit and to ensure that the work is properly supervised. We would work closely with management to ensure that we provide timely services consistent with your requirements. We will prepare the financial statements consistent with professional standards and your needs and will review the drafts of all of our reports with you prior to finalization.

Our firm philosophy centers around our commitment to the highest level of quality service--delivered by quality people. Our tradition of providing technical excellence through teamwork responsive to clients' needs and expectations--and doing so to the very best of our ability--requires that our single focus be on quality. Our commitment to quality results in:

- Satisfying the City's needs by providing value-added services.
- Attracting and retaining clients of the highest caliber.
- Providing personal satisfaction and opportunity for professional growth for every member of our organization.

## Attachment 2

Some of the specific benefits the City will realize from our audit approach include:

Ongoing Communications with Management--We will work closely with you to resolve issues and serve as the City's advisor on a timely basis. We do not take dogmatic, unyielding positions, and will keep the lines of communications open. We understand the concepts of materiality and will work with City personnel on all issues with materiality in mind. Members of our engagement team will be readily available to answer the City's questions and to respond to the City's needs.

Relevant and insightful suggestions--Our plan and approach requires us to obtain a complete knowledge of the City's operating environment and accounting systems. This will position us well as an "advisor" to City management.

Less disruption to the City--Our audit plan will result in the most effective and efficient combination of internal control and account balance testing. This will eliminate duplicate procedures and unnecessary tasks, minimizing the necessary number of auditors and, consequently, result in less disruption of City personnel. Our experience auditing the City in the past results in us already having permanent file and documentation of internal controls that will only need to be updated, which will save City staff time.

## Attachment 2

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### WHY WE ARE BEST QUALIFIED

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Richardson & Company is the best qualified to perform the auditing services required by the City for the following reasons:

- Our selection to continue as your independent accountants would be the best decision you could make because audits are strengthened by audit firm continuity since there is a significant benefit to the audit process in being well acquainted with a client's operations and controls, which allows the auditor to focus on the real issues facing the organization, as discussed in studies conducted by the American Institute of Certified Public Accountants (AICPA) and the U.S. General Accounting Office (GAO).
- Auditors are required to gain and document an understanding of the internal control framework as part of the audit planning process. Understandably, this process is especially costly in the first year of an audit engagement, because the auditors are becoming acquainted with and documenting the internal control framework for the first time. Since we have already established the start-up documentation of the City's operations and controls, our selection to continue as your auditors would provide for less disruption to the City's staff.
- Our firm uses more experienced staff to actually perform the work than is typical of larger and other firms. Managers and above spend over fifty percent of our total audit time. Ingrid Shepline has served as your engagement partner for the past thirteen years. As in past audits, she is hands-on and will continue to work on-site for the duration of fieldwork. The managers, Heidi McLucas has also been assigned to the City audit for the past seven years and Eli Paul has been assigned to the City audit for the past three years. These same individuals would continue to serve the City if we are selected, except that we would rotate partners for at least the 2020 audit to meet State requirements. This continuity of staff assigned to your audit will ensure minimal disruption to the City to train new auditors and will ensure a quality audit.
- We have a thorough audit approach that focuses on substantive testing of the City's accounts. Some firms provide lower cost audits by performing mostly analytical review procedures and the evaluation of internal controls instead of performing substantive testing of account balances. Our thorough approach ensures material misstatements are detected, which should provide a level of comfort to management and the City Council.

This proposal summarizes the key reasons why you will benefit from selecting us as your accountants as well as the background and resources of our firm, the experience and qualifications of the people who will work with you, the scope of services to be provided and our fee estimate. We are a solution to the need for high quality services priced at a reasonable cost and are an excellent alternative to large national and regional firms because of the expertise we gained as a result of our past international Big-Four firm experience and due to our firm's proven ability to serve our government and other clientele. The quality of our services exceeds that of national and other firms because our team uses more experienced professionals to actually perform the work and our rates are more competitive due to having lower local and national overhead. You will receive quality, thorough and timely service from us. If given the opportunity, we are confident in our ability to meet and exceed your expectations. We believe that selecting us as your auditors would be the best decision you could make.

**Attachment 2****Cost Proposal for  
Professional Auditing Services**

For the Fiscal Years Ended  
June 30, 2020, 2021 and 2022

**Richardson & Company, LLP**

550 Howe Avenue, Suite 210  
Sacramento, California 95825  
Phone (916) 564-8727  
Fax (916) 564-8728

**Ingrid Sheipline or Brian Nash**  
[isheipline@richardsoncpas.com](mailto:isheipline@richardsoncpas.com) or [bnash@richardsoncpas.com](mailto:bnash@richardsoncpas.com)

May 29, 2020

## Attachment 2

### PROFESSIONAL FEES

Our goal is to provide quality service using the highest professional standards at a reasonable cost. We plan each assignment carefully and set a time budget for each phase of the engagement. All of our staff are well indoctrinated in the need to use their time to the fullest efficiency.

Since Richardson & Company consists primarily of experienced auditors, you can be sure that you will receive the experience level and quality of service you expect. Our firm will bring to the audits strong technical backgrounds, government accounting expertise and outstanding engagement management skills.

#### Total All-Inclusive Maximum Price, Rates by Level and Out-of-pocket Expenses

Our cost proposal contains all pricing information relative to performing the audit engagement as described in the Request for Proposal. The rates by staff classification level times the anticipated hours for each fiscal year are included in the total all-inclusive maximum price. Our total all-inclusive maximum price contains all direct and indirect costs, including out-of-pocket expenses. Therefore, our fees are all inclusive and represent a not to exceed amount. A summary of our fee estimate by task is as follows:

Services	2020	2021	2022
City-Wide Audit	\$ 18,500	\$ 18,870	\$ 19,350
Preparation of financial statements	included	included	included
Preparation of State Controller's Report	2,700	2,750	2,820
Total Maximum Cost	<u>\$ 21,200</u>	<u>\$ 21,620</u>	<u>\$ 22,170</u>

The breakdown of our fee by classification is as follows:

Classification	Hours Per Year	Hourly Rates	Fee
Partner	35	\$ 180	\$ 6,300
Managers	90	150	13,500
Senior	50	110	5,500
Staff	45	90	4,050
	<u>220</u>		<u>29,350</u>
Discount			<u>(10,850)</u>
Total audit fees, June 30, 2020			<u>\$ 18,500</u>

The fees above do not include auditing federal award programs in conformance with Title 2 U.S. Code of Federal Regulations Part 200 (formerly OMB A-133). If federal awards expended exceed \$750,000, an audit of federal awards will be required. We estimate our fee will be \$4,200, \$4,300 and \$4,400 for auditing one major program for fiscal years 2020, 2021 and 2022, respectively. Additional major programs will be billed at \$3,000, \$3,050 and \$3,125 per major program for fiscal years 2020, 2021 and 2022, respectively.

## Attachment 2

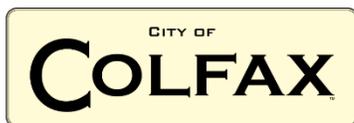
These estimates do not take into consideration changes in the scope of the audit that increase audit hours due to changes in accounting or auditing pronouncements and standards, laws or regulations, the loss of key accounting personnel, material weaknesses in the internal control environment, or significant changes in the scope of the City's operations. We will discuss a new fee estimate with the City if such events occur.

**Should you have any questions about the details of our fees, or should our fees not appear competitive with those of the other firms, we would appreciate an opportunity to discuss them with you before you make your final decision.**

### **Rates for Additional Professional Services**

If it should become necessary for the City to request that we render any additional services to either supplement the services requested in the RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the City and the firm. Any such additional work agreed to between the City and the firm shall be performed at the following rates.

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Partner	\$ 180	\$ 185	\$ 190
Senior Managers	160	165	170
Managers	150	155	160
Supervisors	130	135	140
Seniors	110	113	116
Staff	90	92	95
Administrative Staff	65	65	65



# Staff Report to City Council

## FOR THE JULY 8, 2020 REGULAR CITY COUNCIL MEETING

**From:** Wes Heathcock, City Manager  
**Prepared by:** Larry Wing, City Engineer  
**Subject:** Contract Award for Replacement of Two (2) Sanitary Sewer Manholes on Kneeland Street – Simpson & Simpson Inc.

*Budget Impact Overview:*

<b>N/A:</b>	<b>Funded:</b> ✓	<b>Un-funded:</b>	<b>Amount:</b> \$25,990	<b>Fund(s):</b> 365
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**RECOMMENDED ACTION:** Adopt Resolution \_\_\_ - 2020 authorizing the City Manager to execute a construction contract to Simpson & Simpson, Inc. in the amount of \$21,658.00 and authorize the City Manager to execute 20% change order authority in a total amount not to exceed \$25,990 for Replacement of Two (2) Sanitary Manholes on Kneeland Street.

### Summary/Background

The Shadow Wood Place subdivision is currently under construction with its entrance located off Kneeland Street. As part of the Conditions of Approval for the subdivision, the developer is required to construct frontage improvements along Kneeland Street immediately adjacent to the subdivision. There are two (2) existing sanitary sewer manholes located along Kneeland Street in front of the Shadow Wood Place subdivision. The developer is required to raise the manhole covers to meet the elevation of the new improvements.

The City has previously reviewed the condition of these manholes, especially as it relates to the potential for stormwater or groundwater to infiltrate into the manhole. This review determined that these two manholes are in a compromised condition and have the potential for significant stormwater and/or groundwater to leak into the manhole. City staff believes it is prudent to replace these two manholes at this time as replacement now will be much cheaper than in the future when existing roadway surfaces would have to be removed and replaced to accommodate the two manhole replacements.

Staff obtained two quotes to accomplish the necessary work from two contractors. The first is Koslin Construction Inc., who is the contractor doing the underground utility work for the Shadow Wood Place Subdivision. And the second is Simpson & Simpson, Inc. a reputable contractor who has previously provided construction services to the City. The lowest price quoted was from Simpson and Simpson, Inc. in the amount of \$21,658.00. Staff is recommending that Simpson & Simpson, Inc. be awarded the construction contract in the amount of \$21,658.00 and authorize the City Manager to execute change orders in a total amount not to exceed \$25,990.

### Fiscal Impacts

Staff recommends that the project be funded from Kneeland Street Project, Fund 365 in a total amount not to exceed \$25,990.

### Attachments:

1. Resolution \_\_\_ - 2020
2. Construction Contract

# City of Colfax

## City Council

Resolution No. \_\_-2020

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AUTHORIZING THE CITY MANAGER TO EXECUTE A CONSTRUCTION CONTRACT TO SIMPSON & SIMPSON, INC. IN THE AMOUNT OF \$21,658 AND AUTHORIZE THE CITY MANAGER TO EXECUTE 20% CHANGE ORDER AUTHORITY IN A TOTAL AMOUNT NOT TO EXCEED \$25,990 FOR REPLACEMENT OF TWO (2) SANITARY MANHOLES ON KNEELAND STREET

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**WHEREAS**, there are two (2) sanitary sewer manholes located on Kneeland Street that are within the frontage improvement requirements of the Shadow Wood Place subdivision; and,

**WHEREAS**, the Shadow Wood Place subdivision is required to raise the grade of the manhole covers to match the new improvement elevations; and,

**WHEREAS**, the City has previously reviewed the existing condition of these manholes and determined that both of them are in poor condition and exhibit the potential for stormwater or groundwater to infiltrate into the manholes and therefore should be replaced soon; and,

**WHEREAS**, replacing these manholes now will save the City money as replacement in the future will necessitate road repairs now required at this time; and

**WHEREAS**, City staff obtained two bids to have these manholes replaced with the lowest responsive cost proposal from Simpson & Simpson, Inc. in the amount of \$21,658.

**NOW THEREFORE, BE IT RESOLVED** the City Council of the City of Colfax authorizes the City Manager to execute a construction contract with Simpson & Simpson, Inc. in the amount of \$21,658 and authorizes the City Manager to execute 20% change order authority in a total amount not to exceed \$25,990 for the Replacement of Two (2) Manholes on Kneeland Street.

**THE FOREGOING RESOLUTION WAS DULY AND REGULARLY ADOPTED** at the Regular Meeting of the City Council of the City of Colfax held on the 8th of July 2020 by the following vote of the Council:

- AYES:**
- NOES:**
- ABSTAIN:**
- ABSENT:**

**ATTEST:**

---

**Marnie Mendoza, Mayor**

---

**Jaclyn Collier, City Clerk**

**Attachment 2****AGREEMENT FOR CONTRACT SERVICES**

THIS AGREEMENT is made and entered into on this **9<sup>th</sup> day of July, 2020** by and between the City of Colfax, a municipal corporation of the State of California (“City”) and **Simpson & Simpson, Inc.** (“Contractor”).

**RECITALS**

- A. The City desires to retain Contractor to provide the Services set forth in detail in Exhibit A hereto (the “Services”) subject to the terms and conditions of this Agreement.
- B. Contractor 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 Contractor agree as follows:

**Section 1. Services.**

Subject to the terms and conditions set forth in this Agreement, Contractor 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. Contractor 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.**

Contractor’s schedule for performance of the Services is set forth in Exhibit A hereto which is incorporated herein by this reference. Contractor 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, Contractor 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, Contractor 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 Contractor performs the Services to the satisfaction of the City, the City shall pay the Contractor an all inclusive compensation that shall not exceed the amount as detailed in Exhibit A except pursuant to an authorized written change

## Attachment 2

order issued pursuant to Section 15 of this Agreement before the Services requiring additional compensation are performed. City shall pay Contractor no later than thirty (30) days after approval of the monthly invoice by City's staff.

B. The Contractor's compensation for the Services shall be full compensation for all indirect and direct personnel, materials, supplies, equipment and services incurred by the Contractor 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 Contractor'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 Contractor to perform the Services described in Exhibit A as a material inducement to enter into this Agreement. Contractor shall therefore provide properly skilled professional and technical personnel to perform all Services under this Agreement. All Services performed by Contractor 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 Contractor's field of expertise.

### **Section 5. Indemnification.**

Contractor 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 Contractor 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 Contractor 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 Contractor's indemnification obligations provided for above, Contractor 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. Contractor shall not allow any subcontractor, professional or otherwise, to commence work on any subcontract until all insurance required of the Contractor has also been obtained by the subcontractor.

**Attachment 2**

- A. Workers' Compensation Coverage. Statutory Workers' Compensation insurance and Employer's Liability Insurance to cover its employees. In the alternative, Contractor 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. Contractor 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 Contractor 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 Contractor 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 Contractor.
  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.

**Attachment 2**

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, Contractor 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, Contractor 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 Contractor 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 Contractor's insurance will be suspended, voided, cancelled or reduced in coverage or in limits, and if the Contractor 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 Contractor for Services rendered under the terms of this Agreement.

**Section 7. Subcontracts.**

Contractor may not subcontract any portion of the Services without the written authorization of City. If City consents to a subcontract, Contractor 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.

## **Attachment 2**

### **Section 8. Assignment.**

Contractor 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 Contractor 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 Contractor, City may suspend, in writing, all or any portion of the Services if unforeseen circumstances beyond the control of the City and Contractor 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 Contractor. Upon receipt of notice of termination, Contractor shall stop performance of the Services at the stage directed by City. Contractor shall be entitled to payment within thirty (30) days for Services performed up to the date of receipt of the written notice of termination. Contractor 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 Contractor fail to perform any of the obligations required of Contractor within the time and in the manner provided for under the terms of this Agreement, or should Contractor violate any of the terms and conditions of this Agreement, City may terminate this Agreement by providing Contractor with seven (7) days written notice of such termination. The Contractor 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 Contractor the amount of damage sustained or estimated by City resulting from Contractor's breach of this Agreement.

## **Attachment 2**

Contractor'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.**

Contractor shall in all respects be an independent contractor and not an agent or employee of City. Contractor has and shall retain the right to exercise full control and supervision of the means and methods of performing the Services. Contractor shall receive no premium or enhanced pay for Services normally understood as overtime; nor shall Contractor 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 Contractor shall not be eligible for benefits and shall receive no compensation from the City, except as expressly set forth in this Agreement. Contractor 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 Contractor substantially completes performance of the Services, or within thirty (30) days after the termination of this Agreement, the Contractor shall deliver to the City all files, records, materials and documents drafted or prepared by Contractor'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 Contractor. All finished and unfinished reports, plans, studies, documents and other writings prepared by and for Contractor, its officers, employees and agents in the course of performing the Services shall become the sole property of the City upon payment to Contractor for the Services, and the City shall have the exclusive right to use such materials in its sole discretion without further compensation to Contractor or to any other party. Contractor shall, at Contractor's expense, provide such reports, plans, studies, documents and writings to City or any party the City may designate, upon written request. Contractor 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 Contractor.

### **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 Contractor. Contractor 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 Contractor 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 Contractor thereafter shall not be entitled to any compensation whatsoever for the performance of such extra or changed Services. In the event Contractor and City agree that extra and/or changed Services are required, or that additional compensation shall be awarded to Contractor for performance of the Services under this Agreement, a supplemental agreement providing for such compensation shall be prepared and shall be executed by the

## Attachment 2

Contractor and the necessary City officials before the extra and/or changed Services are provided.

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

Contractor 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 Contractor's failure to comply with applicable laws, statutes, ordinances, rules or regulations.

### **Section 17. Retention of Records.**

Contractor and any subcontractors 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 Contractor 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

**Attachment 2**

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 Contractor 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

**Attachment 2**

If to Contractor:

Simpson & Simpson, Inc  
P.O. Box 6746  
Newcastle, CA 95604

**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

CONTRACTOR

Signature\_\_\_\_\_

Signature\_\_\_\_\_

Printed Name\_\_\_\_\_

Printed Name\_\_\_\_\_

Title\_\_\_\_\_

Title\_\_\_\_\_

Date\_\_\_\_\_

Date\_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney

**Exhibit A**

**Simpson & Simpson, Inc.**  
*Since 1948*  
**PROPOSAL AND CONTRACT**  
Prepared by Steve Simpson

Date 6/29/2020  
Quote Expires

City of Colfax Attn: Wes  
33 South Main Street  
Colfax Ca 95713

**Job Location:** Kneeland Street  
**Phone:** 346-2313  
**E-mail:** wes.heathcock@colfax-ca.gov

*This proposal may be withdrawn by us if it has not been signed and given to us within 10 days following the date of this contract. The total amount agreed upon as stated in this contract is due upon completion of the job.  
We propose to hereby furnish material and labor complete in accordance with below specifications.  
(Circle options as desired)*

**.Kneeland Street manhole replacement**

**Labor and equipment**

Remove, dispose of old components and reinstall two complete manholes.  
Back fill as necessary with existing on site materials.....\$11,680.00

**Man holes**

Provide two 36" I.D. X 4" wall man holes max 8' depth, incl. frame and lids.....\$9978.00

- \*need to confirm this inside diameter will be adequate. Others are available.
- \*We will need to know finished lid elevation prior to ordering materials.

All material is guaranteed to be as specified. All work to be completed in a professional manner according to standard practices. Each member of our crew is fully covered by workers compensation insurance.  
To better understand how we do what we do, check out our website; [www.simpsonpaving.com](http://www.simpsonpaving.com)

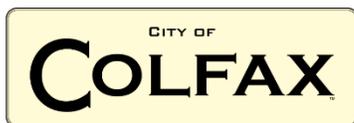
**Terms and Conditions**

Prices are based on the square footage, thickness, and quantities stated above. Any alterations will affect prices quoted. Owner is encouraged to verify that the square footage will cover the area desired.  
Job to be done weather and schedule permitting.  
No guarantee against damage caused by weather conditions.  
Any soft spots or unsuitable materials found will be removed on a time and materials basis.  
We will not be responsible for damage to underground utilities not located and shown to us prior to job start.  
Asphalt replacement not included.

**Acceptance of Proposal**

I have read and agree to the Terms and Conditions and I understand that in signing this proposal, I have entered into a contract with Simpson & Simpson, Inc. to complete the services stated herein.

Signature \_\_\_\_\_  
Date of Acceptance \_\_\_\_\_



# Staff Report to City Council

## FOR THE July 8, 2020 REGULAR CITY COUNCIL MEETING

**From:** Wes Heathcock, City Manager  
**Prepared by:** Larry Wing, City Engineer  
**Subject:** Placer County Sheriff's Substation – Handicap Parking Space Design Acceptance

*Budget Impact Overview:*

N/A: ✓	Funded:	Un-funded:	Amount:	Fund(s):
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**RECOMMENDED ACTION:** Adopt Resolution \_\_\_ - 2020 accepting the project design and authorizing the City Manager to solicit informal bids for the construction of the Handicap Parking Space on Culver Street in front of the Placer County Sheriff's Substation.

