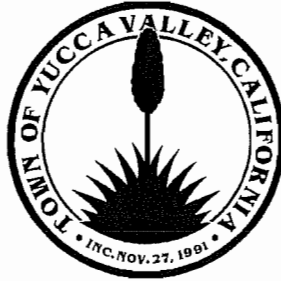


TOWN OF YUCCA VALLEY TOWN COUNCIL MEETING



*The Mission of the Town of Yucca Valley is to
provide a government that is responsive to its citizens
to ensure a safe and secure environment
while maintaining the highest quality of life.*

**TOWN COUNCIL: 6:00 p.m.
TUESDAY, MARCH 17, 2015
YUCCA VALLEY COMMUNITY CENTER
YUCCA ROOM
57090 - 29 PALMS HIGHWAY
YUCCA VALLEY, CALIFORNIA 92284**

**CLOSED SESSION: 6:00 p.m.
(Immediately following regular meeting)
YUCCA VALLEY TOWN HALL
CONFERENCE ROOM
57090 - 29 PALMS HIGHWAY
YUCCA VALLEY, CALIFORNIA 92284**

* * * *

TOWN COUNCIL

*George Huntington, Mayor
Robert Leone, Mayor Pro Tem
Merl Abel, Council Member
Rick Denison, Council Member
Robert Lombardo, Council Member*

* * * *

TOWN ADMINISTRATIVE OFFICE:

760-369-7207

www.yucca-valley.org

**AGENDA
MEETING OF THE
TOWN OF YUCCA VALLEY COUNCIL
TUESDAY, MARCH 17, 2015
6:00 P.M.**

The Town of Yucca Valley complies with the Americans with Disabilities Act of 1990. If you require special assistance to attend or participate in this meeting, please call the Town Clerk's Office at 760-369-7209 at least 48 hours prior to the meeting.

An agenda packet for the meeting, and any additional documents submitted to the majority of the Town Council, are available for public view in the Town Hall lobby and with respect to the staff agenda packet, on the Town's website, www.yucca-valley.org, prior to the Council meeting. Any materials submitted to the Agency after distribution of the agenda packet will be available for public review in the Town Clerk's Office during normal business hours and will be available for review at the Town Council meeting. For more information on an agenda item or the agenda process, please contact the Town Clerk's office at 760-369-7209 ext. 226.

If you wish to comment on any subject on the agenda, or any subject not on the agenda during public comments, please fill out a card and give it to the Town Clerk. The Mayor/Chair will recognize you at the appropriate time. Comment time is limited to 3 minutes.

(WHERE APPROPRIATE OR DEEMED NECESSARY, ACTION MAY BE TAKEN ON ANY ITEM LISTED IN THE AGENDA)

OPENING CEREMONIES (6:00 p.m. – Yucca Room)

CALL TO ORDER

ROLL CALL: Council Members Abel, Denison, Leone, Lombardo and Mayor Huntington

PLEDGE OF ALLEGIANCE

INVOCATION

PRESENTATIONS, INTRODUCTIONS, RECOGNITIONS

1. San Bernardino County Fire Division Chief Benfield
2. Animal Care and Control Update

APPROVAL OF AGENDA

Action: Move _____ 2nd _____ Vote _____.

CONSENT AGENDA

All items listed on the consent calendar are considered to be routine matters or are considered formal documents covering previous Town Council instruction. The items listed on the consent calendar may be enacted by one motion and a second. There will be no separate discussion of the consent calendar items unless a member of the Town Council or Town Staff requests discussion on specific consent calendar items at the beginning of the meeting. Public requests to comment on consent calendar items should be filed with the Town Clerk before the consent calendar is called.

3. Waive further reading of all ordinances (if any in the agenda) and read by title only.

Recommendation: Waive further reading of all ordinances and read by title only.

- 1-17 4. Town Council Meeting Minutes of February 12, 2015, February 17, 2015, and March 3, 2015

Recommendation: Approve the Town Council meeting minutes of February 12, 2015, February 17, 2015, and March 3, 2015 as presented.

- 18-19 5. Southern California Associated Government General Assembly Voting Delegate

Recommendation: Designate the SANBAG Representative and Alternate as Voting Delegates to the SCAG Annual General Assembly.

- 20-46 6. 2014 General Plan Annual Report
Annual Housing Element Report

Recommendation: As recommended by the Planning Commission, that the Town Council receives and files the 2014 General Plan Annual Report

- 47-49 7. AB1234 Reporting Requirements

Recommendation: Receive and file the AB1234 Reporting Requirement Schedule for the month of February 2015

- 50-56 8. Warrant Register

Recommendation: Ratify the Payroll Register total of \$141,910.77 for checks dated February 27, 2015 and Ratify the Warrant Register total of \$450,084.31 for checks dated March 5, 2015

Recommendation: Adopt Consent Agenda (items 3-8)

Action: Move _____ 2nd _____ Vote _____

DEPARTMENT REPORTS

57-109 9. AB 266 (Cooley) Legislation Position and Letter of Support

Recommendation: Review Assembly Bill 266 (Cooley) and authorize the Mayor to offer a letter of support on behalf of the Council, if appropriate.

Action: Move _____ 2nd _____ Vote _____

110-114 10. Resolution No. 15-
Pima Trail, Palm Avenue to approximately 500' feet east of Church Street
Approximately 660 Linear Feet
Accepting that portion of Pima Trail into the Town's Maintained Road System

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF YUCCA VALLEY, CALIFORNIA ACCEPTING PIMA TRAIL, FROM PALM AVENUE TO APPROXIMATELY 500 FEET EAST OF CHURCH STREET INTO THE TOWN MAINTAINED ROAD SYSTEM

Recommendation: Adopt the Resolution, incorporating Pima Trail, from Palm Avenue to approximately 500 feet east of Church Street into the Town's Maintained Road System.

Action: Move _____ 2nd _____ Vote _____

115-117 11. Parks, Recreation and Cultural Commission Appointments

Recommendation: Pursuant to the Town's Manual of Procedural Guidelines, it is recommended that:

- 1. Council members nominate a liaison member to the Yucca Valley Parks, Recreation, and Cultural Commission.**
- 2. Town Council affirms the nominations stated for appointments to the Yucca Valley Parks, Recreation, and Cultural Commission**

Action: Move _____ 2nd _____ Vote _____

118-164 12. Independent Audit Appointment

Recommendation: As recommended by the Audit Subcommittee, appoint Rogers, Anderson, Malody & Scott, LLP, to be the Town's Independent Auditor, and award a contract for services with the firm for a three year period beginning with the fiscal year 2014-15

Action: Move _____ 2nd _____ Vote _____

FUTURE AGENDA ITEMS

PUBLIC COMMENTS

In order to assist in the orderly and timely conduct of the meeting, the Council takes this time to consider your comments on items of concern which are on the Closed Session or not on the agenda. When you are called to speak, please state your name and community of residence. Notify the Mayor if you wish to be on or off the camera. Please limit your comments to three (3) minutes or less. Inappropriate behavior which disrupts, disturbs or otherwise impedes the orderly conduct of the meeting will result in forfeiture of your public comment privileges. The Town Council is prohibited by State law from taking action or discussing items not included on the printed agenda.