### Summary/Background

Each year City staff tries to bring forward at least one project to improve handicap accessibility within the City limits in accordance with the City of Colfax ADA Self-Evaluation and Transition Plan. For 2020, Placer County Deputy Sheriff Ty Conners identified a need for a handicap parking space to serve the Sheriff substation located on Culver Street at Grass Valley Street, which was also identified in the Transition Plan as deficient. City staff commissioned the contract City Engineer's firm GHD, Inc. to prepare the improvement plans and cost estimate.

Preliminary designs were prepared and shared with the Deputy Sheriff, City Manager, and Community Services Director. Comments on the design were provided and incorporated into the final set of improvement plans. Staff is requesting that the City Council accept the project design and authorize the City Manager to solicit informal bids for the construction of the proposed handicap parking space.

### Fiscal Impacts

The total project is funded from the Capital Improvement Projects under Fund 100-500.

### Attachments:

1. Resolution \_\_\_ - 2020
2. Improvement Plans

# City of Colfax

## City Council

Resolution No. \_\_-2020

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ACCEPTING THE PROJECT DESIGN AND AUTHORIZING THE CITY MANAGER TO SOLICIT INFORMAL BIDS FOR THE CONSTRUCTION OF THE HANDICAP PARKING SPACE ON CULVER STREET IN FRONT OF THE PLACER COUNTY SHERIFF’S SUBSTATION

---

**WHEREAS**, each year City staff brings forward at least one project to improve handicap accessibility within the City; and,

**WHEREAS**, Deputy Sheriff Ty Connors has identified a need for a handicap parking space to service the Sheriff’s Substation on Culver Street at Grass Valley Street that is identified on the City of Colfax ADA Self-Evaluation and Transition Plan as deficient; and,

**WHEREAS**, improvement plans have been prepared and shared with the Deputy Sheriff, the City Manager and Community Services Director for comments; and,

**WHEREAS**, all comments have been incorporated into the improvement plans and they are now in a condition ready to be bid.

**NOW THEREFORE, BE IT RESOLVED** the City Council of the City of Colfax accepting the project design and authorizing the City Manager to solicit informal bids for the construction of Handicap Parking Space on Culver Street in front of the Placer County Sheriff’s Substation.

**THE FOREGOING RESOLUTION WAS DULY AND REGULARLY ADOPTED** at the Regular Meeting of the City Council of the City of Colfax held on the 8th of July 2020 by the following vote of the Council:

- AYES:**
- NOES:**
- ABSTAIN:**
- ABSENT:**

**ATTEST:**

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**Jaclyn Collier, City Clerk**

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**Marnie Mendoza, Mayor**

GENERAL NOTES:

- 1. EXCAVATIONS OVER FIVE FEET (5') DEEP REQUIRE AN EXCAVATION PERMIT FROM THE STATE DEPARTMENT OF INDUSTRIAL SAFETY.
2. CONTRACTOR SHALL CALL "UNDERGROUND SERVICE ALERT" AT (800) 642-2444 AT LEAST 48 HOURS PRIOR TO START OF CONSTRUCTION FOR LOCATING UNDERGROUND UTILITIES.
3. CONSTRUCTION CONTRACTOR AGREES THAT IN ACCORDANCE WITH GENERALLY ACCEPTED CONSTRUCTION PRACTICES...

- 18. SCARIFY 6" OF SUBGRADE SHALL BE PAID FOR AS OBLITERATE SURFACING.
19. WATER LINE PROTECTIVE CAP SHALL BE PAID FOR A MINOR CONCRETE (BACKFILL).

PAVING NOTES:

- 1. ALL EXISTING AC SURFACES SHALL BE SAWCUT ONE FOOT MINIMUM INSIDE THE EDGE OF PAVEMENT OR AS SHOWING ON THE PLANS TO A NEAT, STRAIGHT LINE AND REMOVED. THE EXPOSED EDGE SHALL BE SEALED WITH EMULSION PRIOR TO PAVING.
2. ASPHALT CONCRETE SHALL BE TYPE A, 1/2" MAXIMUM MEDIUM GRADING AND SHALL CONFORM TO THE SPECIAL PROVISIONS FOR HMA (TYPE A).

FUGITIVE DUST CONTROL:

- 1. THE CONTRACTOR IS TO MAINTAIN ADEQUATE DUST CONTROL PER SECTION 10, CALTRANS SPECIFICATIONS, AND UTILIZE DUST CONTROL MITIGATION APPROVED BY THE AIR POLLUTION CONTROL DISTRICT (A.P.C.D.).
2. THE CONTRACTOR SHALL FOLLOW THE GUIDELINES OUTLINED IN THE "FUGITIVE DUST CONTROL" HANDBOOK AVAILABLE FROM A.P.C.D.

WATER NOTES:

- 1. THE CONTRACTOR SHALL PROVIDE TWO WORKING DAYS NOTICE TO PLACER COUNTY WATER AGENCY INSPECTION HOTLINE AT (530) 823-4885 PRIOR TO BEGINNING ANY WORK OVER WATER MAIN FACILITIES.

ABBREVIATIONS

Table with 4 columns: Abbreviation, Description, Abbreviation, Description. Includes entries like AB AGGREGATE BASE, AC ASPHALT CONCRETE, BC BEGIN CURVE, etc.

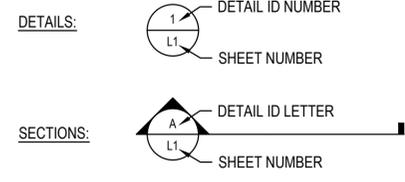
LEGEND

Legend showing symbols for PROPOSED and EXISTING features: CURB AND GUTTER, SIDEWALK, BUILDING OVERHANG, FENCE, OVERHEAD UTILITY, WATER MAIN PIPE, DROP INLET, FIRE HYDRANT, HOSE BIB, LIGHT, SIGN, TREE, WATER METER, WATER VALVE, STORM DRAIN DRAINAGE INLET, STORM DRAIN LINE, DEMOLITION AREA, SIDEWALK RAMP RAILING, CONCRETE SIDEWALK, LANDSCAPE AREA, ASPHALT PAVEMENT.

CONSTRUCTION NOTE DESIGNATIONS

- D1 DEMOLITION NOTES
C1 CONSTRUCTION NOTES

DETAIL AND SECTION CALLOUTS



PRELIMINARY

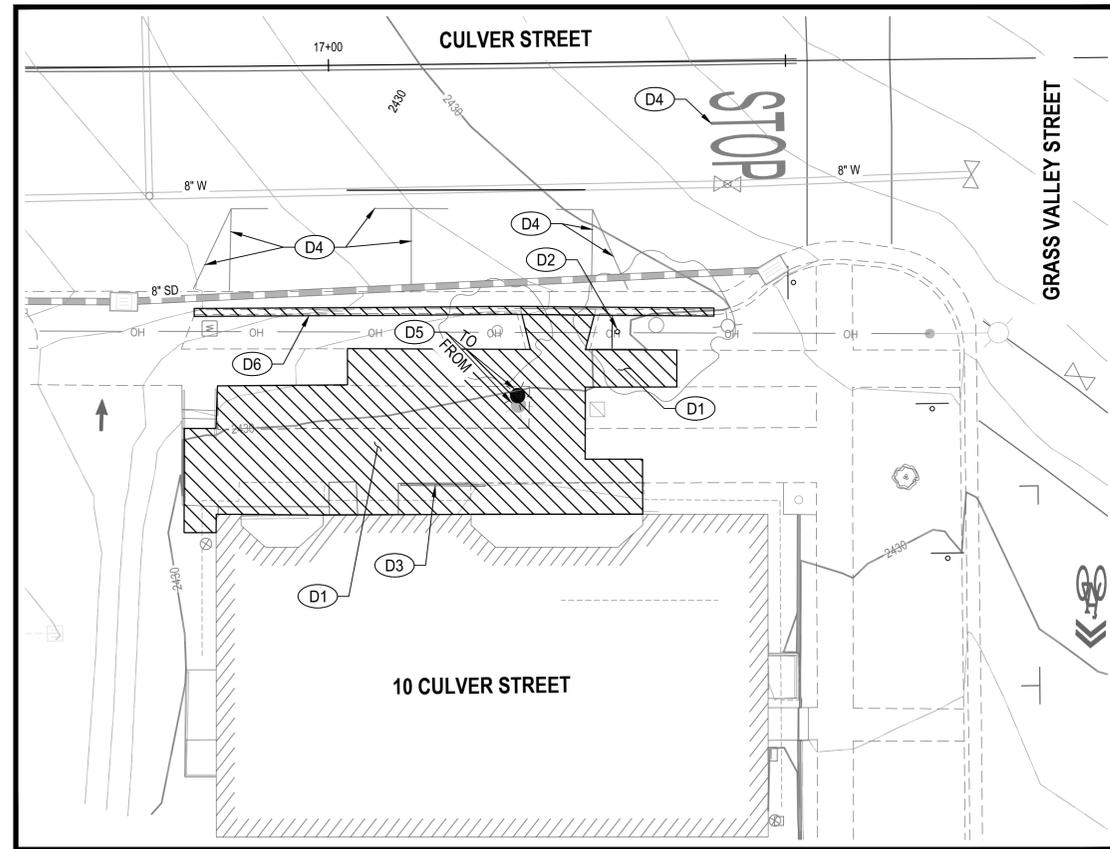
Project information block including: Bar scale (1 inch on original size sheet), City of Colfax and GHD logos, Daniel J. Keimber Professional Engineer seal, Client (CITY OF COLFAX), Project (10 CULVER STREET - ADA PARKING SPACE AND RAMP), Title (NOTES, LEGEND, AND ABBREVIATIONS), Date (JUNE 2020), Scale (AS NOTED), Sheet No. (G1), and Sheet 1 of 4.

**DEMOLITION NOTES: (THIS SHEET)**

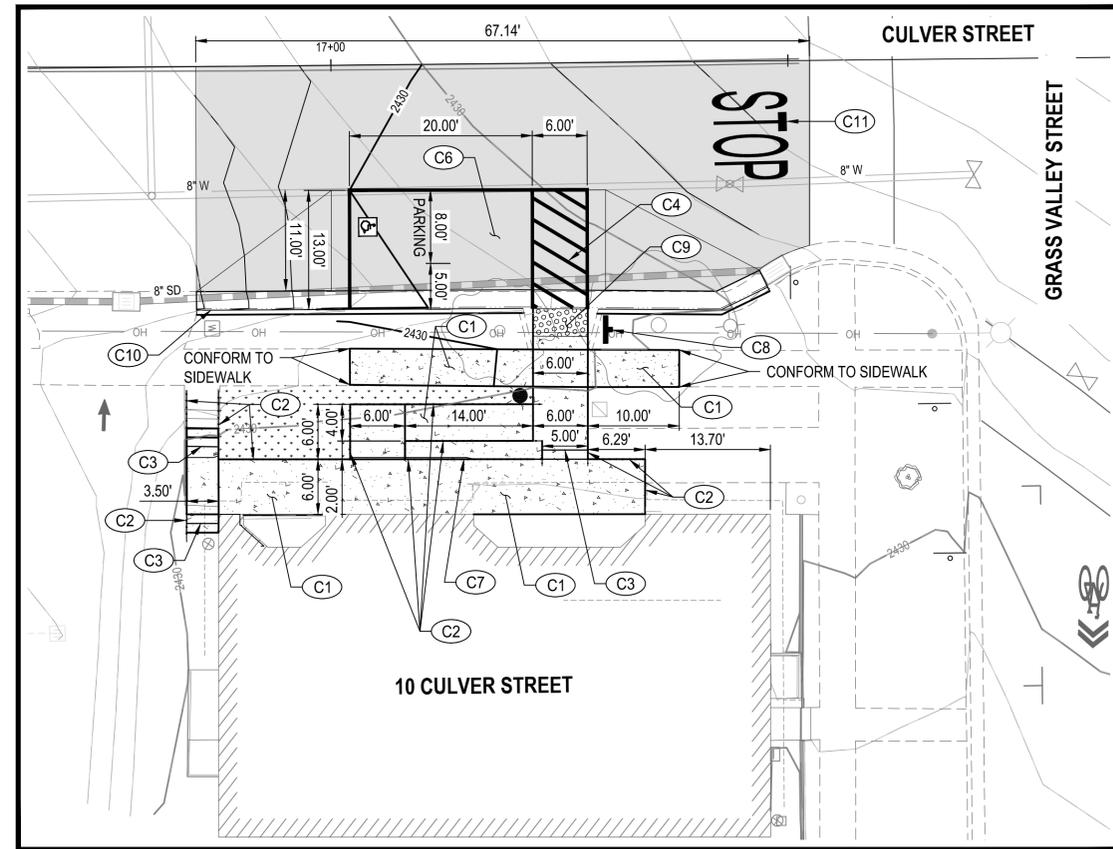
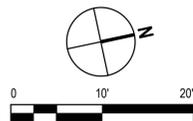
- D1 REMOVE CONCRETE SIDEWALK.
- D2 REMOVE EXISTING SIGN.
- D3 REMOVE RAILING.
- D4 REMOVE EXISTING STRIPING.
- D5 RELOCATE LAMP POST.
- D6 REMOVE EXISTING CURB.

**CONSTRUCTION NOTES: (THIS SHEET)**

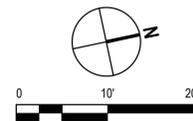
- C1 CONSTRUCT PCC WALKWAY (6" PCC OVER NATIVE 95% RELATIVE COMPACTION).
- C2 CONSTRUCT RAILING. SEE CONSTRUCTION DETAILS.
- C3 CONSTRUCT STAIRS. SEE CONSTRUCTION DETAILS.
- C4 INSTALL ACCESSIBLE PARKING ON-STREET. 4" BLUE LINE BORDER WITH 4" WHITE LINE DIAGONALS AT 3'-0" MAX CENTERS. PER CALTRANS STD PLAN A90B.
- C5 RELOCATE LAMP POST.
- C6 ASPHALT OVERLAY. SEE CONSTRUCTION DETAILS.
- C7 CONSTRUCT RETAINING WALL. SEE CONSTRUCTION DETAILS.
- C8 INSTALL ACCESSIBLE PARKING ONLY SIGN R99C (CA).
- C9 INSTALL 6' X 3' DETECTABLE WARNING SURFACE.
- C10 CONSTRUCT TYPE 1 CURB PER PLACER COUNTY STANDARDS.
- C11 INSTALL STRIPE MARKING.



**DEMOLITION PLAN**  
SCALE 1" = 10'



**LAYOUT PLAN**  
SCALE 1" = 10'



**PRELIMINARY**

No.	Issue	Drawn	Approved	Date

Bar is one inch on original size sheet  
0 10 20'

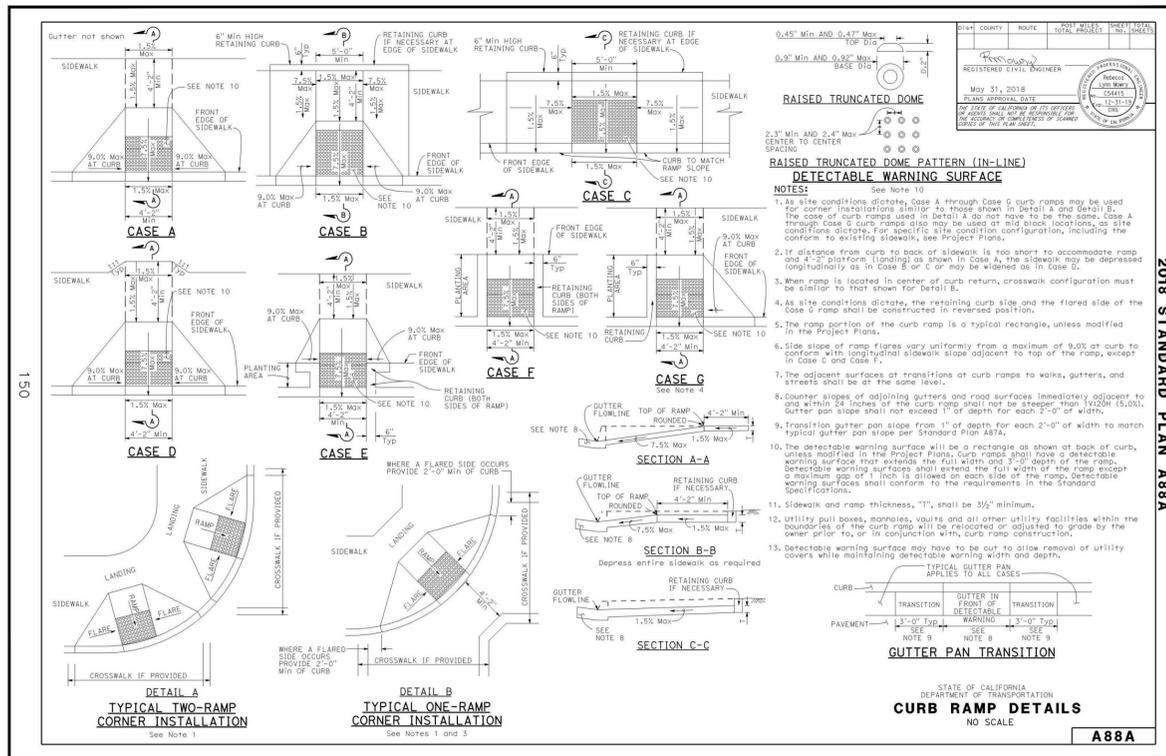
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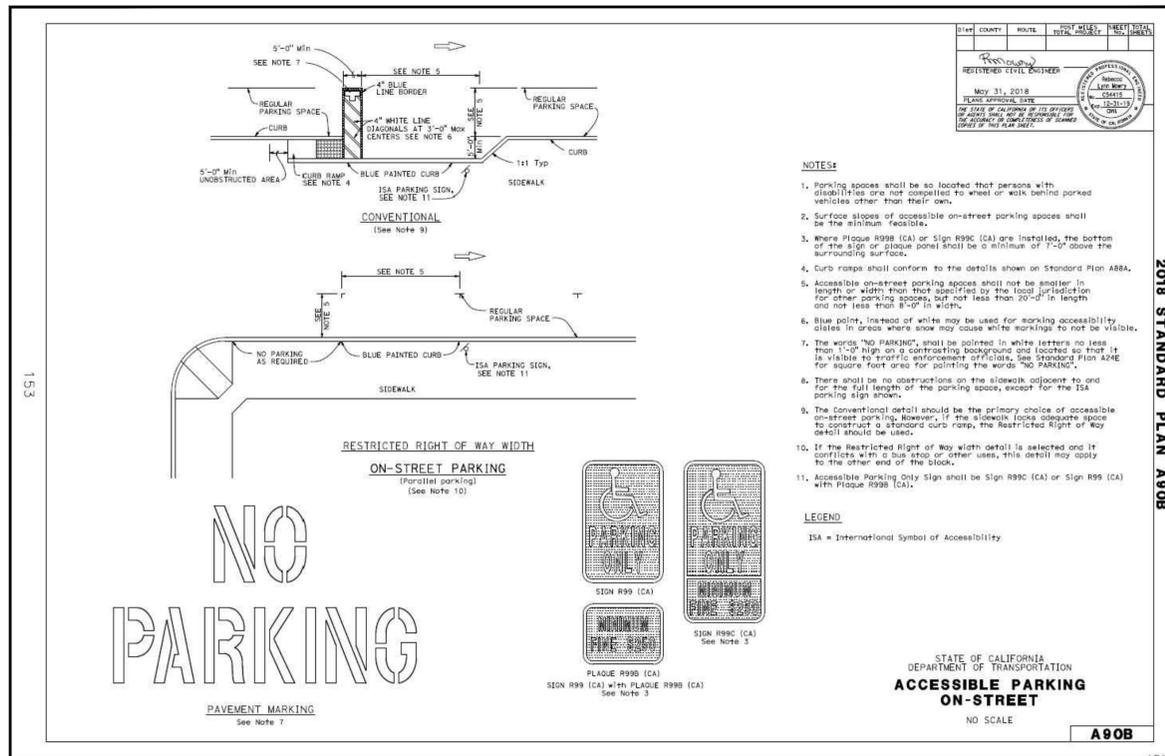
Drawn	EM	Designer	DK
Drafting Check	DK	Design Check	DK
Project Manager	LW	Date	JUNE 2020
This document shall not be used for construction unless signed and sealed for construction.		Scale	1" = 10'

Client	CITY OF COLFAX
Project	10 CULVER STREET - ADA PARKING SPACE AND RAMP
Title	LAYOUT PLAN
Project No.	11201706
Original Size	ANSI D
Sheet No.	L1

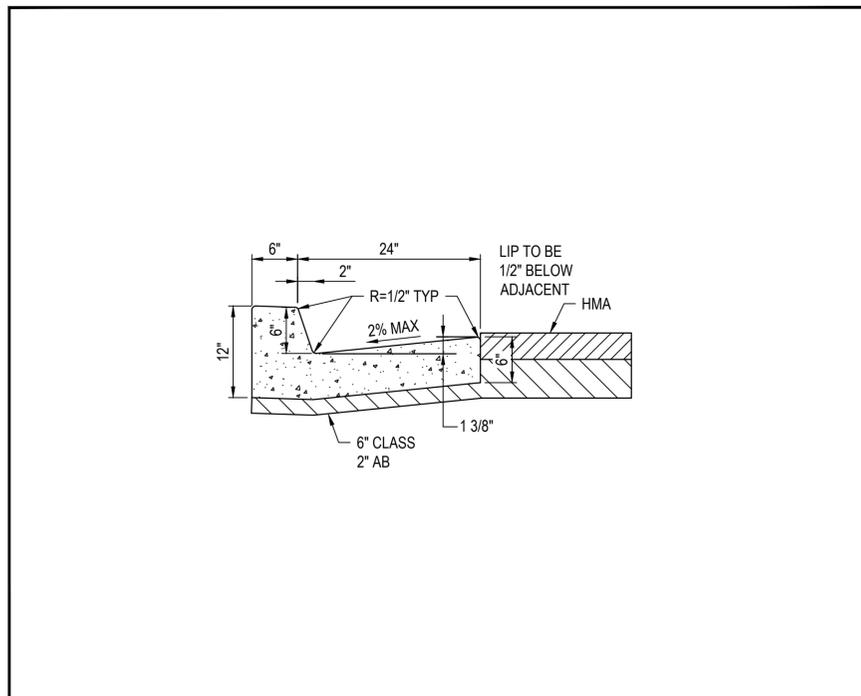




1 CALTRANS CURB RAMP DETAILS  
NO SCALE



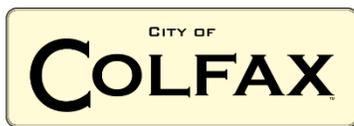
2 CALTRANS ACCESSIBLE PARKING ON-STREET DETAIL  
NO SCALE



3 VERTICAL CURB & GUTTER DETAIL  
NO SCALE

PRELIMINARY

<table border="1"> <tr> <td>No.</td> <td>Issue</td> <td>Drawn</td> <td>Approved</td> <td>Date</td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table>					No.	Issue	Drawn	Approved	Date						<p>Bar is one inch on original size sheet</p> <p>0 1"</p>	<p>Reuse of Documents</p> <p>This document and the ideas and designs incorporated herein, as an instrument of professional service, is the property of GHD and shall not be reused in whole or in part for any other project without GHD's written authorization.</p> <p>© 2020 GHD</p>	<p><b>COLFAX</b></p> <p>GHD Inc. 943 Reserve Drive, Suite 100 Roseville California 95678 USA T 1 916 782 8688 W www.ghd.com</p>	<p>REGISTERED PROFESSIONAL ENGINEER DANIEL J. KEIPER 82663 No. 09/30/22 CIVIL STATE OF CALIFORNIA</p>	<p>Drawn EM</p> <p>Drafting Check DK</p> <p>Project Manager LW</p> <p>This document shall not be used for construction unless signed and sealed for construction.</p>	<p>Designer DK</p> <p>Design Check DK</p> <p>Date JUNE 2020</p> <p>Scale AS NOTED</p>	<p>Client CITY OF COLFAX</p> <p>Project 10 CULVER STREET - ADA PARKING SPACE AND RAMP</p> <p>Title CONSTRUCTION STANDARD DETAILS</p> <p>Project No. 11201706</p> <p>Original Size ANS I D</p> <p>Sheet No. C2</p>	<p>Sheet 4 of 4</p>
No.	Issue	Drawn	Approved	Date																		



# Staff Report to City Council

## FOR THE JULY 8, 2020 REGULAR CITY COUNCIL MEETING

**From:** Wes Heathcock, City Manager  
**Prepared by:** Wes Heathcock, City Manager  
 Alfred “Mick” Cabral, City Attorney  
**Subject:** Second Reading Commercial Cannabis Ordinances

*Budget Impact Overview:*

N/A: ✓	Funded:	Un-funded:	Amount:	Fund(s):
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**RECOMMENDED ACTION:** By motion, waive the second reading and adopt Ordinance No. 542 amending Colfax Municipal Code Chapter 5.32 (Commercial Cannabis Activity) and Title 17 (Zoning – Commercial Cannabis Activities).

### Summary/Background

At the February 28, 2018 regular meeting, Council adopted Ordinance 536, codified as Colfax Municipal Code Chapter 5.32, which comprehensively regulates all commercial cannabis activities in Colfax. At the same meeting, Council adopted Resolution 12-2018 approving the application procedures for obtaining a permit to operate a commercial cannabis business in Colfax, Resolution 13-2018 establishing fees to process applications for commercial cannabis permits, and Resolution 14-2018 authorizing background checks for cannabis permit applicants.

At the same meeting, Council adopted its Ordinance 535, which modified the City’s zoning ordinance by amending CMC Chapter 17.162. As amended by Ordinance 535, Chapter 17.162 conditionally allows personal use outdoor and indoor cannabis cultivation of up to six plants, and outlaws commercial cannabis cultivation, distribution, manufacturing, microbusinesses and testing within the City of Colfax except as authorized under Chapter 5.32, and prescribes where permitted commercial cannabis businesses can be located.

On February 13, 2019, Council unanimously directed staff as follows: (1) Staff shall resume the commercial cannabis application process by accepting one application for a medicinal cannabis permit and no others without further direction from the Council. (2) Golden State Patient Care shall be allowed to submit the only application for a medicinal cannabis permit at this time. (3) Since there will be only one application, staff will implement only Phase 1 of the required application process. If Golden State Patient Care successfully qualifies during the application process, its annual permit shall be submitted to the Council for approval. (4) Any medicinal cannabis permit issued to Golden State Patient Care shall expire one year after it is issued, unless it is renewed or revoked as allowed by Colfax Municipal Code Chapter 5.32, shall be for medicinal cannabis only, and shall be valid only for Golden State Patient Care’s current location. (5) Golden State Patient Care’s temporary business license shall remain valid until it is issued, or fails to qualify for, a medicinal cannabis license under Colfax Municipal Code Chapter 5.32, whichever is earlier. Golden State Patient Care has since been issued the medicinal cannabis license it requested.

Golden State Patient Care asked the Council and staff to expand the permissible scope of commercial cannabis activities and consider issuing a microbusiness cannabis license. Council agreed to consider expanding the scope of permissible commercial cannabis activities and authorized contracting with SCI Consulting Group to assist that effort. Kyle Tankard, Senior Consultant with SCI, has been the lead consultant on this project.

Changes to the ordinances allowing and regulating commercial cannabis activities in Colfax were discussed at public workshops on October 23, 2019, February 26, 2020 and May 27, 2020. At the conclusion of the final workshop, staff was directed to present revised ordinances to the Council for consideration.

**June 24, 2020 Regular Meeting:**

Revised ordinances were submitted for Council’s consideration at the June 24, 2020 regular Council meeting at which the proposed ordinance was introduced and a public hearing was opened. The primary proposed changes presented to Council and the public on June 24 were as follows:

**CMC Chapter 5.32**

1. The maximum number of permissible retail licenses will be reduced to one medicinal retail cannabis license, including microbusinesses with a medicinal retail cannabis component.
2. A total of ten licenses will be authorized with two allocated for each of the following activities: commercial cannabis cultivation, distribution, manufacturing, microbusiness and testing, reserving discretion to shift one those licenses between the five categories. Regulations for each of these categories have been included in the draft ordinance.
3. Commercial cannabis cultivation will be allowed and regulated, but outdoor commercial cannabis cultivation remains prohibited.
4. Manufacturing activities that are allowed will not be allowed to use volatile solvents.
5. Commercial cultivation and manufacturing facilities that discharge into the City’s sewer system will be required to obtain an industrial wastewater permit.
6. Provisions for suspension and revocation of cannabis permits and monitoring commercial cannabis activities will be fortified, and all cannabis-related activities will be regulated.

**CMC Title 17**

1. Commercial cannabis cultivation, distribution, manufacturing, microbusiness and testing licenses will be conditionally authorized within Retail Commercial (C-R), Highway Commercial (C-H), Light Industrial (I-L) and Heavy Industrial (I-H) zones with the exception of Historic Downtown District overlay within Colfax.
2. The location of allowed cannabis activities will be more closely aligned with state law.

**June 24, 2020 Changes:**

Council requested the following changes to the draft ordinance at the June 24, 2020 meeting:

1. Assessor’s Parcel Numbers (APNs) needed to be added to the City’s Historical Core area description and the map of that area needed to be revised. This was a substantive change that necessitated continuing the public hearing and first reading of the ordinance to July 1, 2020.
2. Section 17.162.010 required a statement of intent. The following language was added prior to the July 1 meeting: “Nothing in this Chapter shall be construed as authorizing or intending to authorize any violation of federal, state or local laws, rules, regulations or ordinances.”
3. Section 5.32.120(d)(3), which required rejection of a renewal application if the business was not in regular and continuous operation for four months preceding the renewal application, was deleted and the section was renumbered.
4. Section 5.32.170(h) was clarified by adding language that precludes an applicant from re-applying only if the application was denied based on the applicant’s failure to qualify.
5. Section 5.32.320, which allows the City Manager to adopt rules and regulations, was modified by adding the following language: “All such operational requirements and regulations shall be placed on a public meeting agenda for review and approval by the City Council prior to being implemented.”

**July 1, 2020 Meeting and Changes:**

At Council's direction, waiver of the first reading of the ordinance and the public hearing were properly continued to a meeting on July 1, 2020. All of Council's changes requested at the June 24 meeting were incorporated into the revised draft ordinances. At the July 1, 2020 meeting, Council requested the following clarifications:

1. Section 5.32.080, which specifies the number of allowable permits, needed clarification to make sure that licenses issued to microbusinesses would be deducted from the ten licenses allowed for specified commercial cannabis activities. The following clarifying language has been added: "In accordance with State law and Section 5.32.050(ab), a microbusiness means a licensee that conducts three (3) of the following commercial cannabis activities: cultivation, manufacturing, distribution and retail sale. Each license issued to a microbusiness licensee from those categories of cannabis activities shall correspondingly reduce the number of licenses remaining available for issuance to other applicants from those categories."
2. Section 5.32.050(f) was discussed to determine whether any ambiguity needs to be corrected. That section reiterates the applicable statutes so, in staff's opinion, no clarification is warranted.
3. Section 5.32.050(ad) includes ethanol in its definition of non-volatile solvent. Staff researched this issue and proposes added an ethanol quantity limit to Section 5.32.370.
4. Council directed staff to include a map of the Historic Core District. The map has been referred to in Section 17.162.080 and is attached to Title 17.

Council also committed to recovering the City's cost of establishing and implementing the commercial cannabis regulation program through equitable allocation between licensees. That issue will likely be addressed by separate resolution or ordinance.

Staff will be available to provide additional information or answer Council's questions.

**Fiscal Impacts**

N/A

**Attachments:**

1. Ordinance Amending CMC Chapter 5.32
2. Ordinance Amending CMC Title 17

CITY OF COLFAX

ORDINANCE NO. 542

**AN ORDINANCE OF THE CITY OF COLFAX AMENDING COLFAX MUNICIPAL CODE CHAPTER 5.32 ESTABLISHING COMMERCIAL CANNABIS REGULATIONS AND COLFAX MUNICIPAL CODE TITLE 17 (ZONING) BY AMENDING USE CLASSIFICATIONS TO ESTABLISH ZONING FOR COMMERCIAL CANNABIS ACTIVITIES WITHIN THE CITY OF COLFAX**

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

Section 1:

Colfax Municipal Code Chapter 5.32 and Title 17 are hereby amended in the form and substance contained in the Ordinances attached hereto as Exhibits A and B, respectively, which are incorporated herein by this reference.

Section 2. Superceding Provisions

The provisions of this Ordinance and any resolution adopted pursuant hereto shall supersede and repeal 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 the final judgment of any court of competent jurisdiction, such 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 finds that, if the provisions of the California Environmental Quality Act, Public Resources Code §21000 et seq (hereinafter "CEQA") apply, the title of this ordinance would constitute a brief description of the "Project" as required by Section 15062(a)(1) of the Guidelines for Implementation of the California Environmental Quality Act published by the State of California Office of Planning and Research (the "CEQA Guidelines").

FINDING OF NO PROJECT

The City of Colfax finds that adoption of this ordinance does not constitute a "Project" as that term is defined by or used in CEQA, the CEQA Guidelines or any court or attorney general opinion construing the same. Accordingly, the City of Colfax finds that the provisions of CEQA and the CEQA Guidelines are not applicable to said action.

FINDING OF EXEMPTION

In the event that it is found that the said action constitutes a "Project" as defined by or used in CEQA or the CEQA Guidelines, which finding would be contrary to the City's opinion of its action, the City of Colfax hereby finds that said action is exempt from compliance with CEQA

and the CEQA Guidelines, for the following reasons: The action falls within the exemptions provided by Senate Bill 94, and within the “common sense” CEQA exemption provided in 14 CCR 15061(b)(3) in that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the action may have a significant effect on the environment, the action is not subject to CEQA. CEQA Guidelines, Section 15061(b)(3). It can be seen with certainty that adoption of this ordinance and its provisions cannot possibly have a significant effect on the environment.

Section 5. Effective Date

This Ordinance, and all of its provisions, shall take effect thirty (30) days after its adoption and 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 held on the 24<sup>th</sup> day of June, 2020, and passed at a duly held regular meeting of the City Council held on the 8<sup>th</sup> day of July, 2020, by the following vote:

AYES:  
NOES:  
ABSENT:

\_\_\_\_\_  
Marnie Mendoza, Mayor

APPROVED AS TO FORM:

ATTEST:

\_\_\_\_\_  
Alfred Cabral  
City Attorney

\_\_\_\_\_  
Jaclyn Collier  
City Clerk

## EXHIBIT A OF ORDINANCE NO. 542

# AN ORDINANCE OF THE CITY OF COLFAX AMENDING MUNICIPAL CODE CHAPTER 5.32 COMMERCIAL CANNABIS ACTIVITY

**Colfax Municipal Code Chapter 5.32 - Commercial Cannabis Activity is hereby repealed and replaced as follows:**

## **Chapter 5.32 COMMERCIAL CANNABIS ACTIVITY.**

### **Section 5.32.010 Purpose and Intent**

It is the purpose and intent of this Chapter to implement the provisions of the Medicinal and Adult Use Cannabis Regulation and Safety Act (“MAUCRSA”) to accommodate the needs of medically-ill persons in need of and provide access to cannabis for medicinal purposes only as recommended by their health care provider(s) while imposing sensible regulations on the use of land to protect the City’s residents, neighborhoods, and businesses from disproportionately negative impacts. As such, it is the purpose and intent of this Chapter to regulate the cultivation, processing, manufacturing testing, retail sale, delivery, distribution and transportation of medicinal cannabis and adult-use cannabis and cannabis products in a responsible manner to protect the health, safety, and welfare of the residents of Colfax and to enforce rules and regulations consistent with state law. It is the further purpose of intent of this Chapter to require all commercial cannabis operators to obtain and renew annually a permit to operate within Colfax. Nothing in this Chapter is intended to authorize the possession, use, or provision of cannabis for purposes that violate state or federal law. The provisions of this Chapter are in addition to any other permits, licenses and approvals which may be required to conduct business in the City, and are in addition to any permits, licenses and approval required under state, county, or other law.

### **Section 5.32.020. Legal Authority.**

Pursuant to Sections 5 and 7 of Article XI of the California Constitution, the provisions of the Medicinal and Adult Use Cannabis Regulation and Safety Act (hereinafter “MAUCRSA”), any subsequent state legislation and/or regulations regarding same, the City of Colfax is authorized to adopt ordinances that establish standards, requirements and regulations for the licensing and permitting of commercial medicinal and adult-use cannabis activity. Any standards, requirements, and regulations regarding health and safety, security, and worker protections established by the State of California, or any of its departments or divisions, shall be the minimum standards applicable in the City of Colfax to all commercial cannabis activity.

**Section 5.32.030. Commercial Cannabis Activities Prohibited Unless Specifically Authorized by this Chapter.**

Except as specifically authorized in this Chapter, the commercial cultivation, manufacture, processing, storing, laboratory testing, labeling, sale, delivery, distribution or transportation (other than as provided under Business & Professions Code section 26090(e)), of cannabis or cannabis product is expressly prohibited in the City of Colfax.

**Section 5.32.040. Compliance with Laws.**

It is the responsibility of the owners and operators of any commercial cannabis business to ensure that it is, always, operating in a manner compliant with all applicable state and local laws, and any regulations promulgated thereunder. Nothing in this Chapter shall be construed as authorizing any actions that violate federal, state law or local law with respect to the operation of a commercial cannabis business. It shall be the responsibility of the owners and the operators of the commercial cannabis business to ensure that the commercial cannabis business is, at all times, operating in a manner compliant with all applicable federal, state and local laws, including the Medicinal and Adult-use Cannabis Regulation and Safety Act, and any subsequently enacted state law or regulatory, licensing, or certification requirements, and any specific, additional operating procedures or requirements which may be imposed as conditions of approval of the commercial cannabis business permit.

**Section 5.32.050 Definitions.**

Section 5.32.050. When used in this Chapter, the following words shall have the meanings ascribed to them as set forth herein. Any reference to California statutes includes any regulations promulgated thereunder, and is deemed to include any successor or amended version of the referenced statute or regulatory provision.

(a) “A-license” means a valid state license issued under this Chapter for cannabis or cannabis products that are intended for adults 21 years of age and over and who do not possess physician’s recommendations.

(b) “A-licensee” means any person holding a license under this Chapter for cannabis or cannabis products that are intended for adults 21 years of age and over and who do not possess physician’s recommendations.

(c) “Applicant” means an owner applying for a commercial cannabis business permit pursuant to this Chapter.

(d) “Batch” means a specific quantity of homogeneous cannabis or cannabis product that is one of the following types:

(1) “Harvest batch” means a specifically identified quantity of dried flower or trim, leaves, and other cannabis plant matter that is uniform in strain, harvested at the same time, and, if applicable, cultivated using the same pesticides and other agricultural chemicals and harvested at the same time.

(2) “Manufactured cannabis batch” means either of the following:

(A) An amount of cannabis concentrates or extract that is produced in one production cycle using the same extraction methods and standard operating procedures.

(B) An amount of a type of manufactured cannabis produced in one production cycle using the same formulation and standard operating procedures.

(e) “Bureau” means the Bureau of Cannabis Control within the Department of Consumer Affairs, formerly named the Bureau of Marijuana Control, the Bureau of Medical Cannabis Regulation, and the Bureau of Medical Marijuana Regulation.

(f) “Cannabis” means all parts of the *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. “Cannabis” also means the separated resin, whether crude or purified, obtained from cannabis. “Cannabis” does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. For the purpose of this Chapter, “cannabis” does not mean “industrial hemp” as defined by Section 11018.5 of the Health and Safety Code.

(g) “Cannabis accessories” has the same meaning as in Section 11018.2 of the Health and Safety Code.

(h) “Cannabis products” has the same meaning as in Section 11018.1 of the California Health and Safety Code.

(i) “Caregiver” or “primary caregiver” has the same meaning as that term is defined in Section 11362.7 of the California Health and Safety Code.

(j) “City” or “City of Colfax” means the City of Colfax, a California General Law City.

(k) “Commercial cannabis activity” includes the cultivation, possession, manufacture, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery, or retail sale of cannabis and

cannabis products as provided for in this Chapter.

(l) “Commercial cannabis business” means any business or operation which engages in medicinal or adult-use commercial cannabis activity.