STAFF REPORTS AND COMMENTS

MAYOR AND COUNCIL MEMBER REPORTS AND COMMENTS

- 13. Council Member Abel
- 14. Council Member Denison
- 15. Council Member Lombardo
- 16. Mayor Pro Tem Leone
- 17. Mayor Huntington

ANNOUNCEMENTS

Time, date and place for the next Town Council meeting.

The next meeting of the Yucca Valley Town Council is scheduled for Tuesday, April 7, 2015 at 6:00 p.m. in the Yucca Valley Community Center Yucca Room.

CLOSED SESSION (Town Hall Conference Room)

(Public Comments will be taken prior to Closed Session)

1. **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**

A closed session will be held, pursuant to Government Code §54956.9(d)(1), to confer with legal counsel regarding pending litigation to which the Town is a party. The title of such litigation is as follows: Town of Yucca Valley vs. Yashraj Hospitality, Inc., dba Best Western Yucca Valley Hotel and Suites, Nathsons Hospitality, Inc., Venokumar Nathraj, Charmaine Nathraj et. al; CIVDS1415964; San Bernardino County Superior Court

2. **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**

A closed session will be held, pursuant to Government Code § 54956.9(d)(1), to confer with legal counsel regarding pending litigation to which the City is a party. The title of such litigation is as follows: Frank Lindsay vs. Town of Yucca Valley; Case Number 515-cv-0036-VAP-DTBx; United States District Court

CLOSED SESSION REPORT/ADJOURNMENT

Yucca Valley Town Council

Meeting Procedures

The Ralph M. Brown Act is the state law which guarantees the public's right to attend and participate in meetings of local legislative bodies. These rules have been adopted by the Town of Yucca Valley Town Council in accordance with the Brown Act, Government Code 54950 et seq., and shall apply at all meetings of the Yucca Valley Town Council, Commissions and Committees.

Agendas - All agendas are posted at Town Hall, 57090 Twentynine Palms Highway, Yucca Valley, at least 72 hours in advance of the meeting. Staff reports related to agenda items may be reviewed at the Town Hall offices located at 57090 Twentynine Palms Highway, Yucca Valley.

Agenda Actions - Items listed on both the "Consent Calendar" and "Items for Discussion" contain suggested actions. The Town Council will generally consider items in the order listed on the agenda. However, items may be considered in any order. Under certain circumstances new agenda items can be added and action taken by two-thirds vote of the Town Council.

Closed Session Agenda Items - Consideration of closed session items, *excludes* members of the public. These items include issues related to personnel, pending litigation, labor negotiations and real estate negotiations. Prior to each closed session, the Mayor will announce the subject matter of the closed session. If final action is taken in closed session, the Mayor shall report the action to the public at the conclusion of the closed session.

Public Testimony on any Item - Members of the public are afforded an opportunity to speak on any listed item. Individuals wishing to address the Town Council should complete a "Request to Speak" form, provided near the Town Clerk's desk at the meeting room, and present it to the Town Clerk prior to the Council's consideration of the item. A "Request to Speak" form must be completed for *each* item when an individual wishes to speak. When recognized by the Mayor, speakers should be prepared to step forward and announce their name and address for the record. In the interest of facilitating the business of the Council, speakers are limited to up to three (3) minutes on each item. The Mayor or a majority of the Council may establish a different time limit as appropriate, and parties to agenda items shall not be subject to the time limitations.

The Consent Calendar is considered a single item, thus the three (3) minute rule applies. Consent Calendar items can be pulled at Council member request and will be brought up individually at the specified time in the agenda allowing further public comment on those items.

Agenda Times - The Council is concerned that discussion takes place in a timely and efficient manner. Agendas may be prepared with estimated times for categorical areas and certain topics to be discussed. These times may vary according to the length of presentation and amount of resulting discussion on agenda items.

Public Comment - At the end of the agenda, an opportunity is also provided for members of the public to speak on any subject with Council's authority. *Matters raised under "Public Comment" may not be acted upon at that meeting. The time limits established in Rule #4 still apply.*

Disruptive Conduct - If any meeting of the Council is willfully disrupted by a person or by a group of persons so as to render the orderly conduct of the meeting impossible, the Mayor may recess the meeting or order the person, group or groups of person willfully disrupting the meeting to leave the meeting or to be removed from the meeting. Disruptive conduct includes addressing the Council without first being recognized, not addressing the subject before the Council, repetitiously addressing the same subject, failing to relinquish the podium when requested to do so, or otherwise preventing the Council from conducting its meeting in an orderly manner. *Please be aware that a NO SMOKING policy has been established for all Town of Yucca Valley meetings. Your cooperation is appreciated!*

ACRONYM LIST

ADA	Americans with Disabilities Act
CAFR	Comprehensive Annual Financial Report
CALTRANS	California Department of Transportation
CEQA	California Environmental Quality Act
CCA	Community Center Authority
CDBG	Community Development Block Grant
CHP	California Highway Patrol
CIP	Capital Improvement Program
CMAQ	Congestion Mitigation and Air Quality
CMP	Congestion Management Program
CNG	Compressed Natural Gas
COP	Certificates of Participation
CPI	Consumer Price Index
DOJ	Department of Justice
DOT	Department of Transportation
ED	Economic Development
EIR	Environmental Impact Report (pursuant to CEQA)
GAAP	Generally Accepted Accounting Procedures
GASB	Governmental Accounting Standards Board
HDWD	Hi Desert Water District
HUD	US Department of Housing and Urban Development
IIEP	Inland Empire Economic Partnership
IIPP	Injury and Illness Prevention Plan
IRC	Internal Revenue Code
LAIF	Local Agency Investment Fund
LLEBG	Local Law Enforcement Block Grant
LTF	Local Transportation Fund
MBTA	Morongo Basin Transit Authority
MBYSA	Morongo Basin Youth Soccer Association
MDAQMD	Mojave Desert Air Quality Management District
MOU	Memorandum of Understanding
MUSD	Morongo Unified School District
PARSAC	Public Agency Risk Sharing Authority of California
PERS	California Public Employees Retirement System
PPA	Prior Period Adjustment
PVEA	Petroleum Violation Escrow Account
RDA	Redevelopment Agency
RSA	Regional Statistical Area
RTP	Regional Transportation Plan
SANBAG	San Bernardino Associated Governments
SCAG	Southern California Association of Governments
STIP	State Transportation Improvement Program
STP	Surface Transportation Program
TEA-21	Transportation Enhancement Act for the 21 st Century
TOT	Transient Occupancy Tax

Town Council Committee Assignments

COMMITTEE	REPRESENTATIVE	MEETING SCHEDULE	LOCATION
CITY / COUNTY ANIMAL SERVICES JPA	Huntington Lombardo	12:00 pm. Last Thursday	Yucca Valley
DESERT SOLID WASTE JPA	Huntington Leone (Alt)	10:00 a.m. 2 nd Thursday Feb, May, Aug, Nov	Victorville
LEAGUE OF CALIFORNIA CITIES DESERT MOUNTAIN DIVISION	Lombardo Denison (Alt)	10:00 a.m. 4 th Friday- Quarterly	Varies
LEAGUE OF CALIFORNIA CITIES LEGISLATIVE DELEGATE	Mayor		
LEGISLATIVE TEAM	Huntington Denison	Proposed for Council Members to work with Town Manager meeting with legislators when necessary	
HOMELESS PARTNERSHIP (SBCO) AND INTERAGENCY COUNCIL ON HOMELESSNESS	Staff	9:00 a.m. 4 th Wednesday	San Bernardino
MEASURE I	Huntington Abel (Alt)	9:30 a.m. 3 rd Friday	Apple Valley
MORONGO BASIN TRANSIT AUTHORITY	Abel Leone Lombardo (Alt)	5:00 p.m. 4 th Thursday	Joshua Tree
MOJAVE AIR QUALITY DISTRICT	Leone Abel (Alt)	10:00 a.m. 4 th Monday	Victorville
SANBAG	Huntington Abel (Alt)	10:30 a.m. 1 st Wednesday	San Bernardino
SPORTS COUNCIL	Denison	6:30 p.m. 2 nd Monday March, June, Sept	Yucca Valley