(m) “Commercial cannabis business permit” means a regulatory permit issued by the City of Colfax pursuant to this Chapter to a commercial cannabis business and is required before any commercial cannabis activity may be conducted in the City. The initial permit and annual renewal of a commercial cannabis business permit is made expressly contingent upon the business’ ongoing compliance with all of the requirements of this Chapter and any regulations adopted by the City governing the commercial cannabis activity at issue.

(n) “Customer” means a natural person 21 year of age or over or a natural person 18 year of age or older who possesses a physician’s recommendation.

(o) “Delivery” means the commercial transfer of cannabis or cannabis products from a cannabis retailer to a customer. A retailer may contract with a service that provides a technology platform to facilitate the sale and delivery of cannabis and cannabis products.

(p) “Distribution” means the procurement, sale, and transport of cannabis and cannabis products between licensees.

(q) “Distributor” means a person holding a valid commercial cannabis state license for distribution, required by state law to engage in the business of purchasing cannabis from a licensed cultivator, or cannabis products from a license manufacturer, for sale to a licensed retailer, licensed distributor, and/or licensed manufacturer.

(r) “Labeling” means any label, or signage, or other written, printed, symbolic, or graphic information upon a cannabis product, upon its container or wrapper, or that accompanies any cannabis product.

(s) “License” means a state license and includes both an A-license and an M-license, as well as a testing laboratory license.

(t) “Live plants” means living cannabis flowers and plants, including seeds, immature plants, and vegetative stage plants.

(u) “M-license” means a state license issued under this Chapter for commercial cannabis activity involving medicinal cannabis.

(v) “M-licensee” means any person holding a license under this Chapter for commercial cannabis activity involving medicinal cannabis.

(w) “Manufacture” means to compound, blend, extract, infuse, or otherwise make or prepare a cannabis product.

(x) “Manufactured cannabis” means raw cannabis that has undergone a process whereby the raw agricultural product has been transformed into a concentrate, extraction or other manufactured product intended for internal consumption through inhalation or oral ingestion or for topical application.

(y) “Manufacturer” means a licensee that conducts the production, preparation, propagation, or compounding of cannabis or cannabis products either directly or indirectly or by extraction methods, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis, that packages or repackages cannabis or cannabis products or labels or container.

(z) “Manufacturing facility” means a location that produces, prepares, propagates, or compounds cannabis or cannabis products, directly or indirectly, by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis, and is owned and operated by a person issued a valid commercial cannabis business permit for manufacturing from the City of Colfax and, a valid state license as required for manufacturing of cannabis products.

(aa) “Medicinal cannabis” or “medicinal cannabis product” means cannabis or a cannabis product, respectively, intended to be sold for use by a medicinal cannabis customer.

(ab) “Microbusiness” means a licensee that conducts three (3) of the following commercial cannabis activities: cultivation, manufacturing, distribution, and retail sale.

(ac) “Natural person” is an individual living human being.

(ad) “Non-volatile solvent” means any solvent used in the extraction process that is not a volatile solvent as defined by state law. For purposes of this chapter, a nonvolatile solvent includes carbon dioxide (CO<sub>2</sub>) used for extraction and ethanol used for extraction or post-extraction processing.

(ae) “Operation” means any act for which licensure is required under the provisions of this Chapter, or any commercial transfer of cannabis or cannabis products.

(af) “Owner” means any of the following:

(1) A person with an aggregate ownership interest of 20 percent or more in the person applying for a license or a licensee, unless the interest is solely a security, lien, or encumbrance.

(2) The chief executive officer of a nonprofit or other entity.

(3) A member of the board of directors of a nonprofit.

(4) An individual who will be participating in the direction, control, or management of the person applying for a license.

(ag) “Package” means any container or receptacle used for holding cannabis or cannabis products.

(ah) “Patient” or “qualified patient” shall have the same definition as California Health and Safety Code Section 11362.7 et seq., as it may be amended, and which means a person who is entitled to the protections of California Health & Safety Code Section 11362.5.

(ai) “Person” includes any individual, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit, and the plural as well as the singular.

(aj) “Person with an identification card” shall have the meaning given that term by California Health and Safety Code Section 11362.7.

(ak) “Premises” means the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or licensee where the commercial cannabis activity will be or is conducted. The premises shall be a contiguous area and shall only be occupied by one licensee.

(al) “Retailer” means a commercial cannabis business facility where cannabis, cannabis products, or devices for the use of cannabis or

cannabis products are offered, either individually or in any combination, for retail sale, including an establishment (whether fixed or mobile) that delivers, pursuant to express authorization, cannabis and cannabis products as part of a retail sale, and where the operator holds a valid commercial cannabis business permit from the City of Colfax authorizing the operation of a retailer, and a valid state license as required by state law to operate a retailer.

(am) “Sell,” “sale,” and “to sell” include any transaction whereby, for any consideration, title to cannabis or cannabis products are transferred from one person to another, and includes the delivery of cannabis or cannabis products pursuant to an order placed for the purchase of the same and soliciting or receiving an order for the same, but does not include the return of cannabis or cannabis products by a licensee to the licensee from whom the cannabis or cannabis product was purchased.

(an) “State License” means a valid permit or license issued by the State of California, or one of its departments or divisions, under MAUCRSA and any subsequent State of California legislation or regulations regarding the same to engage in commercial cannabis activity.

(ao) “Testing laboratory” means a laboratory, facility, or entity in the state that offers or performs tests of cannabis or cannabis products and that is both of the following:

(1) Accredited by an accrediting body that is independent from all other persons involved in commercial cannabis activity in the state.

(2) Licensed by the Bureau of Cannabis Control.

(ap) “Transport” means the transfer of cannabis products from the permitted business location of one licensee to the permitted business location of another licensee, for the purposes of conducting commercial cannabis activity authorized by MAUCRSA which may be amended or repealed by any subsequent State of California legislation regarding the same.

(aq) “Volatile Solvent” means any solvent that is or produces a flammable gas or vapor that, when present in the air in sufficient quantities, will create explosive or ignitable mixtures.

### **Section 5.32.060. Commercial Cannabis Business Permit Required to Engage in a Commercial Cannabis Business.**

No person may engage in any commercial cannabis activity within the City of Colfax including cultivation, manufacture, processing, laboratory testing, distribution, or retail sale of cannabis or cannabis products unless the person (1) has a valid commercial cannabis business permit from the City of Colfax; (2) has a valid Seller’s Permit; and (3) is currently in compliance with all applicable city, state and local laws and regulations pertaining to the commercial cannabis business and the commercial cannabis activities, including the duty to obtain any required state licenses.

### **Section 5.32.070. Cannabis Employee Requirements.**

Any person who is an employee within a commercial cannabis business must be at least twenty-one (21) years of age and legally authorized to do so under applicable state law.

**Section 5.32.080 Maximum Number and Type of Authorized Commercial Cannabis Businesses Permitted.**

- (a) The maximum number and types of commercial cannabis businesses that shall be permitted to operate in the City at any one given time shall not exceed the following:
  - (1) Medicinal Retailer (including microbusiness engaged in retail sales): maximum of one (1).
  - (2) Cultivation: Maximum of two (2).
  - (3) Distribution: Maximum of two (2).
  - (4) Non-volatile Manufacturing: Maximum of two (2).
  - (5) Microbusiness: Maximum of two (2).
  - (6) Testing Laboratory: Maximum of two (2).
- (b) This section is only intended to create a maximum number of commercial cannabis businesses that may be issued permits to operate in the City. Nothing in this Chapter creates a mandate that the City Council must issue any or all of the commercial cannabis business permits.
- (c) Each year following the City Council's initial award of permits, if any, or at any time in the City Council's discretion, the City Council may reassess the number of commercial cannabis business permits which are authorized for issuance. The City Council, in its discretion, may determine by resolution that the number of commercial cannabis permits should stay the same, be reduced or be expanded.
- (d) In accordance with State law and Section 5.32.050(ab), a microbusiness means a licensee that conducts three (3) of the following commercial cannabis activities: cultivation, manufacturing, distribution and retail sale. Each license issued to a microbusiness licensee from those categories of cannabis activities shall correspondingly reduce the number of licenses remaining available for issuance to other applicants from those categories.

**Section 5.32.090 Initial Application Procedure.**

- (a) The City Council shall adopt by resolution the procedures to govern the application process, and the manner in which the decision will ultimately be made regarding the issuance of any commercial cannabis business permit(s), which resolution shall include or require the City Manager to provide detailed objective review criteria to be evaluated on a point system or equivalent quantitative evaluation scale tied to each set of review criteria (“Review Criteria”). The resolution shall authorize the City Manager or his/her designee(s) to prepare the necessary forms, adopt any necessary rules to the application, regulations and processes, solicit applications, conduct initial evaluations of the applicants, and to ultimately provide a final recommendation to the City Council.
- (b) At the time of filing, each applicant shall pay an application fee established by resolution of the City Council, to cover all costs incurred by the City in the application process.
- (c) After the initial review, ranking, and scoring under the Review Criteria, the City Manager or his/her designee(s) will make a recommendation to the City Council, and the City Council shall make a final determination in accordance with Chapter 5.32.170.
- (d) The City’s Reservation of Rights:

The City reserves the right to reject any or all applications. Prior to permit issuance, the City may also modify, postpone, or cancel any request for applications, or the entire program under this Chapter, at any time without liability, obligation, or commitment to any party, firm, or organization, to the extent permitted under California state law. Persons submitting applications assume the risk that all or any part of the program, or any particular category of permit potentially authorized under this Chapter, may be cancelled at any time prior to permit issuance. The City further reserves the right to request and obtain additional information from any candidate submitting an application. In addition to any other justification provided, including a failure to comply with other requirements in this Chapter, an application risks being rejected for any of the following additional reasons:

- (1) The application was received after designated time and date;
- (2) The application did not contain the required elements, exhibits, nor organized in the required format; or
- (3) The application was not considered fully responsive to this request for permit application.

### **Section 5.32.100. Expiration of Commercial Cannabis Business Permits.**

Each commercial cannabis business permit issued pursuant to this Chapter shall expire twelve (12) months after the date of its issuance. Commercial cannabis permits may be renewed as provided in Section 5.32.120.

### **Section 5.32.110. Suspension, Revocation and Renewal of Commercial Cannabis Business Permits.**

- (a) The City Manager may suspend, revoke, or decline to renew any permit issued under this Chapter, or for any violation of any law and/or any rule, regulation and/or standard adopted pursuant to Sections 5.32.120 or 5.32.190, or pursuant to any policy, procedure or regulation in this Chapter. Grounds for revocation, suspension, or non-renewal of a license or permit shall include the following:
  - (1) The failure of the permit holder to comply with the provisions of this Chapter or any other law pertaining to commercial cannabis businesses;
  - (2) The giving of false or misleading information by the permit holder in making application for a permit or in connection with an investigation conducted by the city or any other state, local or federal agency;
  - (3) The conviction of the licensee or permit holder of any felony or any offense involving gambling, narcotics, use of force or violence, theft, embezzlement or any other offense involving moral turpitude;
  - (4) Any cause for denying an original license or permit as set forth in this Chapter;
  - (5) The revocation, suspension, or non-renewal of associated state licenses/permits to operate a commercial cannabis business, which revocation, suspension or non-renewal the licensee shall disclose orally or by written communication immediately to the City Manager;
  - (6) The failure of the permit holder to diligently initiate business operations or to continue to carry on business operations in a manner substantially as set forth in the Business Plan, and Safety and Security Plan submitted in support of the permit holder's original or renewal application to operate a commercial cannabis business, as appropriate.
- (b) The determination of the City Manager to suspend, revoke or decline to renew a license or permit shall be made in writing and mailed or delivered

to the permittee. The determination of the City manager shall become effective ten (10) days following the date of the notice of that determination. The permittee may, during such ten-day period, appeal the determination of the City Manager to the City Council. If the permittee fails to file the notice of appeal within such ten-day period, the determination of the City manager shall be final and conclusive. If a written notice of appeal is filed with the City Clerk during such ten-day period, the determination of the City Manager shall be stayed pending the City Council's hearing and decision on the appeal.

- (c) If a permit is revoked, a new permit application may not be filed for one (1) year from the date of the revocation. For suspended licenses, if the cause for suspension has been corrected in a manner that is satisfactory to the City Manager, the City Manager may waive the one (1) year period.

#### **Section 5.32.120. Renewal of Commercial Cannabis Business Permits.**

- (a) An application for renewal of a commercial cannabis business permit shall be filed at least sixty (60) calendar days prior to the expiration date of the current permit.
- (b) The renewal application shall contain all the information required on the renewal application form.
- (c) The applicant shall pay a fee in an amount to be set by the City Council via resolution to cover the costs of processing the renewal permit application, together with any costs incurred by the City to administer the program created under this Chapter.
- (d) An application for renewal of a commercial cannabis business permit shall be rejected if any of the following exists:
  - (1) The application is filed less than sixty (60) days before its expiration.
  - (2) The commercial cannabis business permit is suspended or revoked at the time of the application.
  - (3) The commercial cannabis business has failed to conform to the requirements of this Chapter, or of any regulations adopted pursuant to this Chapter.
  - (4) The permittee fails or is unable to renew its State of California license.

- (5) If the City or state has determined, based on substantial evidence, that the permittee or applicant is in violation of the requirements of this Chapter, of the City's Municipal Code, of the state rules and regulations, or federal regulations and the City or state has determined that the violation is grounds for termination or revocation of the commercial cannabis business permit.
- (e) The City Manager or his/her designee(s) is authorized to make all decisions concerning the issuance of a renewal permit. In making the decision, the City Manager or his/her designee(s) is authorized to impose additional conditions to a renewal permit, if it is determined to be necessary to ensure compliance with federal, state or local laws and regulations or to preserve the public health, safety or welfare. Appeals from the decision of the City Manager or his/her designee(s) shall be handled pursuant to Chapter 5.32.140.
- (f) If a renewal application is rejected, a person may file a new application pursuant to this Chapter no sooner than one (1) year from the date of the rejection.

#### **Section 5.32.130. Effect of State License Suspension, Revocation, or Termination.**

Suspension of a license issued by the State of California, or by any of its departments or divisions, shall immediately suspend the ability of a commercial cannabis business to operate within the City, until the State of California, or its respective department or division, reinstates or reissues the State license. Should the State of California, or any of its departments or divisions, revoke or terminate the license of a commercial cannabis business, such revocation or termination shall also revoke or terminate the ability of a commercial cannabis business to operate within the City of Colfax. At the City Manager or his or her designee's discretion, the cannabis business owner may reapply for a commercial cannabis business permit at such time as it can demonstrate that the grounds for revocation of the license by the state no longer exist, or that the underlying deficiency has otherwise been cured.

#### **Section 5.32.140. Appeals**

Unless specifically provided elsewhere to the contrary, whenever an appeal is provided for in this Chapter from a decision of the City Manager or his/her designee(s), the appeal shall be conducted as prescribed in this Chapter.

#### **Section 5.32.150. Written request for Appeal.**

- (a) Within ten (10) calendar days after the date of a decision of the City Manager or his/her designee(s) to revoke, suspend or deny a permit, or to add conditions to a permit, an aggrieved party may appeal such action by filing a written appeal with the City Clerk setting forth the reasons why the decision was not proper.
- (b) At the time of filing the appellant shall pay the designated appeal fee, established by resolution of the City Council from time to time.

#### **Section 5.32.160. Appeal Hearing.**

- (a) Upon receipt of the written appeal, the City Clerk shall set the matter for a hearing before the City Council. The City Council shall hear the matter de novo and shall conduct the hearing pursuant to the procedures set forth by the City.
- (b) The appeal shall be held within a reasonable time after the filing the appeal, but in no event later than ninety (90) days from the date of such filing. The City shall notify the appellant of the time and location at least ten (10) days prior to the date of the hearing.
- (c) At the hearing, the appellant may present any information they deem relevant to the decision appealed. The formal rules of evidence and procedure applicable in a court of law shall not apply to the hearing.
- (d) At the conclusion of the hearing the City Council may affirm, reverse or modify the decision appealed. The decision of the City Council shall be final.

#### **Section 5.32.170 Permittee Selection Process.**

- (a) The City Council shall adopt by resolution a procedure guideline and Review Criteria by which the top applicants in each permit category of each commercial cannabis business will be presented to the City Council for a final determination at a public hearing.
- (b) The top final applicants for each category may be invited to attend the City Council meeting, where they may be expected to make a public presentation introducing their team and providing an overview of their proposal. In order to provide adequate time, presentations may be divided over more than one meeting over multiple days as determined to be necessary.
- (c) At least ten (10) days prior to the hearing, notice of the hearing shall be sent to all property owners located within three hundred (300) feet of the proposed

business locations of each of the finalists to be considered by the City Council.

- (d) The City Council shall either deny or approve the final candidates and shall select the top candidates in each category of the commercial cannabis businesses. The City Council's decision as to the selection of the prevailing candidates shall be final.
- (e) Official issuance of the commercial cannabis business permit(s), however, is conditioned upon the prevailing candidate(s) obtaining all required land use approvals. Following the Council's selection, the prevailing candidate(s) shall apply to the City's Planning Department to obtain any required land use approvals or entitlements for the permittee's location, if any. Land use approvals shall include compliance with all applicable provisions of CEQA. The City Manager or his/her designee(s) shall formally issue the commercial cannabis business permit(s) once the City Planning Director or his/her designee(s) affirms that all of the required land use approvals have been obtained.
- (f) Issuance of a commercial cannabis business permit does not create a land use entitlement. The commercial cannabis business permit shall only be for a term of twelve (12) months and shall expire at the end of the twelve (12) month period unless it is renewed as provided herein. Furthermore, no permittee may begin operations, notwithstanding the issuance of a permit, unless all of the state and local laws and regulations, including but not limited to the requirements of this Chapter and of the permit, have been complied with.
- (g) Notwithstanding anything in this Chapter to the contrary, the City Council reserves the right to reject any or all applications if it determines it would be in the best interest of the City, taking into account any health, safety and welfare impacts on the community. Applicants shall have no right to a commercial cannabis business permit until a permit is actually issued, and then only for the duration of the permit's term. Each applicant assumes the risk that, at any time prior to the issuance of a permit, the City Council may terminate or delay the program created under this Chapter.
- (h) If an application is denied based on an applicant's failure to qualify, a new application may not be filed for one (1) year from the date of the denial. Each person granted a commercial cannabis business permit shall be required to pay the permit fee established by resolution of the City Council, to cover the costs of administering the commercial cannabis business permit program created in this Chapter.

**5.32.180 Change in Location; Updated Registration Form.**

- (a) Any time the commercial cannabis business location specified in the regulatory permit has changed, the applicant shall re-register with the City Manager or his/her designee(s). The process and the fees for re-registration shall be the same as the process and fees set forth for registration in sections 5.32.090 and 5.32.120.
- (b) The permit holder may not transfer to a new location within the City until approval of that location is made by the City Council. A change in location may be obtained only if the permit holder files an application with the City Manager in accordance with all provisions of this Chapter accompanied by a transfer fee in an amount set by resolution of the City Council (or if not set, shall be the same amount as the application fee), and the City Council determines, after hearing, in accordance with this Chapter that the transferee passed the background check required for owners and meets all other requirements of this Chapter.
- (c) Within fifteen (15) calendar days of any other change in the information provided in the registration form or any change in status of compliance with the provisions of this chapter, including any change in the commercial cannabis business ownership or management members, the applicant shall file an updated registration form with the City Manager or his/her designee(s) for review along with a registration amendment fee, as set forth in section 5.32.090 and 5.32.120.

**Section 5.32.190. Transfer of Cannabis Business Permit.**

- (a) The owner of a cannabis business permit shall not transfer ownership or control of the permit to another person or entity unless and until the transferee obtains an amendment to the permit from the City Council stating that the transferee is now the permittee. Such an amendment may be obtained only if the transferee files an application with the City Manager in accordance with all provisions of this Chapter (as though the transferee were applying for an original cannabis business permit) accompanied by a transfer fee in an amount set by resolution of the City Council (or if not set, shall be the same amount as the application fee), and the City Council determines, after hearing, in accordance with this section that the transferee passed the background check required for permittees and meets all other requirements of this Chapter.
- (b) Commercial cannabis business permits issued through the grant of a transfer by the City Council shall be valid for a period of one year beginning on the day the City Council approves the transfer of the permit. Before the

transferee's permit expires, the transferee shall apply for a renewal permit in the manner required by this Chapter.

- (c) Changes in ownership of a permittee's business structure or a substantial change in the ownership of a permittee business entity (changes that result in a change of more than 51% of the original ownership), must be approved by the City Council through the transfer process contained in this subsection (a). Failure to comply with this provision is grounds for permit revocation.
- (d) A permittee may change the form of business entity without applying to the City Council for a transfer of permit, provided that either:
  - (1) The membership of the new business entity is substantially similar to original permit holder business entity (at least 51% of the membership is identical), or
  - (2) If the original permittee is an unincorporated association, mutual or public benefit corporation, agricultural or consumer cooperative corporation and subsequently transitions to or forms a new business entity as allowed under the MAUCRSA, provided that the Board of Directors (or in the case of an unincorporated association, the individual(s) listed on the City permit application) of the original permittee entity are the same as the new business entity. Although a transfer is not required in these two circumstances, the permit holder is required to notify the City Manager in writing of the change within ten (10) days of the change. Failure to comply with this provision shall result in permit revocation.
- (e) No commercial cannabis business permit may be transferred when the City Manager or his/her designee has notified the permittee that the permit has been or may be suspended or revoked.
- (f) Any attempt to transfer a commercial cannabis business permit either directly or indirectly in violation of this section is hereby declared void, and such a purported transfer shall be deemed a ground for revocation of the permit.

### **Section 5.32.200. City Business License.**

Prior to commencing operations, a commercial cannabis business shall obtain a City of Colfax business license.

### **Section 5.32.210. Building Permits and Inspection.**

Prior to commencing operations, a commercial cannabis business shall be subject to a mandatory building inspection and must obtain all required permits and approvals which would otherwise be required for any business of the same size and intensity operating in that zone. This includes but is not limited to obtaining any required building permit(s), Fire Department approvals, Health Department approvals and other zoning and land use permit(s) and approvals.

#### **Section 5.32.220. Certification from the City Planning Director.**

Prior to commencing operations, a commercial cannabis business must obtain a certification from the City Planning Director or his/her designee(s) certifying that the business is located on a site that meets all of the requirements of Title 17 of the City's Municipal Code.

#### **Section 5.32.230 Location and Design of Cannabis Businesses**

- (a) Commercial cannabis businesses permitted to engage in commercial cannabis activity are subject to the zoning and locational requirements contained in Section 17.162.080.
- (b) Each proposed cannabis business project shall:
  - (1) Conform with the City's general plan, any applicable specific plans, master plans, and design requirements.
  - (2) Comply with all applicable zoning and related development standards.
  - (3) Be constructed in a manner that minimizes odors to surrounding uses, and promotes quality design and construction, and consistency with the surrounding properties. For purposes of this section, "surrounding uses" shall include, but not be limited to, properties within 200' of any boundary of the property upon which the cannabis business is situated.
  - (4) Be adequate in size and shape to accommodate the yards, walls, fences, parking and loading facilities, landscaping and all items required for the development.
  - (5) Be served by highways adequate in width and improved as necessary to carry the kind and quantity of traffic such use will generate.
  - (6) Be provided with adequate electricity, sewerage, disposal, water, fire protection and storm drainage facilities for the intended purpose.

#### **Section 5.32.240. Right to Occupy and to Use Property.**

As a condition precedent to the City's issuance of a commercial cannabis business permit pursuant to this Chapter, any person intending to open and to operate a commercial cannabis business shall provide sufficient evidence of the legal right to occupy and to use the proposed location. In the event the proposed location will be leased from another person, the applicant shall be required to provide a signed and notarized statement from the owner of the property, acknowledging that the property owner has read this Chapter and consents to the operation of the commercial cannabis business on the owner's property.

#### **Section 5.32.250. Limitations on City's Liability.**

To the fullest extent permitted by law, the City of Colfax shall not assume any liability whatsoever with respect to having issued a commercial cannabis business permit pursuant to this Chapter or otherwise approving the operation of any commercial cannabis business. As a condition to the approval of any commercial cannabis business permit, the applicant shall be required to meet all of the following conditions before they can receive the commercial cannabis business permit:

- (a) They must execute an agreement, in a form approved by the city attorney, agreeing to indemnify, defend (at applicant's sole cost and expense), and hold the City of Colfax, and its officers, officials, employees, representatives, and agents, harmless, from any and all claims, losses, damages, injuries, liabilities or losses which arise out of, or which are in any way related to, the City's issuance of the commercial cannabis business permit, the City's decision to approve the operation of the commercial cannabis business or activity, to process used by the City in making its decision, or the alleged violation of any federal, state or local laws by the commercial cannabis business or any of its officers, employees or agents.
- (b) Maintain insurance at coverage limits, and with conditions thereon determined necessary and appropriate from time to time by the city attorney.
- (c) Reimburse the City of Colfax for all costs and expenses, including but not limited to attorney fees and costs and court costs, which the City of Colfax may be required to pay as a result of any legal challenge related to the City's approval of the applicant's commercial cannabis business permit, or related to the City's approval of a commercial cannabis activity. The City of Colfax may, at its sole discretion, participate at its own expense in the defense of any such action, but such participation shall not relieve any of the obligations imposed hereunder.

#### **Section 5.32.260. Records and Recordkeeping.**

- (a) Each owner and operator of a commercial cannabis business shall maintain accurate books and records in an electronic format, detailing all of the revenues and expenses of the business, and all of its assets and liabilities. On no less than an annual basis (at or before the time of the renewal of a commercial cannabis business permit issued pursuant to this Chapter), or at any time upon reasonable request of the City, each commercial cannabis business shall file a sworn statement detailing the number of sales by the commercial cannabis business during the previous twelve-month period (or shorter period based upon the timing of the request), provided on a per-month basis. The statement shall also include gross sales for each month, and all applicable taxes paid or due to be paid. On an annual basis, each owner and operator shall submit to the City a financial audit of the business's operations conducted by an independent certified public accountant. Each permittee shall be subject to a regulatory compliance review and financial audit as determined by the City Manager or his/her designee(s).
- (b) Each owner and operator of a commercial cannabis business shall maintain a current register of the names and the contact information (including the name, address, and telephone number) of anyone owning or holding an interest in the commercial cannabis business, and separately of all the officers, managers, employees, agents and volunteers currently employed or otherwise engaged by the commercial cannabis business. The register required by this paragraph shall be provided to the City Manager or his/her designee(s) upon a reasonable request.
- (c) Prior to state licensing, each commercial cannabis business shall maintain a record of all persons, patients, collectives and primary caregivers served by the commercial cannabis business, for a period of no less than four (4) years. Once a state license is obtained, the commercial cannabis business must maintain such records only to the extent permitted or required by the MAUCRSA.
- (d) All commercial cannabis businesses shall maintain an inventory control and reporting system that accurately documents the present location, amounts, and descriptions of all cannabis and cannabis products for all stages of the growing and production or manufacturing, laboratory testing and distribution processes until purchase as set forth MAUCRSA. All inventory discrepancies shall be reported to the City within 7 days of the end of the prior month or a report stating no discrepancies found shall be issued. All discrepancies shall have a plan given to the City to find the cause and prevent the delta from re-occurring. The permittee shall be responsible to execute the plan and report to the City on its effectiveness. The City manager shall decide if the discrepancy is insignificant and may waive the plan.
- (e) Each commercial cannabis business shall allow City of Colfax officials to have access to the business's books, records, accounts, together with any

other data or documents relevant to its permitted commercial cannabis activities, for the purpose of conducting an audit or examination. Books, records, accounts, and any and all relevant data or documents will be produced no later than twenty-four (24) hours after receipt of the City's request, unless otherwise stipulated by the City. The City may require the materials to be submitted in an electronic format that is compatible with the City's software and hardware.

#### **Section 5.32.270. Security Measures.**

- (a) A permitted commercial cannabis business shall implement sufficient security measures to deter and prevent the unauthorized entrance into areas containing cannabis or cannabis products, and to deter and prevent the theft of cannabis or cannabis products at the commercial cannabis business. Except as may otherwise be determined by the City Manager or his/her designee(s), these security measures shall include, but shall not be limited to, all of the following:
- (1) Preventing individuals from remaining on the premises of the commercial cannabis business if they are not engaging in an activity directly related to the permitted operations of the commercial cannabis business.
  - (2) Establishing limited access areas accessible only to authorized individuals. Authorized individuals include employees of the commercial cannabis business as well as any outside vendors, contractors, or other individuals conducting business that requires access to the limited access area. All individuals granted access to the limited access area shall be at least 21 years of age, and if not employed by the commercial cannabis business, shall be escorted at all times by an employee of the business. A commercial cannabis business shall maintain a log of all individuals who are not employees who are granted access to the limited access area.
  - (3) Except for live growing plants which are being cultivated at a cultivation facility, all cannabis and cannabis products shall be stored in a secured and locked room, safe, or vault. All cannabis and cannabis products, including live plants that are being cultivated, shall be kept in a manner as to prevent diversion, theft, and loss,
  - (4) Installing 24-hour security surveillance cameras of at least HD-quality to monitor all entrances and exits to and from the premises and parking lot, all interior spaces within the commercial cannabis business which are open and accessible to the public, all interior spaces where cannabis, cash or currency, is being stored for any

period of time on a regular basis and all interior spaces where diversion of cannabis could reasonably occur. Video recordings shall be maintained for a minimum of ninety (90) days and shall be made available to the City Manager or his/her designee(s) upon request. Video shall be of sufficient quality for effective prosecution of any crime found to have occurred on the site of the commercial cannabis business.

- (5) Sensors shall be installed to detect entry and exit from all secure areas.
- (6) Panic buttons shall be installed in all commercial cannabis businesses.
- (7) Having a professionally installed, maintained, and remote monitored alarm system (perimeter, fire, and panic buttons).
- (8) Perimeter lighting systems (including motion sensors) for after-hours security.
- (9) Any bars installed on the windows or the doors of the commercial cannabis business shall be installed only on the interior of the building.
- (10) Each commercial cannabis business shall have the capability to remain secure during a power outage and shall ensure that all access doors are not solely controlled by an electronic access panel to ensure that locks are not released during a power outage. This capability shall not rely on Uninterruptible Power Supply (UPS) backup batteries or through the use of a backup generator, unless the generator has sufficient fuel for a minimum of seven (7) days of unattended operation.
- (11) Entrance areas are to be locked at all times and under the control of a designated responsible party that is either; (a) an employee of the commercial cannabis business; or (b) a licensed security professional.
- (12) Each commercial cannabis business shall have an accounting software system in place to provide point of sale data as well as audit trails or both product and cash, where applicable.
- (13) Each commercial cannabis business shall have emergency access and emergency evacuation plans that are in compliance with state and local fire safety standards.

- (b) Each commercial cannabis business shall identify a designated security representative/liaison to the City of Colfax, who shall be reasonably available to meet with the City Manager or his/her designee(s) regarding any security related measures or and operational issues. The designated security representative/liaison, on behalf of the commercial cannabis business, shall maintain a copy of the current security plan on the premise of the business.
- (c) As part of the application and permitting process each commercial cannabis business shall have a storage and transportation plan, which describes in detail the procedures for safely and securely storing and transporting all cannabis, cannabis products, and any currency.
- (d) The commercial cannabis business shall cooperate with the City whenever the City Manager or his/her designee(s) makes a request, upon reasonable notice to the commercial cannabis business, to inspect or audit the effectiveness of any security plan or of any other requirement of this Chapter.
- (e) A commercial cannabis business shall notify the City Manager or his/her designee(s) within 7 days of the end of the prior month after discovering any of the following:
  - (1) Diversion, theft, loss, or any criminal activity involving the commercial cannabis business or any agent or employee of the commercial cannabis business.
  - (2) The loss or unauthorized alteration of records related to cannabis, registering qualifying patients, primary caregivers, or employees or agents of the commercial cannabis business.
  - (3) Any other breach of security.

#### **Section 5.32.280. Restriction on Alcohol & Tobacco Sales.**

- (a) No person shall cause or permit the sale, dispensing, or consumption of alcoholic beverages on or about the premises of the commercial cannabis business.
- (b) No person shall cause or permit the sale of tobacco products on or about the premises of the commercial cannabis business.

#### **Section 5.32.290. Compliance with Laws.**

It is the responsibility of the owners and operators of the commercial cannabis business to ensure that it is, at all times, operating in a manner compliant with all applicable state and local laws, and any regulations promulgated thereunder. Nothing in this Chapter shall be construed as authorizing any actions that violate state law or local law with respect to the operation of a commercial cannabis business. It shall be the responsibility of the owners and the operators of the commercial cannabis business to ensure that the commercial cannabis business is, at all times, operating in a manner compliant with all applicable state and local laws, the Attorney General Guidelines, any subsequently enacted state law or regulatory, licensing, or certification requirements, and any specific, additional operating procedures or requirements which may be imposed as conditions of approval of the commercial cannabis business permit. Nothing in this Chapter shall be construed as authorizing any actions which violate state law with regard to the operation of a commercial cannabis business.

### **Section 5.32.300. Fees and Charges.**

- (a) No person may commence or continue any commercial cannabis activity in the City, without timely paying in full all fees and charges required for the operation of a commercial cannabis activity. Fees and charges associated with the operation of a commercial cannabis activity shall be established by resolution of the City Council which may be amended from time to time.
- (b) All commercial cannabis businesses authorized to operate under this Chapter shall pay all sales, use, business and other applicable taxes, and all permit, license, registration, and other fees required under federal, state and local law. Each commercial cannabis business shall cooperate with City with respect to any reasonable request to audit the commercial cannabis business' books and records for the purpose of verifying compliance with this section, including but not limited to a verification of the amount of taxes required to be paid during any period.

### **Section 5.32.310. Operating Requirements for All Commercial Cannabis Businesses.**

- (a) Commercial cannabis businesses may operate only during the hours specified in the commercial cannabis business permit issued by the City.
- (b) Cannabis and cannabis products shall not be consumed by any employee on the premises of any commercial cannabis businesses.
- (c) No cannabis or cannabis products or graphics depicting cannabis or cannabis products shall be visible from the exterior of any property issued a commercial cannabis business permit, or on any of the vehicles owned or

used as part of the commercial cannabis business. No outdoor storage of cannabis or cannabis products is permitted at any time.

- (d) Reporting and Tracking of Product and of Gross Sales. Each commercial cannabis business shall have in place a point-of-sale or management inventory tracking system to track and report on all aspects of the commercial cannabis business including, but not limited to, such matters as cannabis tracking, inventory data, gross sales (by weight and by sale) and other information which may be deemed necessary by the City. The commercial cannabis business shall ensure that such information is compatible with the City's record-keeping systems. In addition, the system must have the capability to produce historical transactional data for review. Furthermore, any system selected must be approved and authorized by the City Manager or his/her designee(s) prior to being used by the permittee.
- (e) All cannabis and cannabis products sold, distributed or manufactured shall be cultivated, manufactured, and transported by licensed facilities that maintain operations in full conformance with State and local regulations.
- (f) There shall not be a physician located in or around any commercial cannabis business at any time for the purpose of evaluating patients for the issuance of a cannabis recommendation or card where applicable.
- (g) Emergency Contact. Each commercial cannabis business shall provide the City Manager or his/her designee(s) with the name, telephone number (both land line and mobile, if available) of an on-site employee or owner to whom emergency notice can be provided at any hour of the day.
- (h) Signage and Notices.
  - (1) In addition to the requirements otherwise set forth in this section, business identification signage for a commercial cannabis business shall conform to the requirements of the Colfax Municipal Code, including, but not limited to, seeking the issuance of a City sign permit.
  - (2) No signs placed on the premises of a commercial cannabis business shall obstruct any entrance or exit to the building or any window.
  - (3) Each entrance to a commercial cannabis business shall be visibly posted with a clear and legible notice indicating that smoking, ingesting, or otherwise consuming cannabis on the premises or in the areas adjacent to the commercial cannabis business is prohibited.

- (4) Business identification signage shall be limited to that needed for identification only and shall not contain any information that identifies, advertises, or lists the services or the products offered. No commercial cannabis business shall advertise by having a person holding a sign and advertising the business to passersby, whether such person is on the premises of the commercial cannabis business or elsewhere including, but not limited to, the public right-of-way.
  - (5) Signage shall not be directly illuminated, internally or externally. No banners, flags, or other prohibited signs may be used at any time.
  - (6) Any signage, including billboards, shall be affixed to a building or permanent structure and shall not be located within a 15-mile radius of the California border on an Interstate Highway or on a State Highway that crosses the California Border.
- (i) Minors.
- (1) Persons under the age of twenty-one (21) years shall not be allowed on the premises of a commercial cannabis business, except as provided for under section 5.32.330(d). It shall be unlawful and a violation of this Chapter for any person to employ any person at a commercial cannabis business who is not at least twenty-one (21) years of age.
  - (2) The entrance to the commercial cannabis business shall be clearly and legibly posted with a notice that no person under the age of twenty-one(21) years of age is permitted to enter upon the premises of the commercial cannabis business, except as provided for under section 5.32.330(d).
- (j) Odor Control. Odor control devices and techniques shall be incorporated in all commercial cannabis businesses to ensure that odors from cannabis are not detectable off-site. Commercial cannabis businesses shall provide a sufficient odor absorbing ventilation and exhaust system so that odor generated inside the commercial cannabis business that is distinctive to its operation is not detected outside of the facility, anywhere on adjacent property or public rights-of-way, on or about the exterior or interior common area walkways, hallways, breezeways, foyers, lobby areas, or any other areas available for use by common tenants or the visiting public, or within any other unit located inside the same building as the commercial cannabis business. As such, commercial cannabis businesses must install and maintain the following equipment, or any other equipment which the City Planning Director or his/her designee(s) determine is a more effective method or technology:

- (1) An exhaust air filtration system with odor control that prevents internal odors from being emitted externally;
  - (2) An air system that creates negative air pressure between the commercial cannabis business's interior and exterior, so that the odors generated inside the commercial cannabis business are not detectable on the outside of the commercial cannabis business.
- (k) Display of Permit, City Business License and State License. The original copy of the commercial cannabis business permit issued by the City pursuant to this Chapter, the City issued business license and State license shall be posted inside the commercial cannabis business in a location readily-visible to the public.
- (l) Background Check. Pursuant to California Penal Code Sections 11105(b)(11) and 13300(b)(11), which authorizes city authorities to access state and local summary criminal history information for employment, licensing, or certification purposes; and authorizes access to federal level criminal history information by transmitting fingerprint images and related information to the Department of Justice to be transmitted to the Federal Bureau of Investigation, every person listed as an owner of the commercial cannabis business must submit fingerprints and other information deemed necessary by the Sheriff or his/her designee(s) for a background check by the Placer County Sheriff's Office. Pursuant to California Penal Code Sections 11105(b)(11) and 13300(b)(11), which requires that there be a requirement or exclusion from employment, licensing or certification based on specific criminal conduct on the part of the subject of the record. No person shall be issued a permit to operate a commercial cannabis business unless they have first cleared the background check, as determined by the Sheriff or his/her designee(s), as required by this section. A fee for the cost of the background investigation, which shall be the actual cost to the City of Colfax to conduct the background investigation as it deems necessary and appropriate, shall be paid at the time the application for a commercial cannabis business permit is submitted.
- (m) Loitering. The owner and/or operator of a commercial cannabis business shall prohibit loitering by persons outside on the premises of the facility.
- (n) Permits and other Approvals. Prior to the establishment of any commercial cannabis business or the operation of any such business, the person intending to establish a commercial cannabis business must first obtain all applicable planning, zoning, building, and other applicable permits from the relevant governmental agency which may be applicable to the zoning district in which such commercial cannabis business intends to establish and to operate.

- (o) Each commercial cannabis business shall establish minimum training standard for all employees. The City Manager or his or her designee shall have the discretion to require other training for the business operations should the City identify deficiencies or non-compliance issues with City or State requirements.

### **Section 5.32.320. Other Operational Requirements.**

The City Manager or his/her designee may develop other commercial cannabis business operational requirements or regulations as are determined to be necessary to protect the public health, safety and welfare. All such operational requirements and regulations shall be placed on a public meeting agenda for review and approval by the City Council prior to being implemented.