Ad Hoc Committee Assignments

COMMITTEE	REPRESENTATIVES
AUDIT	Denison Huntington
BREHM PARK	Abel Lombardo
MEDICAL MARIJUANA INITIATIVE	Lombardo Abel
ONLINE VIDEO	Huntington Evans (PRCC)
PUBLIC FACILITIES	Huntington Leone
RDA BONDS	Huntington Leone
SEWER FINANCING	Denison Leone
SUBDIVISION	Huntington Leone

**TOWN OF YUCCA VALLEY
SPECIAL TOWN COUNCIL MEETING MINUTES
FEBRUARY 12, 2015**

OPENING CEREMONIES

Mayor Huntington called the meeting to order at 5:00 p.m.

Council Members Present: Abel, Denison, Leone, Lombardo, and Mayor Huntington

Staff Members Present: Town Manager Yakimow, Deputy Town Manager Stueckle, Town Attorney Laymon (via tele-connection), and Town Clerk Copeland.

The Pledge of Allegiance was led by Mayor Huntington

DEPARTMENT REPORTS

1. Town and Initiative Proponents Tolling Agreement

Town Manager Yakimow presented the staff report explaining the main provisions of a tolling agreement between the Town and the Medical Marijuana Citizen Initiative proponents. The agreement provides a tolling period through March 17, 2015 for both parties to continue good faith negotiations on an amended measure, retaining the purpose of exempting a limited number of medical marijuana dispensaries within Town limits.

The Medical Marijuana Ad Hoc Committee (Abel and Lombardo) reported that negotiations have been going well and both parties have been very amicable in their discussions.

Mayor Huntington opened public comments on the item. With no members of the public wishing to speak, public comments were closed.

Council Member Lombardo moved to enter into a tolling agreement with the proponents of the citizen-sponsored initiative measure ("Citizen Initiative") permitting medical marijuana dispensaries, in order to permit the proponents and the Town additional time to consider an amended measure to be submitted to the electorate. Mayor Pro Tem Leone seconded. Motion carried 5-0 on a roll call vote.

AYES: Council Members Abel, Denison, Leone, Lombardo and Mayor
Huntington
NOES: None
ABSTAIN: None
ABSENT: None

MAYOR AND COUNCIL MEMBER REPORTS AND COMMENTS

2. Council Member Abel voiced he is in favor of moving the medical marijuana dispensary item to the voters for final decision.
3. Council Member Denison thanked the ad-hoc committee for their work and was pleased to see everyone working well together to bring one unified measure before the voters.
4. Council Member Lombardo expressed the public to contact the ad-hoc committee for any concerns.
5. Mayor Pro Tem Leone spoke of the initiative process.
6. Mayor Huntington thanked the ad-hoc committee

PUBLIC COMMENT

Mayor Huntington opened public comment.

Mr. Vowles, Yucca Valley spoke in opposition of allowing medical marijuana dispensaries.

With no other members of the public wishing to speak, Mayor Huntington closed public comment.

ANNOUNCEMENTS

The next regular meeting of the Yucca Valley Town Council is scheduled for Tuesday, February 17, 2015 at 6:00 p.m.in the Yucca Valley Community Center Yucca Room.

ADJOURNMENT

Mayor Huntington adjourned the special meeting at 5:15 p.m.

Respectfully Submitted,

Lesley Copeland, CMC
Town Clerk

**TOWN OF YUCCA VALLEY
TOWN COUNCIL MEETING MINUTES
FEBRUARY 17, 2015**

CLOSED SESSION (5:30 p.m. – Yucca Valley Town Hall)

1. CONFERENCE WITH LEGAL COUNSEL- ANTICIPATED LITIGATION-

A closed session will be held, pursuant to Government Code § 54956.9(d)(4), Potential Initiation of Litigation- One (1) Matter

Mayor Huntington called the Closed Session to order, with all members of the Town Council present and opened public comments. With no members of the public wishing to speak, public comments were closed.

OPENING CEREMONIES (6:00 p.m. Yucca Room)

Mayor Huntington called the meeting to order at 6:00 p.m.

Council Members Present: Abel, Denison, Leone, Lombardo, and Mayor Huntington

Staff Members Present: Town Manager Yakimow, Deputy Town Manager Stueckle, Town Attorney Laymon, Police Chief Mondary, Finance Manager Cisneros, and Town Clerk Copeland.

The Pledge of Allegiance was led by Mayor Pro Tem Leone

The Invocation was led by Pastor Matt Jennings, Good Shepherd Lutheran Church

CLOSED SESSION REPORT

Mayor Huntington reported the Town Council met in Closed Session prior to the regular meeting, with no reportable action.

PRESENTATIONS, INTRODUCTIONS, RECOGNITIONS

1. 2015 Miss Yucca Valley and Court

Sarah Webb, 2015 Miss Yucca Valley introduced herself and her court to the Town Council and Court

2. Employee of the Quarter- 4th Quarter 2014-

Community Services Manager Earnest introduced Megan Stueckle as the recipient of the Employee of the Quarter for the 4th quarter 2014. Mayor Huntington presented a plaque to Stueckle in recognition.

APPROVAL OF AGENDA

Council Member Lombardo moved to approve the agenda for the Town Council meeting of February 17, 2015. Council Member Denison seconded. Motion carried 5-0 on a roll call vote.

- AYES:** Council Members Abel, Denison, Leone, Lombardo and Mayor Huntington
- NOES:** None
- ABSTAIN:** None
- ABSENT:** None

CONSENT AGENDA

- 3. **Waive** further reading of all ordinances and read by title only
- 4. **Approve** the Town Council meeting minutes of February 3, 2015 as presented
- 5. **Adopt** Resolution No. 15-01, approve the plans and specifications for the Town-Wide Slurry Seal Project- Town Project No. 8340 and authorize the Town Clerk to advertise and received bids

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF YUCCA VALLEY, CALIFORNIA, APPROVING THE PLANS AND SPECIFICATIONS FOR THE CONSTRUCTION OF THE 2015/2016 TOWN WIDE SLURRY SEAL IN SAID TOWN AND AUTHORIZING AND DIRECTING THE TOWN CLERK TO ADVERTISE AND RECEIVE BIDS.