### **Section 5.32.330. Operating Requirements for Retailer Facilities.**

- (a) No more than the maximum number of cannabis retailers established by section 5.32.080 may operate within the City of Colfax at any one time.
- (b) Onsite consumption of cannabis or cannabis products is prohibited on the premises at all times.
- (c) The commercial cannabis retailer shall hire or contract for security personnel who are at least twenty-one (21) years of age to provide on-site security services during the hours of operation. All security personnel hired or contracted by the business shall be licensed by the Bureau of Security and Investigative Services. The City Manager or his/her designee at their discretion may authorize or approve the carrying of a firearm by licensed security personnel which shall be specified in the terms of the regulatory permit.
- (d) Retailer M-type License Owners and Operators are required to verify the age and the necessary documentation of each medical customer to ensure the customer is not under the age of eighteen (18) years, and to verify that the potential customer has a valid doctor's recommendation and/or Health & Safety Code 11362.71 identification card (Medical Marijuana Card). Doctor recommendations are not to be obtained or provided at the retail location.
- (e) Operating hours of the commercial cannabis retailer shall be limited between the hours of 6:00 a.m. through 10:00 p.m., seven days a week.

- (f) The commercial cannabis retailer shall only sell cannabis or cannabis products to a natural person 21 year of age or older or to a natural person 18 year of age or older who possesses a physician's recommendation.
- (g) Entrances into the dispensary shall be locked at all times with entry strictly controlled. A "buzz-in" electronic/mechanical entry system shall be utilized to limit access to and entry to the dispensary, to separate it from the reception/lobby area.
- (h) The commercial cannabis retailer may have on-site, in the retail sales area of the licensed facility, only that quantity of cannabis and cannabis products reasonably anticipated to meet the daily demand readily available for sale. Additional cannabis and cannabis products may be stored in a secured, locked area to which customers, vendors, and visitors shall not have access.
- (i) All restroom facilities shall remain locked and under the control of management.
- (j) All Storefront Retailers who conduct delivery operations shall be subject to the operating requirements in Section 5.32.340.

**Section 5.32.340. Operating Requirements for Non-Storefront Retailer and Deliveries.**

- (a) It shall be unlawful for any person, limited liability company, corporation, collective, cooperative or any other entity to manage or operate a non-store front facility or a delivery service which sells, exchanges, barter, transfers, delivers and/or promotes, any cannabis or cannabis products in the City for commercial purpose unless they have been issued a commercial cannabis permit pursuant to Section 5.32.170 and are in compliance with Section 5.32.330.
- (b) All deliveries shall only take place during normal business hours of the retail cannabis business.
- (c) The maximum limit of any cannabis goods carried by the delivery vehicle may not exceed the limit set by State Law.
- (d) Prior to commencing delivery operations, the retail cannabis business shall provide the following delivery vehicle information to the City:
  - (1) Proof of ownership of the vehicle or a valid lease for any and all vehicles that will be used to deliver cannabis or cannabis products.

- (2) The year, make, model, color, license plate number, and numerical Vehicle Identification Number (VIN) for any and all vehicles that will be used to deliver cannabis goods.
- (3) Proof of insurances as required by Section 5.32.250(b) for any or all vehicles used to deliver cannabis goods.

### **Section 5.32.350. Operating Requirements for a Cultivation Facility**

- (a) Outdoor Commercial Cultivation is prohibited.
- (b) In no case, shall cannabis plants be visible from a public or private road, sidewalk, park or any common public viewing area.
- (c) Cannabis cultivation shall be conducted in accordance with state and local laws related to land conversion, grading, electricity, water usage, water quality, woodland and riparian habitat protection, agricultural discharges, and similar matters.
- (d) Pesticides and fertilizers shall be properly labeled and stored to avoid contamination through erosion, leakage or inadvertent damage from pests, rodents or other wildlife.
- (e) A list of all pesticides and fertilizers on the property along with their projected annual usage shall be provided to the property owner to meet full disclosure of the property in the event of a sale or transfer of ownership or to a future tenant.
- (f) All cultivation operations must demonstrate compliance with the limitations on discharge into the City's wastewater system, as set forth in Colfax Municipal Code Chapter 13.08 and in any wastewater discharge permit issued by the City. This shall include the submittal of an Industrial Wastewater Permit Application, acquisition of a valid Industrial Waste Permit, inclusion of adequate pretreatment prior to discharge, and payment of all required Industrial Wastewater Fees.
- (g) All applicants for a cannabis cultivation permit shall submit to the following in addition to the information generally otherwise required for a commercial cannabis business:
  - (1) A cultivation and operations plan that meets or exceeds minimum legal standards for water usage, conservation and use; drainage, runoff, and erosion control; watershed and habitat protection; and proper storage of fertilizers, pesticides, and other regulated products to be used on the parcel, and a description of the cultivation activities

and schedule of activities during each month of growing and harvesting, or explanation of growth cycles and anticipated harvesting schedules for all-season harvesting.

- (2) A description of a legal water source, irrigation plan, and projected water use.
- (3) Identification of the source of electrical power and plan for compliance with applicable Building Codes and related codes.
- (4) Plan for addressing odor and other public nuisances that may derive from the cultivation site.

### **Section 5.32.360. Operating Requirements for a Distribution Facility**

- (a) A distributor shall not store non-cannabis goods or non-cannabis accessories that are to be sold to another party on any licensed premises. Additionally, a distributor shall not distribute non-cannabis goods or non-cannabis accessories at a licensed premises.
- (b) After taking physical possession of a cannabis goods batch, the distributor shall contact a testing laboratory and arrange for a laboratory employee to come to the distributor's licensed premises to select a representative sample for laboratory testing.
- (c) A distributor shall ensure that all cannabis goods batches are stored separately and distinctly from other cannabis goods batches on the distributor's premises.
- (d) The distributor shall ensure that the batch size from which the sample is taken meets the requirements of state law, specifically the testing provision within the California Code of Regulations.
- (e) A distributor or an employee of the distributor shall be physically present to observe the laboratory employee obtain the sample of cannabis goods for testing and shall ensure that the increments are taken from throughout the batch. The sampling shall be video-recorded, and the recording kept and made available to state and local authorities for a minimum of 180 days.
- (f) A distributor shall not transport cannabis or cannabis products to a licensed retail facility until and unless it has verified that the cannabis or cannabis products have been tested and certified by a testing lab.

### **Section 5.32.370. Operating Requirements for a Manufacturing Facility**

- (a) No cannabis manufacturing facility shall conduct chemical extraction using a volatile solvent.
- (b) Cannabis manufacturing facilities may conduct cannabis extraction using the following methods:
  - (1) Mechanical extraction;
  - (2) Chemical extraction using a nonvolatile solvent such as a nonhydrocarbon-based or other solvent such as water, vegetable glycerin, vegetable oils, animal fats, or glycerin; or
  - (3) Chemical extraction using a commercially manufactured closed loop CO2 gas extraction system.
- (c) Nonhydrocarbon-based solvents, used in nonvolatile chemical extraction process, shall be food grade.
- (d) Chemical extraction using a CO2 gas extraction system shall be conducted in a commercially manufactured closed loop extraction system designed to recover the solvents.
- (e) Closed loop CO2 gas extraction systems must be commercially manufactured and bear a permanently affixed and visible manufacturer name, model number, serial number, and required certifications. The system shall be certified by a California-licensed engineer that the system was commercially manufactured, safe for use with the intended solvent, and built to codes of recognized and generally accepted good engineering practices, such as:
  - (1) The American Society of Mechanical Engineers (ASME);
  - (2) American National Standards Institute (ANSI);
  - (3) Underwriters Laboratories (UL); or
  - (4) The American Society for Testing and Materials (ASTM).
- (f) The certification document for a closed loop CO2 gas extraction system must contain the signature and stamp of the professional engineer or industrial hygienist and manufacturer name, model number, and serial number of the extraction unit being certified.
- (g) Commercially manufactured closed loop systems, other equipment used, the extraction operation, and facilities must be approved for their use by the

Fire Department and meet any required fire, life safety, and building code requirements specified in the California Building Reference Codes and National Fire Protection Association Standards.

- (h) Any compressed gases used in the manufacturing process shall not be stored on any property within the City of Colfax in containers that exceed the maximum allowable quantity approved by the Fire Department in accordance with California Building Reference Codes and National Fire Protection Association Standards and authorized by the regulatory permit. Each site or parcel subject to a commercial cannabis business permit shall be limited to a total aggregate quantity of each gas as authorized by the Fire Department on the property at any time.
- (i) Any ethanol used in the manufacturing process shall not be stored on any property within the City of Colfax in containers that exceed the maximum of 100 gallons of ethanol up to 100% concentration.
- (j) Cannabis manufacturing facilities may use glycerin, ethanol, and propylene glycol solvents to create or refine extracts. Ethanol should be removed from the extract in a manner to recapture the solvent and ensure that it is not vented into the atmosphere.
- (k) Cannabis manufacturing facilities may use heat, screens, presses, steam distillation, ice water, ethanol and other methods without employing solvents or gases to create keef, hashish, bubble hash, or infused dairy butter, or oils or fats derived from natural sources, and other extracts.
- (l) Cannabis manufacturing facilities creating cannabis extracts must develop standard operating procedures, good manufacturing practices, and a training plan prior to producing extracts for the marketplace.
- (m) Any person using solvents or gases in a closed looped system to create cannabis extracts must be fully trained on how to use the system, have direct access to applicable material safety data sheets and handle and store the solvents and gases safely. A training plan and operator annual certification is required.
- (n) All cultivation operations must demonstrate compliance with the limitations on discharge into the City's wastewater system, as set forth in Colfax Municipal Code Chapter 13.08 and in any wastewater discharge permit issued by the City. This shall include the submittal of an Industrial Wastewater Permit Application, acquisition of a valid Industrial Waste Permit, inclusion of adequate pretreatment prior to discharge, and payment of all required Industrial Wastewater Fees.

- (o) A MSDS book for all chemicals and materials used in the business is required and shall be updated in real time and available for inspection.

### **Section 5.32.380. Operating Requirements for a Microbusiness Facility**

- (a) A microbusiness must engage in at least three (3) of the following commercial cannabis activities; cultivation, manufacturing, distribution, and retail sale.
- (b) All cultivation, manufacturing, distribution, and retail activities performed by a permittee under a microbusiness permit shall occur on the same premises.
- (c) Areas of the premises used for manufacturing and cultivation shall be separated from the distribution and retail areas by a wall. Walls must extend vertically and continuously from the ceiling to the floor of the areas being separated and horizontally and continuously to create a complete separation between the areas being separated, except that a door may be installed to provide access between the separated areas. Areas above suspended ceilings must be blocked as well. All doors between the separated areas shall remain closed when not in use. All walls shall be subject to City prior approval and shall be constructed of solid materials that cannot be easily penetrated or breached, such as two-inch by four-inch nominal or thicker studs overlaid with three-eighths inch or thicker plywood or the equivalent. Plastic sheeting, regardless of gauge, or similar products, do not satisfy this requirement.
- (d) As part of a microbusiness, commercial cannabis cultivation shall not exceed 10,000 square feet of canopy space.
- (e) As part of a microbusiness, commercial cannabis manufacturing is limited to nonvolatile extraction methods only.
- (f) In addition to the operating requirements established in this Section, a holder of a microbusiness permit shall comply with the operating requirements in the following Sections:
  - (1) A microbusiness engaged in retail shall be subject to the operating requirements in Section 5.32.330 and 5.32.340.
  - (2) A microbusiness engaged in cultivation shall be subject to the operating requirements in Section 5.32.350.
  - (3) A microbusiness engaged in distribution shall be subject to the operating requirements in Section 5.32.360.

- (4) A microbusiness engaged in manufacturing shall be subject to the operating requirements in Section 5.32.370.

#### **Section 5.32.390. Operating Requirements for a Testing Facility**

- (a) Any Testing Labs shall be required to conduct all testing in a manner compliant with Business and Professions Code Section 26100 and shall be subject to all applicable state and local laws. Each Testing Lab shall be subject to additional regulations promulgated, replaced or amended by the City or the State of California from time to time.
- (b) Testing Labs shall conduct all testing in a manner consistent with general requirements for the competence of testing and calibration activities, including sampling using verified methods.
- (c) All cannabis testing laboratories performing testing shall obtain and maintain ISO/IEC 17025 accreditation as required by the Bureau of Cannabis Control.
- (d) Testing labs shall destroy any harvest batch whose testing sample indicates noncompliance with health and safety standards required by the Bureau unless remedial measures can bring the cannabis or cannabis products into compliance with quality standards as specified by law and implemented by the Bureau.
- (e) Each operator shall ensure that a testing laboratory employee takes the sample of cannabis or cannabis products from the distributor's premises for testing required by state law and that the testing laboratory employee transports the sample to the testing laboratory.
- (f) Testing labs shall not distribute, sell, or dispense cannabis, or cannabis products, from the licensed premises from which the cannabis or cannabis products are acquired or received.

#### **Section 5.32.400. Promulgation of Regulations, Standards and Other Legal Duties.**

- (a) In addition to any regulations adopted by the City Council, the City Manager or his/her designee is authorized to establish any additional rules, regulations and standards governing the issuance, denial or renewal of commercial cannabis business permits, the ongoing operation of commercial cannabis businesses and the City's oversight, or concerning any other subject determined to be necessary to carry out the purposes of this Chapter.

- (b) Regulations shall be published on the City's website.
- (c) Regulations promulgated by the City Manager shall become effective upon date of publication. Commercial cannabis businesses shall be required to comply with all state and local laws and regulations, including but not limited to any rules, regulations or standards adopted by the City Manager or his designee.

#### **Section 5.32.410. Community Relations.**

- (a) Each commercial cannabis business shall provide the name, telephone number, and email address of a community relations contact to whom notice of problems associated with the commercial cannabis business can be provided. Each commercial cannabis business shall also provide the above information to all businesses and residences located within one hundred (100) feet of the commercial cannabis business.
- (b) During the first year of operation pursuant to this Chapter, the owner, manager, and community relations representative from each commercial cannabis business holding a permit issued pursuant to this Chapter shall attend a quarterly meeting with the City Manager or his/her designee(s) and other interested parties as deemed appropriate by the City Manager, to discuss costs, benefits, and other community issues arising as a result of implementation of this Chapter. After the first year of operation, the owner, manager, and community relations representative from each such commercial cannabis business shall meet with the City Manager or his/her designee(s) when and as requested by the City Manager or his/her designee(s).
- (c) Commercial cannabis businesses to which a permit is issued pursuant to this Chapter shall develop a City approved public outreach and educational program for youth organizations and educational institutions that outlines the risks of youth addiction to cannabis, and that identifies resources available to youth related to drugs and drug addiction.

#### **Section 5.32.420. Fees Deemed Debt to City of Colfax.**

The amount of any fee, cost or charge imposed pursuant to this Chapter shall be deemed a debt to the City of Colfax that is recoverable via an authorized administrative process as set forth in the Municipal Code, or in any court of competent jurisdiction.

#### **Section 5.32.430. Permit Holder Responsible for Violations.**

The person to whom a permit is issued pursuant to this Chapter shall be responsible for all violations of the laws of the State of California or of the regulations and/or the ordinances of the City of Colfax, whether committed by the permittee or any employee or agent of the permittee, which violations occur in or about the premises of the commercial cannabis business whether or not said violations occur within the permit holder's presence.

#### **Section 5.32.440. Inspection and Enforcement.**

- (a) The City Manager, or his/her designee(s) charged with enforcing the provisions of the Colfax Municipal Code, or any provision thereof, may enter the location of a commercial cannabis business at any time, without notice, and inspect the location of any commercial cannabis business as well as any recordings and records required to be maintained pursuant to this Chapter or under applicable provisions of State law.
- (b) It is unlawful for any person having responsibility over the operation of a commercial cannabis business, to impede, obstruct, interfere with, or otherwise not to allow, the City to conduct an inspection, review or copy records, recordings or other documents required to be maintained by a commercial cannabis business under this Chapter or under state or local law. It is also unlawful for a person to conceal, destroy, deface, damage, or falsify any records, recordings or other documents required to be maintained by a commercial cannabis business under this Chapter or under state or local law.
- (c) The City Manager, Sheriff or his/her designee(s) charged with enforcing the provisions of this Chapter may enter the location of a commercial cannabis business at any time during the hours of operation and without notice to obtain samples of the cannabis to test for public safety purposes. Any samples obtained by the City of Colfax shall be logged, recorded, and maintained in accordance with the Sheriff's Office standards for evidence.

#### **Section 5.32.450. Compliance with State Regulation.**

It is the stated intent of this Chapter to regulate commercial cannabis activity in the City of Colfax in compliance with all provisions MAUCRSA and any subsequent state legislation.

#### **Section 5.32.460. Violations declared a public nuisance.**

Each and every violation of the provisions of this Chapter is hereby deemed unlawful and a public nuisance.

**Section 5.32.470. Each violation a separate offense.**

Each and every violation of this Chapter shall constitute a separate violation and shall be subject to all administrative citations and fines provided for in Colfax Municipal Code Chapter 1.25 together with all other remedies and enforcement measures authorized by the Colfax Municipal Code. Additionally, as a nuisance per se, any violation of this Chapter shall be subject to injunctive relief, any permit issued pursuant to this Chapter being deemed null and void, disgorgement and payment to the City of any monies unlawfully obtained, costs of abatement, costs of investigation, attorney fees, and any other relief or remedy available at law or in equity. The City of Colfax may also pursue any and all remedies and actions available and applicable under state and local laws for any violations committed by the commercial cannabis business or persons related to, or associated with, the commercial cannabis activity. Additionally, when there is determined to be an imminent threat to public health, safety or welfare, the City Manager, Sheriff or his/her designee(s), may take immediate action to temporarily suspend a commercial cannabis business permit issued by the City, pending a hearing before the City Council. Each day a violation is committed or permitted to continue shall constitute a separate offense.

**Section 5.32.480. Criminal Penalties.**

Each and every violation of the provisions of this Chapter may in the discretion of the District Attorney or the City Attorney be prosecuted as a misdemeanor and upon conviction be subject to a fine not to exceed one thousand dollars (\$1,000) or imprisonment in the county jail for a period of not more than twelve (12) months, or by both such fine and imprisonment. Each day a violation is committed or permitted to continue shall constitute a separate offense.

**Section 5.32.490. Remedies cumulative and not exclusive.**

The remedies provided herein are not to be construed as exclusive remedies. The City is authorized to pursue any proceedings or remedies provided by law.

CITY OF COLFAX  
 EXHIBIT B OF ORDINANCE NO. 542

**AN ORDINANCE OF THE CITY OF COLFAX AMENDING TITLE 17 (ZONING) OF THE COLFAX MUNICIPAL CODE BY AMENDING SECTION 17.64.030 D (LISTING OF USE CLASSIFICATIONS -COMMERCIAL USE TYPES); 17.76.020 ( PERMITTED USE TYPES – COMMERCIAL ZONE DISTRICTS PERMITTED USES); 17.80.020 (INDUSTRIAL ZONES – PERMITTED USE TYPES); CHAPTER 17.162 (MEDICAL MARIJUANA DISPENSARIES) TO ESTABLISH ZONING FOR COMMERCIAL CANNABIS ACTIVITIES WITHIN THE CITY OF COLFAX**

**Section 1: Colfax Municipal Code Title 17 (Zoning), Article III (Use and Zoning District Regulations) Chapter 17.64 (Use Type Classifications), Section 17.64.030 D (Listing of Use Classifications – Commercial Use Types) is hereby amended by adding the following use types:**

- D. Commercial Cannabis Activities
  - Cultivation
  - Cultivation Nursery
  - Distributor
  - Manufacturer
  - Microbusiness
  - Retail
  - Testing Laboratory

**Section 2: Colfax Municipal Code Title 17 (Zoning), Article III (Use and Zone District Regulations) Chapter 17.76 (Commercial Zones), Section 17.76.020 (Permitted Use Types) is hereby amended by adding the following commercial zone district permitted uses:**

COMMERCIAL ZONE DISTRICTS PERMITTED USES		
COMMERCIAL USE TYPES	C-R	C-H
Commercial Cannabis Activites		
Cultivation	P	P
Cultivation Nursery	P	P
Distributor	P	P
Manufacturer	P	P
Microbusiness	P	P
Retailer	P	P
Testing Laboratory	P	P

**Section 3: Colfax Municipal Code Title 17 (Zoning), Chapter 17.80 (Industrial Zones), Section 17.80.020 (Permitted Use Types) is hereby amended by adding the following industrial zone district permitted uses:**

INDUSTRIAL ZONE DISTRICTS PERMITTED USES		
COMMERCIAL USE TYPES	I-L	I-H
Commercial Cannabis Activities		
Cultivation	P	P
Cultivation Nursery	P	P
Distributor	P	P
Manufacturer	P	P
Microbusiness	P	P
Retailer	P	P
Testing Laboratory	P	P

**Section 4: Colfax Municipal Code Title 17 (Zoning), Article V (Special Area And Specific Use Regulations) Chapter 17.162 (Medical Marijuana Dispensaries) is hereby repealed and replaced as follows:**

17.162.010 Purpose

The purpose of this chapter, in combination with Chapter 5.32, is to establish a comprehensive, uniform set of regulations applicable to commercial cannabis activity, as defined, within the city to ensure such operation is conducted in a manner consistent with the overall health, welfare and safety of the city and its populace and in compliance with all relevant state law. Nothing in this Chapter shall be construed as authorizing or intending to authorize any violation of federal, state or local laws, rules, regulations or ordinances.

The goals of this regulation include all of the following:

- A. To minimize the size of the illegal market for cannabis in the City of Colfax and surrounding areas.
- B. To create jobs, economic growth and tax revenue for the City and its residents.
- C. To enable law enforcement and regulators to have sufficient rights to inspect and audit commercial cannabis activity, as defined, and take expeditious action against persons or entities who violate the requirements of these regulations.
- D. To regulate the operation and location of commercial cannabis activity, as defined, such that public nuisance is minimized.
- E. To minimize social harms which may arise from unregulated cannabis activity.

17.162.020 Administration.

The City Manager, Community Services Director, the City’s chief building official, the Placer County sheriff and any employee or individual designated by any of those persons, are authorized to administer and enforce this chapter to ensure compliance.

#### 17.162.030 Definitions

As used herein, the following definitions shall govern the construction of this chapter:

“Abatement costs” mean any costs or expenses reasonably related to the abatement of conditions which violate this chapter, and shall include, but not be limited to, enforcement, investigation, attorneys’ fees, collection and administrative costs, and the costs associated with removal and/or correction of the violation.

“Accessory structure” means a structure that is accessory to any principal structure and customarily a part thereof, which is clearly incidental and secondary to the principal structure and is significantly smaller in area than the principal structure and does not change the character of the principal structure or principal use of the premises.

“Administrative costs” mean the cost of City staff time, contracted staff time, Placer County sheriff time, other law enforcement time, and fire department time reasonably related to enforcement, for items including, but not limited to, site inspections, travel time, travel expenses, laboratory analysis, investigations, telephone contacts and time spent preparing summaries, reports, notices, correspondence, warrants and hearing packets, and the time expended by the code enforcement officer or designee to calculate the above costs and prepare itemized invoices.

“Authorized grower” means any person, including a person with an identification card, primary caregiver, or qualified patient, who is authorized by state law to grow cannabis for personal medical or non-medical use in compliance with local and state laws that authorize such cannabis cultivation.

“Cannabis,” “marijuana” “medical cannabis,” “medical marijuana,” and/or “marijuana products” shall be used interchangeably and means all parts of the plant *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. “Cannabis” also means the separated resin, whether crude or purified, obtained from cannabis. “Cannabis” does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. For the purpose of this Chapter, “cannabis” does not mean “industrial hemp” as defined by Section 11018.5 of the Health and Safety Code.

“Cannabis plant” means any mature or immature cannabis plant (and/or cannabis plant clone), or any cannabis seedling, unless otherwise specifically provided herein.

“Church” means a structure or leased portion of a structure, which is used primarily for religious worship and related religious activities.

“Commercial cannabis activity” includes cultivation, possession, manufacture, distribution, processing, storing, laboratory testing, packaging, labeling, transporting, delivery or sale of cannabis or cannabis products.

“Cultivation” means any activity involving the planting, growing, trimming, harvesting, drying, curing, grading, processing or storage of one or more cannabis plants or any part thereof in any location, indoor or outdoor, including a fully enclosed and secure structure or accessory structure.

“Retailer” means any facility, location, establishment or similar entity that distributes, delivers, or supplies cannabis for any purpose and shall include but not be limited to a dispensing collective or cooperative.

“Code enforcement officer” means any person employed or contracted by the City of Colfax and authorized to administer this chapter or his or her authorized deputies or designees, each of whom is independently authorized to enforce this chapter.

“Day care center” means a child day care facility other than a family day care home, and includes infant centers, preschools, extended day care facilities, and school age child care centers.

“Fence (solid)” means a barrier constructed of wood or other materials which substantially forms an opaque screen.

“Fence (other than solid)” means a barrier constructed of posts made of wood, metal or any other rigid material connected with wire, fabric, boards or other materials which is intended to demarcate a boundary, separate land uses, secure animals, enclose property, exclude people and animals from a designated area, and the like, and which does not form a substantially visually opaque screen.

“Fully enclosed and secure structure” means a space within a building that has been approved by the City of Colfax and complies with the California Building Code, as adopted by the City of Colfax, or if exempt from the permit requirements of the California Building Code, that has a complete roof enclosure supported by connecting walls extending from the ground to the roof; a foundation, slab or equivalent base to which the floor is secured by bolts or similar attachments, is secured against unauthorized entry; and is accessible through one or more lockable doors. Walls and roofs must be constructed of solid materials that cannot be easily penetrated or breached, such as two-inch by four-inch nominal or thicker studs overlaid with three-eighths inch or thicker plywood or the equivalent. Plastic sheeting, regardless of gauge, or similar products, do not satisfy this requirement. If indoor grow lights or air filtration systems are used, they must comply with the California Building, Electrical, and Fire Codes as adopted or applied by the City of Colfax. Any detached, fully-enclosed and secure structure used for the cultivation of marijuana must have a ventilation and filtration system installed that shall prevent marijuana

plant odors from exiting the interior of the structure except through the ventilation and filtration system. Such structure shall be located in the rear yard area of a legal parcel or premises, maintain the setbacks set forth in the Colfax Municipal Code and the area surrounding the structure or back yard must be enclosed by a solid fence at least six feet in height. When this chapter allows that cultivation of marijuana occur indoors, the harvest of such marijuana shall also be accomplished indoors.

“Harvest” includes but is not limited to the drying, processing, or storage of marijuana which may only occur within a fully enclosed and secure structure or accessory structure.

“Immature cannabis plant” means a cannabis plant, whether male or female, that has not yet flowered and which does not yet have buds that are readily observed by unaided visual examination.

“Indoors” means within a fully enclosed and secure structure or accessory structure capable of containing all parts of the plant.

“Legal parcel” means any parcel of real property that may be separately sold in compliance with the Subdivision Map Act (Division 2 (commencing with Section 66410) of Title 7 of the Government Code).

“Manufacture” means to compound, blend, extract, infuse, or otherwise make or prepare a cannabis product.

“Manufacturer” means a person that conducts the production, preparation, propagation, or compounding of cannabis or cannabis products either directly or indirectly or by extraction methods, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis at a fixed location that packages or repackages cannabis or cannabis products or labels or re-labels its container.

“Manufacturing” means the producing, preparing, propagating, or compounding of cannabis or cannabis products either directly or indirectly or by extraction methods, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis at a fixed location that packages or repackages cannabis or cannabis products or labels or re-labels its container.

“Mature cannabis plant” means a cannabis plant, whether male or female, that has flowered and which has buds that are readily observed by unaided visual examination.

“Medical marijuana collective” means qualified patients, persons with valid identification cards, and the designated primary caregivers of qualified patients who associate by agreement, or form a cooperative within the City in order to collectively or cooperatively cultivate marijuana for medical purposes, as provided in Health and Safety Code Section 11362.775. The term collective shall include “cooperative” unless the context clearly indicates otherwise.

“Outdoor” or “outdoors” means any location within the City of Colfax that is not within a fully enclosed and secure structure or accessory structure as defined herein.

“Parcel” means a “legal parcel” as defined herein and a property assigned a separate parcel number by the Placer County assessor.

“Person” means any individual, partnership, co-partnership, firm, association, joint stock company, corporation, limited liability company, cooperative or combination of the above in whatever form or character.

“Premises” means a single, legal parcel of property that includes an occupied legal residence, such as a house, an apartment, a condominium, a mobile home or other similar dwelling, which is a dwelling in compliance with the Colfax Municipal Code and has also met the requirements of this chapter. Where contiguous legal parcels are under common control or ownership, such contiguous legal parcels shall be counted as a single “premises” for purposes of this chapter.

“Primary caregiver” shall have the meaning set forth in Health and Safety Code Section 11362.7(d), as may be amended.

“Private residence” means a house, a duplex, an apartment unit, a condominium, a townhouse, a mobile home or other similar dwelling or premises.

“Qualified patient” shall have the meaning set forth in Health and Safety Code Section 11362.7(f), as may be amended.

“Recommendation” means a written current recommendation signed by a licensed California physician pursuant to Health and Safety Code Sections 11362.5 and 11362.7.

“Residential treatment facility” means a facility provided for treatment of drug and alcohol dependency, including any “sober living facility” run by treatment providers for the benefit of transitional living.

“School” means an institution of learning for minors, whether public or private, providing instruction in kindergarten or any grades 1 through 12.

“Youth center” means any public or private facility that is primarily used to host recreational or social activities for minors, including, but not limited to, private youth membership organizations or clubs, social service teenage club facilities, video arcades, or similar amusement park facilities.

#### 17.162.040 Outdoor Personal Cannabis Cultivation

A. When authorized by state law, an authorized grower shall be allowed to cultivate cannabis outdoors for personal use only, subject to the regulations in this chapter and elsewhere in the Colfax Municipal Code and the following restrictions:

1. The regulations of this chapter and the Colfax Municipal Code shall apply to all outdoor personal cultivation of cannabis; and

2. A maximum of six plants on no more than one-hundred (100) square feet in total is allowed for outdoor cultivation of cannabis per parcel with a private residence. Cannabis plants may be cultivated on no more than one-hundred (100) square feet in total per parcel with a private residence, regardless of the number of authorized growers, qualified patients or primary caregivers residing in a private residence on the parcel. The total combined outdoor cultivation of cannabis per parcel with a private residence shall not exceed one-hundred (100) square feet at any time. For the purposes of this section, the area used to cultivate cannabis shall be measured by the aggregate area of vegetative growth of live cannabis plants on the premises; and

3. All outdoor personal cultivation of cannabis may only occur on a parcel with the private residence of the authorized grower, and the authorized grower may only cultivate cannabis on one parcel and may not cultivate outdoors if there is any indoor cannabis cultivation occurring on the parcel; and

4. All outdoor personal cultivation shall be setback by a minimum of ten (10) feet from all parcel property lines; and

5. All outdoor personal cultivation shall not be closer to an existing private residence on an adjoining property than to the private residence of the authorized grower on the parcel whereon the outdoor cultivation site is located; and

6. All outdoor personal cultivation shall be screened from all public rights-of-way, private access easements, and exterior property lines of the parcel where the outdoor cultivation takes place to prevent being easily visible to individuals on adjoining parcels or to individuals either passing through or by the subject parcel, and to prevent members of the public from gaining access; and

7. The use of volatile solvents is prohibited. For purposes of this ordinance, “volatile solvent” means volatile organic compounds, including but not limited to: (1) explosive gasses such as Butane, Propane, Xylene, Styrene, Gasoline, Kerosene, O<sub>2</sub> or H<sub>2</sub>; and (2) dangerous poisons, toxins, or carcinogens, such as Methanol, Iso-propyl Alcohol, Methylene Chloride, Acetone, Benzene, Toluene, and Tri-chloro-ethylene.

8. The parcel where the outdoor personal cannabis is cultivated shall not be located within six hundred (600) feet of any school, church, park, library, day care center, or youth center. Such distance shall be measured in a straight line from the fence or other enclosure to the nearest boundary line of the premises upon which the school, church, park, daycare center, or youth center is located.

9. The area for the outdoor personal cultivation of cannabis shall not adversely affect the health or safety of the occupants of the parcel or any other property by creating dust, glare, heat, noise, noxious gasses, odor, smoke, traffic, vibration, mold, or other impacts, and shall not

be maintained so as to constitute a hazard due to use or storage of materials, processes, products or wastes; and

10. All outdoor personal cultivation shall be in accordance with applicable regulations set forth in the Colfax Municipal Code and any codes incorporated therein; and

11. All outdoor personal cultivation which exists prior to the enactment of this ordinance must be in compliance with applicable regulations set forth in the Colfax Municipal Code and any codes incorporated therein, and the regulations in this chapter.

B. It is hereby declared to be unlawful, a public nuisance and a violation of this chapter for any person owning, leasing, occupying, or having charge or possession of any parcel within the City of Colfax to cause or allow such parcel to be used for the outdoor personal cultivation of cannabis, unless the person is authorized by state law to grow cannabis, and such authorized grower is complying with the Colfax Municipal Code and any codes incorporated therein, and the regulations in this chapter.

C. A public nuisance may also be deemed to exist, if such activity produces: (1) odors which are disturbing to people of normal sensitivity residing or present on adjacent or nearby property or areas open to the public; (2) repeated responses to the parcel or residence from enforcement officers; (3) a repeated disruption to the free passage of persons or vehicles in the immediate neighborhood, (4) excessive noise which is disturbing to people of normal sensitivity on adjacent or nearby property or areas open to the public; and (5) any other impacts on the neighborhood which are disruptive of normal activity in the area.

#### 17.162.050 Indoor Personal Cannabis Cultivation

A. When authorized by state law, an authorized grower shall be allowed to cultivate cannabis indoors for personal use, subject to the following restrictions:

1. The regulations of this chapter and the Colfax Municipal Code shall apply to all indoor cultivation of cannabis; and

2. The indoor personal cultivation of cannabis is on a parcel upon which the private residence of the authorized grower is located. Each authorized grower may use only one private residence for the cultivation of cannabis. If the parcel and private residence are not owned by the authorized grower, the authorized grower must have a legal right to occupy and use the parcel and private residence to cultivate cannabis. The authorized grower shall obtain a written statement from the owner or owners of the parcel and private residence as proof to demonstrate that the owner or owners have acknowledged, consented to and granted permission to the authorized grower for the cultivation of cannabis in an amount in accordance with this chapter. Nothing provided in this chapter requires the owner or owners of the parcel and private residence to consent to and allow the cultivation of cannabis by an authorized grower. Nothing provided in this chapter authorizes the cultivation of cannabis in violation of the rules of a home owner's association, deed restrictions, or other property conditions and covenants. If there is more than one owner of the parcel and private residence, all owners must have acknowledged, consented to

and granted permission to the authorized grower for the cultivation of cannabis in an amount in accordance with this chapter. The written statement shall be dated and signed by the owner or owners of the parcel and private residence. The written statement shall be valid for twelve (12) months from the signing of the written statement. If ownership of the parcel or private residence changes during the twelve (12) month period after the previous owner or owners had granted permission for the cultivation of cannabis, the authorized grower must obtain, within thirty (30) days of the change of ownership, a new permission statement from the new owner or owners of the parcel and private residence. Upon request by a code enforcement officer, the authorized grower shall provide the written statement from the owner or owners of the parcel and private residence as proof that the owner or owners have acknowledged, consented to and granted permission to the authorized grower for the cultivation of cannabis; and

3. All indoor personal cultivation of cannabis may only occur inside a private residence that is a fully enclosed and secure structure located on the parcel or inside an accessory structure to a private residence that is a fully enclosed and secure structure on the parcel. There shall be no indoor personal cannabis cultivation if there is any outdoor personal cannabis cultivation occurring on the parcel at the same time; and

4. A maximum of six plants on no more than one-hundred (100) square feet is allowed for cultivation of cannabis in total per parcel inside a private residence that is a fully enclosed and secure structure or inside an accessory structure to a private residence that is a fully enclosed and secure structure on a parcel. Cannabis plants may be cultivated on no more than one-hundred (100) square feet in total per parcel inside a private residence that is a fully enclosed and secure structure or inside an accessory structure to a private residence that is a fully enclosed and structure on a parcel, regardless of the number of authorized growers, qualified patients or primary caregivers residing in a private residence on the parcel. The total combined indoor cultivation of cannabis per parcel with a private residence shall not exceed one-hundred (100) square feet at any time. For the purposes of this section, the area used to cultivate cannabis shall be measured by the aggregate area of vegetative growth of live cannabis plants on the premises; and

5. The area used for cultivation complies with applicable California Building, Plumbing, Mechanical, Electrical and Fire Codes, and the parcel has: (1) a permitted permanent water well or connection to a public water source drawing water, (2) does not engage in unlawful or unpermitted surface drawing of water for such cultivation, (3) does not permit illegal discharges of water from the parcel, (4) the parcel where the cultivation of cannabis takes place shall either be connected to a public sewer system or have a City or Placer County inspected and permitted sewage disposal system; and

6. The use of volatile solvents is prohibited. For purposes of this ordinance, “volatile solvent” means volatile organic compounds, including but not limited to: (1) explosive gasses such as Butane, Propane, Xylene, Styrene, Gasoline, Kerosene, O<sub>2</sub> or H<sub>2</sub>; and (2) dangerous poisons, toxins, or carcinogens, such as Methanol, Iso-propyl Alcohol, Methylene Chloride, Acetone, Benzene, Toluene, and Tri-chloro-ethylene.; and

7. The personal cultivation of cannabis is concealed/secured so that it is not visible from the exterior of the private residence or accessory structure, the parcel, the public right-of-way, and/or neighboring properties, and is not accessible by underaged occupants or the general public; and

8. The area for the cultivation of cannabis shall not adversely affect the health or safety of the occupants of the private residence or the parcel or any other property by creating dust, glare, heat, noise, noxious gasses, odor, smoke, traffic, vibration, mold, or other impacts, and shall not be maintained to constitute a hazard due to use or storage of materials, processes, products or wastes; and

9. All indoor personal cultivation is in accordance with applicable regulations set forth in the Colfax Municipal Code and any codes incorporated therein, and the regulations in this chapter; and

10. All indoor personal cultivation which exists prior to the enactment of this ordinance must be in compliance with applicable regulations set forth in the Colfax Municipal Code and any codes incorporated therein, and the regulations in this chapter.

B. It is hereby declared to be unlawful, a public nuisance and a violation of this chapter for any person owning, leasing, occupying, or having charge or possession of any parcel within the City of Colfax to cause or allow such parcel to be used for the indoor personal cultivation of cannabis, unless the person is authorized by state law to grow cannabis, and such authorized grower is complying with all requirements of this chapter.

C. A public nuisance may also be deemed to exist, if such activity produces: (1) odors which are disturbing to people of normal sensitivity residing or present on adjacent or nearby property or areas open to the public; (2) repeated responses to the parcel or residence from enforcement officers; (3) a repeated disruption to the free passage of persons or vehicles in the immediate neighborhood, (4) excessive noise which is disturbing to people of normal sensitivity on adjacent or nearby property or areas open to the public; or (5) any other impacts on the neighborhood which are disruptive of normal activity in the area.

#### 17.162.060 Commercial Cannabis Activity Prohibited.

Commercial cannabis activity, as defined, within the City of Colfax is prohibited except as expressly permitted by this chapter or as otherwise allowed by Colfax Municipal Code Chapter 5.32.

#### 17.162.070 Permit Requirements

Commercial cannabis activity, as defined, is permitted in the City only as expressly provided by this chapter and Chapter 5.32 as periodically amended.

#### 17.162.080 Locational Limitations

Commercial cannabis businesses shall be conditionally permitted on appropriately zoned parcels within the City and shall be subject to the following location requirements:

- A. A commercial cannabis business shall not be located within a 600-foot radius of a school providing instruction in kindergarten or any grades 1 through 12, day care center, or youth center that is in existence at the time the permit is issued.
- B. A commercial cannabis business shall not be located within the City of Colfax Historic Core of the Historic District Overlay (Assessor Parcel Numbers: 006-022-012-000, 006-022-013-000, 006-022-025-000, 006-022-026-000, 006-033-021-000, 006-042-005-000; 006-043-002-000 through 006-043-004-000; 006-043-006-000; 006-043-007-000; 006-043-013-000; 006-061-007-000, 006-061-018-000, 006-061-019-000, 006-064-002-000, 006-064-004-000, 006-064-008-000 through 006-064-010-000; 006-065-002-000 through 006-065-006-000; 006-066-001-000; 006-066-004-000 through 006-066-007-000; 006-066-009-000 through 006-066-014-000; 006-066-016-000 through 006-066-021-000; 006-066-024-000 through 006-066-031-000; 006-067-001-000 through 006-067-011-000; 006-071-002-000 through 006-071-010-000; 006-071-ROW-000; 006-072-001-000; 006-072-002-000; 006-091-002-000; 006-091-003-000; 006-091-006-000; 006-091-007-000; 006-091-023-000; 006-091-025-000; 006-091-029-000; 006-091-030-000; 006-091-032-000; 006-091-042-000; 006-091-044-000; 006-091-045-000; 006-093-021-000, and 006-093-022-000). A map of the Core of the Historic District Overlay is attached and incorporated into this Ordinance by reference.
- C. A commercial cannabis business shall not be in a location that requires persons to pass through a business that sells alcohol or tobacco or a private residence to access the licensed premises.
- D. A commercial cannabis business shall not be in a location that that requires persons to pass through the commercial cannabis business to access a business or establishment that sells alcohol or tobacco, or to access a private residence.
- E. Notwithstanding the locational requirements established in subsection (A) of this section, the City Council shall have the authority, pursuant to Business and Professions Code Section 26054(b), to adjust the distances of the buffer zones at their discretion.