- 6. **Award** a construction contract for the Community Center Infield Refurbishment project to Athletic Field Specialists, in the amount of \$18,500, and authorizes a construction contingency in the amount of \$1,500, for a total contract amount of \$20,000, authorizing the Mayor, Town Manager and Town Attorney to sign all necessary documents, and authorizing the Town Manager to expend the contingency fund, if necessary, to complete the project.
- 7. **Award** the construction contract for Town Project No. 8948, Jacobs park Playground Improvements, to R.E. Schultz Construction, in the amount of \$89,405, and authorizes a construction contingency in the amount of \$8,595, for a total contract amount not to exceed \$98,000, authorizing the Mayor, Town Manager and Town Attorney to sign all necessary documents, and authorizing the Town Manager to expend the contingency fund, if necessary, to complete project.
- 8. **Amend** the FY 2014-16 Adopted Budget, transferring \$20,000 from Fund 800- Capital

Projects Reserve Contingency for routine equipment and fixture replacement

9. **Approve** Resolution No. 15-02 for the FY2014-2015 Off-Highway Vehicle grant application

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF YUCCA VALLEY, CALIFORNIA, APPROVING THE APPLICANT TO APPLY FOR GRANT FUNDS FOR THE STATE OF CALIFORNIA, DEPARTMENT OF PARKS AND RECREATION, OFF-HIGHWAY VEHICLE GRANT FUNDS

10. **Receive and File** the FY 2013-14 Single Audit Report on Federal Awards
11. **Receive and File** the AB 1234 Reporting Requirement Schedule for the month of January 2015.
12. **Ratify** the Payroll Register total of \$113,198.08 for checks dated January 30, 2015 and **Ratify** the Warrant Register total of \$444,721.08 for checks dated February 5, 2015

Mayor Huntington opened public comment on the Consent Agenda.

Susan Simmons, Yucca Valley spoke of the slurry seal schedule and inquired on the determination of what roads are included.

With no other members of the public wishing to speak, Mayor Huntington closed public comments.

Council Member Abel moved to approve Consent Agenda items 3-12. Mayor Pro Tem Leone seconded. Motion carried 5-0 on a roll call vote.

AYES: Council Members Abel, Denison, Leone, Lombardo and Mayor Huntington
NOES: None
ABSTAIN: None
ABSENT: None

DEPARTMENT REPORTS

13. **Brehm Youth Sports Park- Acquisition Agreement and Resolution**

A RESOLUTION OF THE TOWN OF YUCCA VALLEY, CALIFORNIA MAKING THE NECESSARY FINDINGS AS REQUIRED BY HSC 33445

Town Manager Yakimow presented the staff report, giving background on the acquisition and construction of park lands in accordance to the adopted Parks Master Plan, and the Town's General Plan Open Space and Conservation Element.

With the approval of the draft acquisition agreement, an escrow account will be utilized to administer the transaction of transitioning the ownership of Brehm Park Recreation Facility from Basin Wide Foundation to the Town of Yucca Valley. The transaction includes:

- Town to own the Brehm Park Recreation Facility upon close of escrow.
- Town to acquire land with all finished improvements gifted to the Town.
- Town to no longer provide partnership funding to the Basin Wide Foundation
- Basin Wide Foundation to complete all planned and initiated improvements prior to the close of escrow, and within 180 days.
- Acquisition price of \$410,000.00; reflecting the value of the unimproved land at a discounted rate of approximately 30% from actual cost, with all park improvements being gifted to the Town by the Foundation in their entirety.
- Transition in operational control from Basin Wide Foundation to the Town at the close of escrow.
- Town to provide all closing costs in addition to water utility reimbursement of up to \$10,000 for related expenses incurred from July 1, 2014 as budgeted in the FY 2014-16 Adopted Budget.
- Escrow to close no later than 180 days.

Brehm Park Ad Hoc Committee Members Lombardo and Abel reported that after an extended discussion period with the Basin Wide Foundation, the Town will benefit from the property and beautiful park amenities.

Mayor Huntington opened public comments on the item.

Jim Schooler, Yucca Valley spoke on behalf of the Basin Wide Foundation, explaining the benefits of accepting the park into the Town's recreation facility inventory.

Jack Rarick, Yucca Valley also spoke on behalf of the Basin Wide Foundation stating they are ready to enter into an agreement for the park transfer.

Trina Whiting, Yucca Valley spoke on behalf of Morongo Basin Youth Soccer and commented on the benefits of having additional playing fields in the community.

With no other members of the public wishing to speak, Mayor Huntington closed public comments.

Council Member Abel thanked those involved with the many youth sports groups in the community and spoke favorably of accepting the park into the Town's system. Abel also thanked

the Basin Wide Foundation and the many volunteers that came together to make the park a reality.

Mayor Pro Tem Leone spoke favorably of the facility and thanked the Brehm Family for their generosity.

Council Member Denison thanked the Brehm Family for the major contribution to the community and to all the people involved in creating a beautiful park facility for many to enjoy.

Mayor Huntington also praised the project and the park amenities.

Mayor Pro Tem Leone moved to:

1. Approve the acquisition agreement in the base amount of \$410,000.00 subject to non-substantive changes, authorizing the Town Attorney, Mayor and Town manager to sign the Agreement and all necessary documents to open and close escrow and to acquire the property.
2. Accept the donation of all improvements made upon the property from the Basin Wide Foundation
3. Adopt Resolution No. 15-03 with determinations made in accordance with Health and Safety Code Section 33445

Council Member Lombardo seconded. Motion carried 5-0 on a roll call vote.

- AYES:** Council Members Abel, Denison, Leone, Lombardo and Mayor Huntington
- NOES:** None
- ABSTAIN:** None
- ABSENT:** None

14. Hi-Desert Nature Museum 2014-16 Strategic Plan

Museum Programs Supervisor Ritter presented an overview of the 2014-16 Hi-Desert Nature Museum 2014-16 Strategic Plan, including updates to the exhibit spaces, and taxidermy updates to reflect the Museum’s mission statement, sponsorships, and partnerships with local organizations.

Museum Registrar Cantu spoke of goals for the Museum’s collections.

Mayor Huntington opened public comments. With no members of the public wishing to speak, public comments were closed.

Council Member Denison spoke highly of the Museum’s presence in the community.

Council Member Lombardo spoke of the benefits of updating the Museum's offerings to stay consistent with a local area focus.

Mayor Huntington inquired about attendance and staffing since cutbacks a couple of years ago and suggested a closer look at this during upcoming budget discussions.

Council Member Lombardo moved to receive and file the Hi-Desert nature Museum's 2014-16 Strategic Plan update covering activities, programs, events, exhibits and improvements. Council Member Denison seconded. Motion carried 5-0 on a roll call vote.

AYES: Council Members Abel, Denison, Leone, Lombardo and Mayor Huntington
NOES: None
ABSTAIN: None
ABSENT: None

15. Renewal of Agreement with the San Bernardino County Sheriff's Department Work Release Program

Human Resources Manager Breidenbach-Sterling presented the staff report giving an overview on how the Town utilizes the County's work-release program and the changes in the updated agreement.

Town Manager Yakimow explained that with past history with the program, relatively low workers compensation activity has occurred.

Mayor Huntington opened public comments.

Susan Simmons, Yucca Valley inquired on any potential risk.

With no other members of the public wishing to speak, Mayor Huntington closed public comments.

Council Member Lombardo requested clarification on worker supervision requirements.

Police Chief Mondary reported that there are strict criteria for certain individuals to qualify for this type of program.

Mayor Pro Tem Leone inquired on transportation requirements.

Council Member Abel spoke favorably of the program and services provided to the Town.

Council Member Denison spoke of the benefits the program provides to the community.

Council Member Abel moved to authorize continued participation in the Work Release Program through the new agreement. Mayor Pro Tem Leone seconded. Motion carried 5-0 on a roll call vote.