#### 17.162.90 Measure of Distance

- A. All locational requirements set forth in Section 17.162.080 shall be measured from the nearest property line of one designated location to the nearest property line of the other designated location along a straight line extended between the two points without regard to intervening structures.

#### 17.162.100 Enforcement

A. Public Nuisance. Violation of this chapter is hereby declared to be a public nuisance and subject to the enforcement process as set forth herein.

B. Abatement Authority.

1. The City of Colfax may, in its discretion, abate the violation of this chapter by prosecution of a civil action, including an action for injunctive relief without first going through the administrative procedures set forth herein. The remedy of injunctive relief may take the form of a court order, enforceable through civil contempt proceedings, prohibiting the maintenance of the violation of this chapter or requiring compliance with other terms.

2. The City may also abate the violation of this chapter through any lawful abatement process established by California law.

C. Abatement Procedures.

1. Whenever a code enforcement officer determines that a public nuisance (as defined in this chapter) exists, he or she shall post a seventy-two (72) hour notice to abate on the property where the public nuisance exists, and mail a copy of the same to those persons shown on the latest county tax roll or equivalent registry to be the owners of the property. The seventy-two (72) hour notice to abate shall inform the owner and/or tenants of the basis for the violation, and that an administrative penalty of five hundred dollars (\$500.00) per cannabis plant in excess of six plants or five hundred dollars (\$500.00) per every twenty-five (25) square feet of cannabis outside the allowed one-hundred (100) square feet; explain that if the violation is not corrected, the matter will be set for a nuisance abatement hearing, at which time the administrative penalty will increase to one thousand dollars (\$1,000.00) per cannabis plant in excess of six plants or one thousand dollars (\$1,000.00) per every twenty-five (25) square feet of cannabis outside the allowed one-hundred (100) square feet and explain that to prevent the accrual of additional penalties and costs, the owner or tenant must contact the code enforcement officer and arrange a time for a code enforcement officer to inspect the property, and confirm that the violation(s) have been corrected.

2. If the nuisance continues to exist after the expiration of the seventy-two (72) hour period, a code enforcement officer may set the matter for hearing by issuing a notice of nuisance abatement hearing. If the matter is set for hearing, the code enforcement officer shall post the property upon which the public nuisance exists and shall mail, with a proof of service, notices to those persons known to be in possession of the property, if any, and to persons shown on the latest county tax roll or equivalent registry to be the owners of the property at least five days prior to the hearing. The administrative penalty shall increase to one thousand dollars (\$1,000.00) per cannabis plant in excess of six plants or one thousand dollars (\$1,000.00) per every twenty-five (25) square feet of cannabis outside the allowed one-hundred (100) square feet from the date the notice of nuisance abatement hearing is posted on the property.

3. All hearings conducted under this chapter shall be held before a hearing officer designated by the City.

4. At the time and place set for the hearing, the hearing officer shall hear testimony and receive written and/or documentary evidence relating to the alleged violation. Additional procedural rules may be adopted by resolution of the Colfax City Council. The City shall record the hearing, and provide a copy of the recording to the hearing officer following the conclusion of the hearing. The City shall preserve the record of the hearing, and all photographs and demonstrative and documentary evidence at the time of the hearing, for a period of three years.

5. Within three days after the hearing is closed, the hearing officer shall render his or her written decision relating to the existence or nonexistence of the alleged public nuisance. If a violation is found to have existed at the time the notice of nuisance abatement hearing was posted, the decision shall include a statement that the City is entitled to recover its administrative costs and administrative penalties. If the hearing officer determines that the violation continues to exist, the decision shall also order that the owner of the property, or persons known to be in possession of the property, abate the violation within a reasonable time, not to exceed five days from the date the decision is placed in the mail. A copy of the decision shall be mailed by certified mail, return receipt requested, to the person or persons shown on the last City tax roll or equivalent registry to be the owners of the property which is the subject of the hearing and the occupant of such parcel, if any. All other persons noticed pursuant to this section shall be mailed a copy of the decision by first class mail, postage prepaid. The decision of the hearing officer shall be final and conclusive on the date the decision is deposited in the mail.

6. a. Notwithstanding any other provisions of this code, if a final decision of the hearing officer finds that a violation exists and the public nuisance is not voluntarily abated within five days of said decision being placed in the mail by the hearing officer, the City may abate the public nuisance by cutting and/or removing all cannabis plants from the property, pursuant to a warrant issued by a court of competent jurisdiction. The owner or owners of the property shall be responsible for paying all of the City's abatement costs and administrative costs, and administrative penalties. The code enforcement officer, or designee, shall keep an accounting of the abatement and administrative costs for each case. Upon completion of the abatement of the nuisance, whether by the City or the owner or tenant, the code enforcement officer, or designee, shall post the property and send a bill to the owner, and any persons known to be in possession of the property, requesting payment of the City's abatement and administrative costs, as well as all administrative penalties. The bill shall also state that failure to pay the costs and penalties within fifteen (15) days from service of the bill may result in the recording of a lien and the placement of a special assessment against the property.

b. If the City's costs and penalties are not paid within fifteen (15) days from service of the bill, the code enforcement officer, or designee, shall render an itemized report to the City Clerk for submittal to the City Council for hearing and consideration regarding the proposed lien and special assessment. The report shall include the names and addresses of the owner of record and any persons known to be in possession of the property, and an itemized account of the City's abatement costs, administrative costs, and administrative penalties. At least fifteen (15) days prior to said hearing, the City Clerk shall give notice, with proof of service, of said hearing to all persons named in the code enforcement officer, or designee's, report and shall post the property with a copy of the notice. The notice shall describe the property by assessor's parcel number and street number or other description sufficient to enable identification of the

property and contain a statement of the amount of the proposed lien and special assessment. The notice shall also contain a statement that the Council will hear and consider objections and protests to the proposed lien and special assessment at the designated time and place.

7. At the time and place fixed in the notice, the City Council shall hear and consider the proposed lien and special assessment together with objections and protests thereto. At the conclusion of the hearing, the City Council may make such modifications and revisions to the proposed lien and special assessment costs it deems just and may order that the proposed lien and special assessment be recorded and specially assessed against the property by the Placer County auditor-controller's office. The lien shall have the same force, priority and effect as a judgment lien and the special assessment shall have the same priority as other City taxes.

8. The notice of lien shall, at a minimum, identify the record owner or possessor of the property, set forth the date upon which the decision of the hearing officer was issued, describe the real property subject to the lien, set forth the amount of the costs and penalties incurred to date and, if applicable, the date upon which the abatement was completed. If the abatement has not yet been completed, the notice shall so state and shall also indicate that the lien is a partial lien and that additional abatement costs will be incurred in the future.

9. A copy of any notice required by this chapter or decisions of either the hearing officer, City Council or designee as required by this chapter may be recorded in the office of the County Recorder of Placer County.

a. Release of Notice. Where a notice has been served as required by this chapter and a hearing body has determined that sufficient grounds do not exist for nuisance abatement, or where the owner of an affected premises has corrected the condition that was the basis for initiation of enforcement action, the official shall record a satisfaction release and removal of notice of nuisance or notice of nuisance abatement.

b. Payment of Costs Prior to Release. In the event that enforcement costs have been incurred in the investigation/processing of a violation for which a notice is required, the release of such notice shall not be recorded until all such costs have been reimbursed to the City.

c. Attorney Fees. In any action to foreclose on a lien issued pursuant to this chapter, the City shall be entitled to an award of attorney's fees and costs.

D. Abatement Costs—Administrative Costs. In any action, administrative proceeding, or special proceeding to abate a nuisance, attorneys' fees may be recovered by the prevailing party. In no action, administrative proceeding, or special proceeding shall an award of attorneys' fees to a prevailing party exceed the amount of attorneys' fees incurred by the City in the action or proceeding.

E. Summary Abatement. Notwithstanding any other provision of this chapter, when any unlawful cannabis cultivation constitutes an immediate threat to the public health or safety, and where the procedures set forth in subsection C of this section would not result in abatement of

that nuisance within a short enough time period to avoid that threat, the City Manager, Community Services Director or designee may direct any officer or employee of the City to summarily abate the nuisance. The code enforcement officer shall make reasonable efforts to notify the persons identified in subsection C.2 of this section but the formal notice and hearing procedures set forth in this chapter shall not apply. The City may nevertheless recover its costs for abating that nuisance in the manner set forth in this chapter.

#### 17.162.110 Non-Exclusive Remedy

This chapter is cumulative to all other remedies now or hereafter available to abate or otherwise regulate or prevent public nuisances under this chapter or by applicable law.

#### 17.162.120 Administrative Penalties

It is unlawful and a public nuisance to violate any of the provisions of this chapter and the City shall have the authority to cause the abatement and removal thereof in accordance with the procedure prescribed in this chapter. The violation of any provision of this chapter shall be and is hereby declared to be contrary to the public interest and shall, at the discretion of the City, create a cause of action for injunctive relief. In addition to the penalties set forth herein, any person that violates the provisions of this chapter may be subject to administrative remedies, citations and fines, as set forth by City ordinance. Unless otherwise expressly provided, the remedies, procedures and penalties provided by this section are cumulative to each other and to any others available under state law or other City ordinances.

A. For violation of Section 17.162.040 (Outdoor personal cannabis cultivation), a civil penalty of five hundred dollars (\$500.00) per cannabis plant in excess of six plants or five hundred dollars (\$500.00) per every twenty-five (25) square feet of cannabis cultivation outside the allowed one-hundred (100) square feet; however, if a notice of nuisance abatement hearing is issued, the penalty shall increase to one thousand dollars (\$1,000.00) per cannabis plant in excess of six plants and one thousand dollars (\$1,000.00) per every twenty-five (25) square feet of cannabis cultivation outside the allowed one-hundred (100) square feet.

B. For violation of Section 17.162.050 (Indoor personal cannabis cultivation), a civil penalty of five hundred dollars (\$500.00) per cannabis plant in excess of six plants or five hundred dollars (\$500.00) per every twenty-five (25) square feet of cannabis cultivation outside the allowed one-hundred (100) square feet; however, if a notice of nuisance abatement hearing is issued, the penalty shall increase to one thousand dollars (\$1,000.00) per cannabis plant in excess of six plants or one thousand dollars (\$1,000.00) per every twenty-five (25) square feet of cannabis cultivation outside the allowed one-hundred (100) square feet.

C. For violation of Section 17.162.060 (Prohibition of commercial cannabis activity), a civil penalty of one thousand dollars (\$1,000.00) per plant for each violation of commercial cannabis cultivation and a civil penalty of five thousand dollars (\$5,000.00) per day for all other violations.

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G. At the nuisance abatement hearing, the hearing officer shall determine the total amount of administrative penalties that have accrued at the time of the hearing, and that amount shall be reflected in the decision and awarded to the City. Administrative penalties shall not be awarded if the property owner establishes all of the following: (1) that, at the time he or she acquired the property, a violation of this chapter already existed on the property; (2) the property owner did not have actual or constructive notice of the existence of that violation; and (3) prior to the nuisance abatement hearing, the property owner initiates and pursues, with due diligence, good faith efforts, to meet the requirements of this code. In his or her decision, the hearing officer may compromise the amount of any administrative penalties. When determining whether to compromise any penalty amount, the hearing officer shall take into consideration the nature, circumstances, and gravity of the violation(s), any prior history of violations, the degree of culpability, the financial burden to the person(s) upon whom the penalty has been imposed, the degree to which the proposed compromise will facilitate collection of the penalties without the need for further legal action, and any other matters justice may require. If at the time of the hearing the nuisance has yet to be abated, the decision shall state that the administrative penalties shall continue to accrue as specified in subsections A through F of this section until the nuisance is abated. The decision of the hearing officer shall be final and conclusive on the date the decision is deposited in the mail.

H. Any decision regarding the amount of administrative penalties imposed by a hearing officer pursuant to this chapter may be appealed by any aggrieved person to the Colfax City Council as follows:

1. **Appeal Subject.** Any appeal under this section shall be limited to the amount of administrative penalties imposed by the hearing officer.

2. **Timing and Form of Appeal.** An appeal must be filed within ten (10) days from the date the decision was deposited in the mail. Appeals filed more than ten (10) days after the decision was deposited in the mail shall not be accepted for filing. A notice of appeal shall be in writing, shall include a detailed statement of the factual and/or legal grounds upon which the appeal is being taken and shall include a copy of the decision of the hearing officer. The appeal shall be accompanied by the filing fee set by the most current City fee schedule.

3. **Filing and Processing.** An appeal shall be filed with the City Clerk, who shall process the appeal pursuant to this section, including scheduling the matter before the City Council. The Colfax City Council may designate a subcommittee of two or three members to hear and rule upon any appeal provided for in this section.

4. **Effect of Filing.** In the event of an appeal under this section, only the decision as to the amount of the administrative penalties shall be set aside and have no effect until final action by the appeal body pursuant to this section. The appeal shall have no effect on any other factual or legal determination of the hearing officer.

5. **Report and Scheduling of Hearing.** When an appeal has been filed under this section, the City Manager, or designee, shall prepare a report on the matter and shall schedule the

matter for consideration by the City Council (or subcommittee so designated) after completion of the report.

6. This Section intentionally omitted.

7. Action and Findings. After an appeal has been scheduled by the City Clerk, the City Council (or subcommittee so designated) shall conduct a public hearing. At the hearing, the City Council (or subcommittee so designated) shall initiate a discussion limited only to the amount of the administrative penalties imposed by the hearing officer and, in addition, the specific grounds for appeal.

a. The City Council (or subcommittee so designated) may affirm, affirm in part, reverse or reverse in part the decision or determination of the hearing officer as to the amount of the administrative penalties imposed based upon findings of fact about the particular case. The findings shall identify the reasons for the action on the appeal, and verify the compliance or noncompliance of the subject of the appeal with the provisions of this chapter.

b. A decision by the City Council (or sub-committee so designated) under this section shall be final.

8. Time Limits on Appeals. Upon receipt of an appeal in proper form, the City Council (or subcommittee so designated) shall schedule the matter for consideration by the City Council. The City Council, or a subcommittee thereof, shall commence a public hearing on the appeal within ninety (90) days of its proper filing, or within such other time period as may be mutually agreed upon by the appellant, in writing, and the appeal body, in writing. If the public hearing is not commenced within ninety days, or an alternative time period is not agreed upon by the appellant and the appeal body, the decision rendered by the hearing officer shall be deemed affirmed. Once commenced, a public hearing on an appeal may be continued from time to time for good cause.

9. Withdrawal of Appeal—Hearing Decisions. After an appeal of a decision has been filed, an appeal shall not be withdrawn except with the consent of the appropriate hearing body.

I. All money and assets collected in payment for penalties for violations of this chapter and all money and assets collected for recovery of costs of enforcement of this chapter shall be used to offset the cost of enforcement of this chapter.

#### 17.162.130 Criminal Penalty Provisions

A. Violation of any provision of this chapter is a misdemeanor unless (1) the city attorney authorizes issuance of an infraction citation or files, or authorizes the filing of, a complaint charging the offense as an infraction or (2) a court with jurisdiction over the matter, upon recommendation of the city attorney, determines that the offense should be prosecuted as an infraction.

B. Any person who violates any provision of this chapter shall be guilty of a separate offense for each and every day during any portion of which any such person commits, continues, permits, or causes any violation thereof, and shall be penalized accordingly.

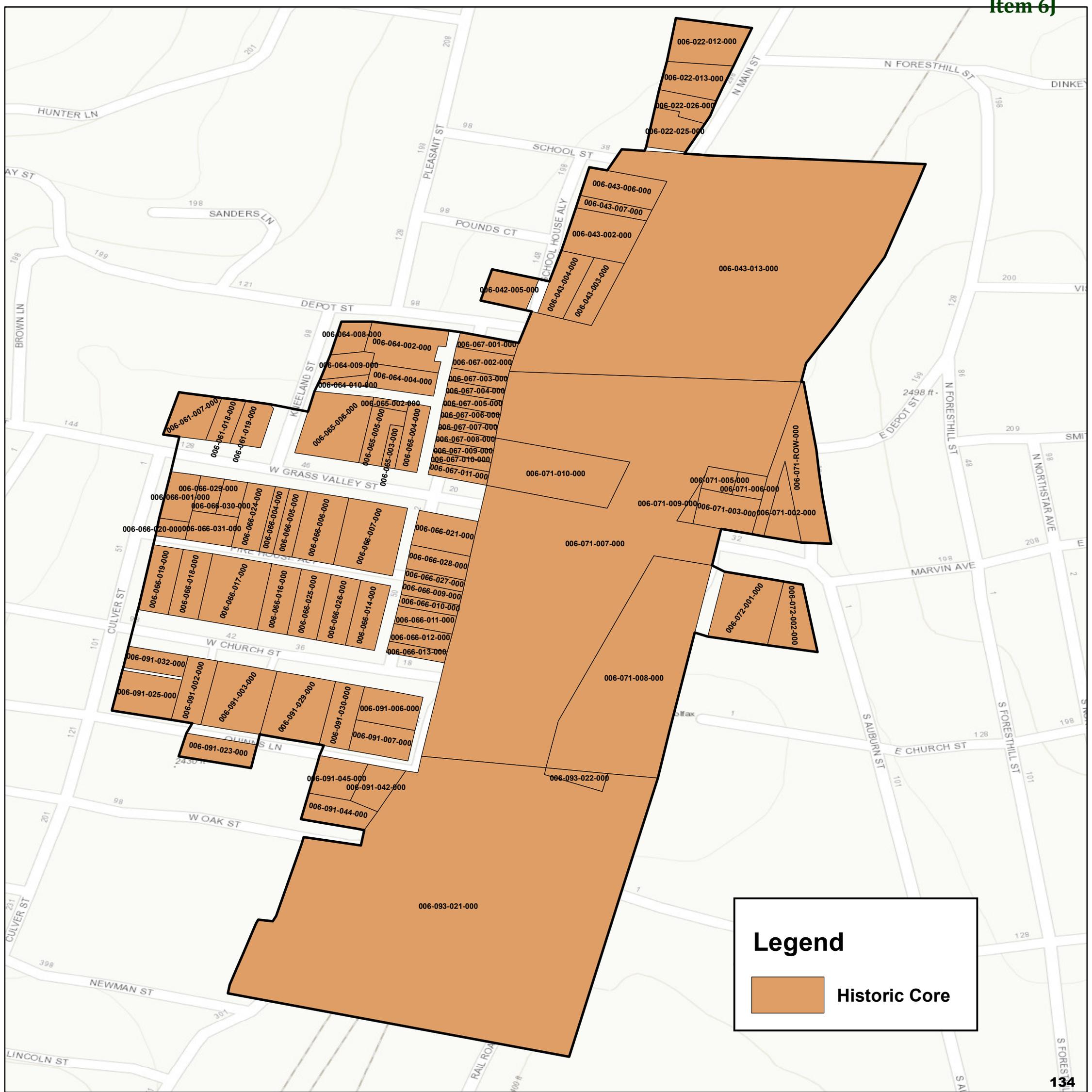
#### 17.162.140 No Duty To Enforce

Nothing in this chapter shall be construed as imposing on any code enforcement officer or the City of Colfax any duty to issue a notice to abate, nor to abate any violations of this chapter and neither the code enforcement officer, nor the City, shall be held liable for failure to issue an order to abate any violation of this chapter.

#### 17.162.150 Severability

The provisions of this chapter are declared to be separate and severable. The invalidity of any clause, phrase, sentence, paragraph, subdivision, section or portion of this chapter, or the invalidity of the application thereof to any person or circumstance shall not affect the validity of the remainder of this chapter, or the validity of its application to other persons or circumstances.

All provisions of Colfax Municipal Code Title 17 that are not amended or repealed and replaced by this ordinance shall remain in full force and effect.



**Legend**

 **Historic Core**