16. Citizen Initiative Impact Report

Town Manager Yakimow presented the staff report explaining that the Citizen Initiative Impact Report is being presented in response to Council’s request at their January 20, 2015 meeting. The impact report is in accordance to California Elections Code § 9214 as part of the initiative process. The report encompasses input from various Town departments on land use, zoning, and law enforcement, legal and financial considerations relevant to the “The Medical Marijuana Dispensary Authorization and Regulation Initiative” a citizen-sponsored voter initiative for the allowance of medical marijuana dispensaries in the Town of Yucca Valley.

Yakimow continued to explain that the Town and the Proponents have entered into a tolling agreement at the special meeting of February 12, 2015 to extend the time to work together on a combined ordinance.

Mayor Huntington opened public comments. With no members of the public wishing to speak, public comments were closed.

Town Attorney Laymon clarified that the impact report is for the original citizen-initiative ordinance, and not the potential combined ordinance currently being negotiated.

Council Member Abel stated he would like this matter to go before the voters.

Council Member Lombardo expressed that as a member of the Medical Marijuana Ad-Hoc Committee, he is hopeful that negotiations will be completed soon and the item can then go to a vote.

Mayor Huntington inquired on the process to move forward if negotiations break down.

Mayor Pro Tem Leone moved to receive and file the Citizen Initiative Impact Report as submitted in accordance with the Council’s previous direction pursuant to Elections Code § 9214. Council Member Lombardo seconded. Motion carried 5-0 on a roll call vote.

- AYES:** Council Members Abel, Denison, Leone, Lombardo and Mayor Huntington
- NOES:** None
- ABSTAIN:** None
- ABSENT:** None

FUTURE AGENDA ITEMS

None stated.

PUBLIC COMMENTS

Mayor Huntington opened public comments. With no members of the public wishing to speak, public comments were closed.

STAFF REPORTS AND COMMENTS

Town Manager Yakimow thanked the Community Services staff for presenting a fabulous Valentines Dance, and invited the public to participate in the upcoming Healthy Hearts Run.

MAYOR AND COUNCIL MEMBER REPORTS AND COMMENTS

17. Council Member Abel congratulated Miss Yucca Valley and her court and to Megan Stueckle for her Employee of the Quarter award.
18. Council Member Denison congratulated Miss Yucca Valley and her court, and thanked the people behind the pageant, great community support. Congratulated Megan Stueckle and thanked the residents for their email communication.
19. Council Member Lombardo thanked Megan Stueckle for her dedication to the organization, welcomed Miss Yucca Valley and thanked the Brehm Family.
20. Mayor Pro Tem Leone thanked the Basin Wide Foundation for a great accomplishment and community contribution.
20. Mayor Huntington also congratulated Miss Yucca Valley Sarah Webb and her court and thanked Sheldon and Tara Hough for mentoring in the program.

ANNOUNCEMENTS

The next meeting of the Yucca Valley Town Council is scheduled for Tuesday, March 3, 2015 at 6:00 p.m.in the Yucca Valley Community Center Yucca Room.

ADJOURNMENT

Mayor Huntington adjourned the meeting at 7:20 p.m.

Respectfully Submitted,

Lesley Copeland, CMC
Town Clerk

**TOWN OF YUCCA VALLEY
TOWN COUNCIL MEETING MINUTES
MARCH 3, 2015**

OPENING CEREMONIES

Mayor Huntington called the meeting to order at 6:00 p.m.

Council Members Present: Abel, Denison, Leone, Lombardo, and Mayor Huntington

Staff Members Present: Town Manager Yakimow, Deputy Town Manager Stueckle, Town Attorney Laymon, Assistant Police Chief Wilke, and Town Clerk Copeland.

The Pledge of Allegiance was led by Mayor Huntington

With the lack of clergy present for the invocation, Mayor Huntington invited the public in a moment of silence.

PRESENTATIONS, INTRODUCTIONS, RECOGNITIONS

1. San Bernardino County Fire Update

Division Chief Benfield updated the Town Council on the status of the new ladder truck. Benfield also announced his upcoming retirement and introduced his replacement, Jon Chamberlin as the new Division Chief. Congratulations were also given to Council Member Denison on his promotion to Battalion Chief.

2. Hi-Desert Water District- Wastewater Project Update

Jennifer Poland gave a brief update on the upcoming Wastewater Project. Assessment figures have been determined and ballots to HDWD customers should be sent out in the near future.

APPROVAL OF AGENDA

Mayor Pro Tem Leone moved to approve the agenda for the Town Council meeting of March 3, 2015. Council Member Denison seconded. Motion carried 5-0 on a roll call vote.

AYES: Council Members Abel, Denison, Leone, Lombardo and Mayor Huntington
NOES: None
ABSTAIN: None
ABSENT: None

CONSENT AGENDA

- 3. **Waive** further reading of all ordinances and read by title only
- 4. **Support** the Hi Desert Water District’s request for a zero percent interest rate loan from the State Water Resources Control Board for the District’s wastewater collection, treatment, and reclamation system, and authorize the mayor to offer a letter of support on behalf of the Council
- 5. **Receive and file** the Public Facilities Development Impact Fees Annual Report and schedule the public hearing for April 7, 2015.
- 6. **Item Pulled**

Mayor Pro Tem Leone pulled Item No. 6 for discussion.

Mayor Huntington opened public comment on the Consent Agenda, Items 3-5. With no members of the public wishing to speak, public comments were closed.

Council Member Lombardo moved to approve Consent Agenda items 3-5. Council Member Abel seconded. Motion carried 5-0 on a roll call vote.

- AYES:** Council Members Abel, Denison, Leone, Lombardo and Mayor Huntington
- NOES:** None
- ABSTAIN:** None
- ABSENT:** None

Item No. 6- Warrant Register

Mayor Pro Tem Leone inquired on two disbursements, one for benefits for a retired employee, the other for Chamber of Commerce Joint Marketing

Mayor Huntington opened public comment on the item. With no members of the public wishing to speak, public comments were closed.

Council Member Lombardo moved to **Ratify** the Payroll Register total of \$137463.31 for checks dated February 13, 2015 and **Ratify** the Warrant Register total of \$186,598.79 for checks dated February 19, 2015. Mayor Pro Tem Leone seconded. Motion carried 5-0 on a roll call vote.

- AYES:** Council Members Abel, Denison, Leone, Lombardo and Mayor Huntington
- NOES:** None
- ABSTAIN:** None

ABSENT: None

DEPARTMENT REPORTS

7. Town and Citizen Negotiated Medical Marijuana Ballot Measure

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF YUCCA VALLEY, CALIFORNIA, CALLING AND GIVING NOTICE OF THE HOLDING OF A SPECIAL MUNICIPAL ELECTION ON TUESDAY, JUNE 2, 2015, FOR THE SUBMISSION TO THE VOTERS OF THE TOWN A PROPOSED MEASURE ALLOWING A LIMITED NUMBER OF MEDICAL MARIJUANA DISPENSARIES IN TOWN LIMITS AND REQUESTING THE COUNTY OF SAN BERNARDINO TO CONSOLIDATE THE TOWN'S SPECIAL ELECTION WITH THE SPECAIL AND GENERAL MUNICIPAL ELECTIONS HELD WITHIN SAN BERNARDINO COUNTY ON THAT DATE.

Town Manager Yakimow presented the staff report, explaining the background of a citizen initiative received to allow a limited number of medical marijuana dispensaries to operate within the Town limits.

At previous Town Council direction upon entering a Tolling Agreement on February 12, 2015, the Medical Marijuana Subcommittee has continued to work with the Initiative proponents in developing a negotiated measure to go before the voters. The proposed Negotiated Measure is substantially similar to the Citizen Measure but with additional provisions to enhance regulations for the protection of public health, safety and welfare, and providing for the Town's recovery of certain fees and costs attributed to law enforcement and other Town operational expenses affected by dispensaries.

The Town Council Subcommittee believes that the terms of the Negotiated Measure have been found acceptable to the Proponents. Town Council action calling an election for June 2, 2015, would trigger the Proponents' obligation to withdraw the Citizen measure as required by the Tolling Agreement.

Mayor Huntington opened public comment on the item. With no members of the public wishing to speak, public comments were closed.

Mayor Pro Tem Leone commented on the negotiated measure as acceptable by both the Town Subcommittee and the Proponents and the estimated cost of a special election.

Mayor Pro Tem Leone moved to forego a special election and to introduce the Ordinance, amending the Yucca Valley Development Code to repeal the Town ban on Marijuana Dispensaries and Regulate the Location and Operation of Medical Marijuana Dispensaries. Motion died for a lack of second.

Council Member Abel spoke of benefits of bringing a well-balanced ordinance before the voters.

Council Member Denison commented that it is in the best interest of the community, to bring the negotiated measure to an election and believes it is a good investment for the democratic process. As an elected official, it is important to see what position the residents hold.

Council Member Lombardo stated that though there is an expense, it is important to see what the community wants.

Mayor Huntington inquired on the hours of operation, and offered updated language for the application process, as first preferred exemption and others by public drawing. Huntington thanked the subcommittee for their excellent work.

Town Attorney Laymon explained the provisions of the Tolling Agreement requiring the proponents to publicly withdraw their ordinance, if the negotiated measure is accepted.

Mayor Huntington invited the proponents to state their intention.

Jason Elsasser, Yucca Valley and representing the proponents stated that the proponents withdraw the citizen ordinance.

Council Member Lombardo moved adopt Resolution No. 15-04, calling a special election for the Town and Citizen Negotiated Medical Marijuana Ballot Measure, on Tuesday, June 2, 2015; and to request the Proponents to fulfill their obligation to immediately, and publicly, withdraw the Citizen measure and endorse passage of the negotiated measure, as well as immediately memorialize such withdrawal in writing. Mayor Pro Tem Leone seconded. Motion carried 5-0 on a roll call vote.

AYES: Council Members Abel, Denison, Leone, Lombardo and Mayor Huntington

NOES: None

ABSTAIN: None

ABSENT: None

8. Award of Contract for Total Compensation and Classification Study

Human Resources Manager Breidenbach-Sterling presented the staff report explaining the need to conduct a total staff compensation and compensation study. With significant changes in its labor structure since the Town’s last study in 2006, regular review of salary alignment, benefits and proper classification is important.

A request for proposal for a total compensation and classification study was distributed, with five consulting firms responding. After review and evaluation of the proposals, it is recommended to award the contract to Koff & Associates. It is also recommended for consideration for the Council to establish a subcommittee and assign two council members to the subcommittee to

participate in the study process.

Mayor Huntington opened public comment on the item. With no members of the public wishing to speak, public comments were closed.

Council Member Abel expressed excitement to see this coming forward and feels it is necessary to support the dedicated staff as well as to ensure transparency by comparing labor structure with similar communities keeping wages fair and competitive, yet without excess.

Council Member Lombardo voiced concern about the cost of the study, yet understands the need with the major change in staffing since the last study.

Council Member Denison commented on the change in staffing since the last study and sees the dedication in the current employees, keeping a high level of service. Denison stated he would like to see a succession plan in place for the organization.

Mayor Pro Tem Leone commented favorably on the item, and suggested using revenue levels among cities as a comparison tool.

Mayor Huntington expressed concern over the difficult task of comparing similar organizations, but sees the need. Huntington suggested assigning himself and Council Member Abel to the subcommittee.

Council Member Lombardo moved to approve the award of contract for total Compensation and Classification Study to Koff & Associates in the amount of \$42,100.00 and authorize the Town Manager and Town Attorney to prepare and execute a professional services agreement utilizing the Town’s standard professional agreement form. Additionally, to establish a Class and Compensation Ad Hoc Committee and to appoint Mayor Huntington and Council Member Abel to the committee. Council Member Denison seconded. Motion carried 5-0 on a roll call vote.

AYES: Council Members Abel, Denison, Leone, Lombardo and Mayor Huntington

NOES: None

ABSTAIN: None

ABSENT: None

FUTURE AGENDA ITEMS

Council Member Lombardo inquired on the possibility of a visioning session. Town Manager Yakimow suggested including a visioning session as part of the budget development process, possible in Fall 2015

Council Member Lombardo also requested a review of possible grant opportunities available to the Town.

Mayor Huntington requested a review of a recently introduced, California's Assembly Bill No. 266

Council Member Denison requested a review of the local trails system.

Consensus was made among the Council Members on these future agenda items.

PUBLIC COMMENTS

Mayor Huntington opened public comments.

Susan Simmons, Yucca Valley commented in support of a future discussion on parks and trails and reported of missing signage at local parks.

With no members of the public wishing to speak, public comments were closed.

STAFF REPORTS AND COMMENTS

Town Attorney Laymon reported that she has received from the Medical Marijuana Proponents, the formal notice, withdrawing the citizen measure as required.

Town Manager Yakimow thanked the Town Attorney, Staff and the Medical Marijuana Ad Hoc Committee for their work with the proponents through the process.

MAYOR AND COUNCIL MEMBER REPORTS AND COMMENTS

17. Council Member Abel wished Chief Benfield well in his retirement and welcomed Chamberlin to the community. Abel congratulated Denison on his promotion and reminded all to shop locally.
18. Council Member Denison congratulated Benfield on his retirement and welcomed Chamberlin. Denison also thanked Poland for the Hi Desert Water District's wastewater update.
19. Council Member Lombardo also congratulated the Fire Personnel for their new appointments and thanked the proponents for their work in bringing a combined ordinance before the voters.
20. Mayor Pro Tem Leone thanked the fire personnel for their service to the community and thanked the ad-hoc committee and the medical marijuana proponents for working together for a common cause.

20. Mayor Huntington also gave kudos to the fire personnel and invited the public to the upcoming Hi-Desert Nature Museum exhibit opening- Reduce, Reuse, Recycle on March 6th. Huntington also announced the opening of Hawks Landing at Blue Skies Golf Course later this month, with the driving range opening on March 7th and the course opening on March 14th.

ANNOUNCEMENTS

The next meeting of the Yucca Valley Town Council is scheduled for Tuesday, March 17, 2015 at 6:00 p.m.in the Yucca Valley Community Center Yucca Room.

CLOSED SESSION

1. **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**
A closed session will be held, pursuant to Government Code §54956.9(d)(1), to confer with legal counsel regarding pending litigation to which the Town is a party. The title of such litigation is as follows: Town of Yucca Valley vs. Yashraj Hospitality, Inc., dba Best Western Yucca Valley Hotel and Suites, Nathsons Hospitality, Inc., Venokumar Nathraj, Charmaine Nathraj et. al; CIVDS1415964; San Bernardino County Superior Court

Mayor Huntington announced the closed session item and opened public comments. With no members of the public wishing to speak, public comments were closed.

Mayor Huntington adjourned the meeting to Closed Session at 7:10 p.m.

CLOSED SESSION REPORT/ADJOURNMENT

Town Attorney Laymon reported that Closed Session adjourned at 7:50 p.m. with no reportable action.

Respectfully Submitted,

Lesley Copeland, CMC
Town Clerk

TOWN COUNCIL STAFF REPORT

To: Honorable Mayor & Town Council
From: Lesley Copeland, Town Clerk
Date: March 13, 2015
For Council Meeting: March 17, 2015

Subject: Southern California Associated Government General Assembly Voting Delegate

Prior Council Review: None for this particular action.

Executive Summary: The Town is a member of the Southern California Association of Governments (SCAG.) All member cities send a delegate and/or alternate to represent their City/Town at the Annual General Assembly Conference.

Recommendation: Designate the SANBAG Representative and Alternate as Voting Delegates to the SCAG Annual General Assembly

Order of Procedure:

1. Request Staff Report
2. Request Public Comment
3. Council Discussion/Questions of Staff
4. Motion/Second
5. Discussion on Motion
6. Call the Question (Roll Call Vote- Consent)

Discussion: The Southern California Association of Governments holds an annual General Assembly, requiring a voting delegate from all member cities. The 2015 SCAG General Assembly is scheduled for Thursday and Friday, May 7-8, in Palm Desert, CA. Traditionally, the voting delegate has been the Town's representative to San Bernardino Association of Governments (SANBAG).

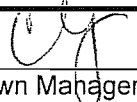


With Town Council consideration, a standing assignment will be added to the Committee Assignment schedule naming the SANBAG representative and alternate to the SCAG General Assembly voting delegate.

Alternatives: None

Fiscal impact: None

Attachments: Committee Assignments

Reviewed By:

<u> </u>  Town Manager	<u> </u> Town Attorney	<u> </u>  Finance Manager	<u> </u>  Department
--	--	--	--

<input type="checkbox"/> Department Report	<input type="checkbox"/> Ordinance Action	<input type="checkbox"/> Resolution Action	<input type="checkbox"/> Public Hearing
<input checked="" type="checkbox"/> Consent	<input checked="" type="checkbox"/> Minute Action	<input type="checkbox"/> Receive and File	<input type="checkbox"/> Study Session

Town Council Committee Assignments

COMMITTEE	REPRESENTATIVE	MEETING SCHEDULE	LOCATION
CITY / COUNTY ANIMAL SERVICES JPA	Huntington Lombardo	12:00 pm. Last Thursday	Yucca Valley
DESERT SOLID WASTE JPA	Huntington Leone (Alt)	10:00 a.m. 2 nd Thursday Feb, May, Aug, Nov	Victorville
LEAGUE OF CALIFORNIA CITIES DESERT MOUNTAIN DIVISION	Lombardo Denison (Alt)	10:00 a.m. 4 th Friday- Quarterly	Varies
LEAGUE OF CALIFORNIA CITIES LEGISLATIVE DELEGATE	Mayor		
LEGISLATIVE TEAM	Huntington Denison	Proposed for Council Members to work with Town Manager meeting with legislators when necessary	
HOMELESS PARTNERSHIP (SBCO) AND INTERAGENCY COUNCIL ON HOMELESSNESS	Staff	9:00 a.m. 4 th Wednesday	San Bernardino
MEASURE I	Huntington Abel (Alt)	9:30 a.m. 3 rd Friday	Apple Valley
MORONGO BASIN TRANSIT AUTHORITY	Abel Leone Lombardo (Alt)	5:00 p.m. 4 th Thursday	Joshua Tree
MOJAVE AIR QUALITY DISTRICT	Leone Abel (Alt)	10:00 a.m. 4 th Monday	Victorville
SANBAG	Huntington Abel (Alt)	10:30 a.m. 1 st Wednesday	San Bernardino
SO. CALIFORNIA ASSOC. GOV (SCAG) GENERAL ASSEMBLY	SANBAG Rep/Alternate	Annually May	Varies
SPORTS COUNCIL	Denison	6:30 p.m. 2 nd Monday March, June, Sept	Yucca Valley

Ad Hoc Committee Assignments

COMMITTEE	REPRESENTATIVES
AUDIT	Denison Huntington
BREHM PARK	Abel Lombardo
CLASS AND COMPENSATION (Personnel)	Abel Huntington
MEDICAL MARIJUANA INITIATIVE	Lombardo Abel
ONLINE VIDEO	Huntington Evans (PRCC)
PUBLIC FACILITIES	Huntington Leone
RDA BONDS	Huntington Leone
SEWER FINANCING	Denison Leone
SUBDIVISION	Huntington Leone

TOWN COUNCIL STAFF REPORT

To: Honorable Mayor & Town Council
From: Shane Stueckle, Deputy Town Manager
Diane Olsen, Planning Technician
Date: March 10, 2015
For Council Meeting: March 17, 2015
Subject: 2014 General Plan Annual Report
Annual Housing Element Report

Prior Council Review: None for this specific item. The Town Council receives the state mandated General Plan Annual Report in the spring of each year.

Recommendation: As recommended by the Planning Commission, that the Town Council receives and files the 2014 General Plan Annual Report.

Executive Summary Government Code Section 65400 mandates that all cities and counties submit to their legislative bodies an annual report on the status of the General Plan and progress on its implementation. The report must then be filed with the State's Office of Planning and Research (OPR) and the Department of Housing and Community Development (HCD). This annual review addresses the January 1, 2014 through December 31, 2014 time period.

The Planning Commission unanimously received and filed the Report at its meeting of March 10, 2015.

Order of Procedure:

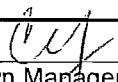
- Request Staff Report
- Request Public Comment
- Council Discussion/Questions of Staff
- Motion/Second
- Discussion on Motion
- Call the Question (Roll Call Vote/Consent Agenda)

Discussion:

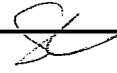
The Town adopted a comprehensive General Plan Update on February 04, 2014. The implementation section of the General Plan recommends the Town review the General Plan on an annual basis to evaluate implementation progress and to determine if changing conditions make minor adjustments to the Plan desirable.

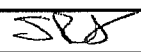
The attached Annual Report addresses the Land Use and Housing Elements. In each section, there is discussion on the progress the Town has made on its implementation of the General Plan over the past year. In accordance with State requirements, Housing

Reviewed By:


Town Manager

Town Attorney


Mgmt Services


Dept Head

____ Department Report
 Consent

____ Ordinance Action
____ Minute Action

____ Resolution Action
 Receive and File

____ Public Hearing
____ Study Session

Element implementation is quantified.

Included with the report is the Annual Element Progress Report. There are several tables (Table A, A2, A3, B and C) required to be completed and submitted to the State. Table A2 does not apply for this review period as there were no units, rehabilitated, preserved or acquired which restricted the units to specific income levels. Due to the absence of the restrictions on all units constructed, the 18 units constructed are required by the state to be counted towards the "above moderate" income range and are reported in table A3. Table B demonstrates the number of units constructed during the current Regional Housing Needs Allocation (RHNA) Planning period. Table C is an evaluation of each Program in the Housing element and the status of the implementation of that program.

The Planning Commission reviewed the Report at its meeting of March 10, 2015, and forwarded the Report to the Town Council.

Alternatives: N/A

Fiscal impact: None

Attachments:

1. Annual Report
2. Tables A,B, C as required by the State
3. Housing Successor Addendum Report 2014



2014 GENERAL PLAN ANNUAL REPORT

BACKGROUND:

Each year, the Town of Yucca Valley reviews the development activity during the prior year and other programs that worked toward implementing the Town's General Plan. As a major component of this review, residential development activity is reviewed to determine the number and type of dwelling units completed during the year in order to comply with the State of California mandate to monitor the implementation of the Town's housing goals.

The Town of Yucca Valley Comprehensive General Plan is an official document that is adopted by the Town Council after significant public input and based upon a recommendation from the Planning Commission. The General Plan provides goals, policies, programs, and implementation strategies to guide development and redevelopment, and to preserve valued assets and resources.

Land Use Planning is mandated by the State of California, and has multiple components including long-range or comprehensive planning, current planning or development review, and environmental compliance with the California Environmental Quality Act. Land Use Planning processes are regulated by California law.

State law mandates that specific components are addressed within any comprehensive plan. These are termed "Plan Elements". The required Plan elements include:

Land Use	Open Space
Circulation	Noise
Housing	Safety
Conservation	

The Town's General Plan addresses all of these components and other local considerations. It should be noted that the Housing Element must be updated every eight years. The Housing Element in place for the Town during this review period was approved by the Town Council on February 4, 2014. The Housing Element update was included in the overall General Plan Update discussed below.

State Law permits the General Plan mandated elements to be amended up to four times annually. The Town approved fifteen General Plan Amendments to the 1995 General Plan. Two general plan amendments to the County General Plan were approved following incorporation and prior to the adoption of the 1995 General Plan. There were no General Plan Amendments during this reporting period.

This report does not discuss every component of each Element, but it gives insight into

general land use activity and overall General Plan implementation.

DEVELOPMENT CODE UPDATE:

The Development Code and other regulations play a critical role in implementing the goals, policies, and programs of the General Plan; Specific Plans provide more detailed goals, policies and programs for a more limited, specifically-defined area within the Town's corporate limits.

A complete update of the Development Code was adopted by the Town Council in late 2014.

GENERAL LAND USE ACTIVITY

The following were major projects submitted and approved during 2014 calendar year:

CUP 02-14 Alkaradsheh—Submitted on July 15, 2014, this project is for the conversion of a restaurant to a restaurant /outdoor hookah lounge. The project was approved by the Planning Commission on August 12, 2014.

SPR 01-14 WJB Golf—Submitted on February 19, 2014, this project is for the rehabilitation of a previously existing golf course, the construction of a 3,000 square foot clubhouse and a maintenance facility. The project was approved by the Planning Commission on March 25, 2014.

SPR 02-14 Walbern Developments—Submitted on December 15, 2014, the project consists of 7,768 square feet of commercial space to include retail and quick serve restaurants. The project was approved by the Planning Commission on January 27, 2015.

There were no General Plan amendments requested or approved during 2014. The chart below lists the General Plan Amendments that have been requested since incorporation:

General Plan Amendments Since Incorporation				
DATE	CASE NO.	APPLICANT	PROJECT DESCRIPTION	STATUS
8/23/1993	GPA-01-93	KenLar Construction	Rezone from 4MRM to CO,	Approved
11/3/1993	GPA 02-93	Town of Yucca Valley	Rezone from RS18m to IN	withdrawn
11/3/1993	GPA 03-93		Rezone from RM4M to CO,	Approved
10/24/1996	GPA-01-96	Town of Yucca Valley	Section 11 Annexation	Approved
2/16/1999	GP-01-99	Banks Vaughn		Denied
2/15/2000	GPA 01-00	Town of Yucca Valley	Housing Element Update	Approved
05/30/2001	GPA 01-01	Leon Strand	Rezone R-HR to RL-5	Approved
06/14/2001	GPA 02-01	Barton Pedersen	Rezone R-HR to RL2.5	Approved
09/06/2001	GPA 03-01	Town of Yucca Valley	State Annual Report	Accept and file
03/07/2002	GPA 01-02	Tim Humphreville	RS -RM10 (RZ 01-02)	Denied
04/24/2002	GPA 02-02	Town of Yucca Valley	2001 Annual Report	Accept and file
02/28/2003	GPA 01-03	Bill Scholar	Rezone CG to RM	Approved
05/07/2003	GPA 02-03	Cole Stillwell	Rezone RL to CG	Approved
02/25/2004	GPA-01-04	Danmark Dev	Rezone RS-2 to RS-3.5	Approved
	GPA 02-04	Town of Yucca Valley	Rezone RL-1 to RS-3.5	Approved
12/08/2004	GPA-01-05	TYV	Land use designation changes	Approved
04/07/2005	GPA 02-05	Neighborhood Housing Group	Rezone RL-1 to RM-8	Approved
07/11/2005	GPA 03-05	Century Homes		withdrawn
08/10/2005	GPA-04-05	Randy Werner	Rezone R-HR to RL-5	Approved
03/10/2006	GPA-01-06	Bill Shack	Rezone RL-5 to RS-3.5	Approved
12/07/2006	GPA-02-06	Specialty Homes	Rezone	Approved
12/13/2006	GPA-03-06	Nickolas Ventures	Rezone to RM -10	withdrawn
	GPA 01-07	TYV	Old Town Specific Plan	Approved
12/18/2007	GPA 02-07	Chris Paolini	Rezone RL-1 to RS-2	Approved
03/20/2008	GPA 01-08	Curtis McGrew	Rezone R-HR to RL	Approved
01/19/2009	GPA 01-09	Town of Yucca Valley	Housing Element Update	Approved
07/01/2011	GPA 01-11	Town of Yucca Valley	Comp General Plan Update	Approved

The following chart shows the tentative tract maps that have been approved since incorporation. Those with an asterisk have proceeded through the final map process and been recorded. The Town did not receive any Tentative Tract Map applications in 2014.

SYNOPSIS OF TENTATIVE TRACT MAPS

APPLICATION DATE	CASE NO.	APPLICANT	LOCATION	TOTAL# OF LOTS	# OF VACANT LOTS
APPROVED PROJECTS					
02/28/2003	TM 16471*	Bill Scholar	Desert Vista Village E. of Palm, S of Pine	106	68
09/05/2003	TTM 16649	40 Villas LP	NE corner of Camino del Cielo and Martinez	34	34
02/25/2004	TM 16587*	Danmark Development	S of Mountain View between Acoma and Church	57	41
04/01/2004	TM 16786*	De Silva	Vera Lane west of Joshua Lane	4	4
04/16/2004	TM 16957*	Bob Stadum	E side of Acoma 1 parcel N of Joshua Drive	34	34
09/13/2004	TTM 16787	Rondel Ent.	W of SR247 S of Castro	54	54
09/13/2004	TTM 16733	Arthur Schultz	S of Santa Barbara E & W of Indio	17	17
10/29/2004	TM 17240*	Leon Strand	Santa Barbara between Balsa and Emerson	4	3
12/13/2004	TM 17328*	Yucca Estates	SW corner of Yucca Tr. And Emerson	17	17
06/14/2005	TTM 17633	Burnt Mtn Haciendas	SW corner of Palomar and Onaga	61	61
01/27/2006	TTM 17476	SILVATEX,INC	N of Paxton 1 parcel E of Imperial	43	43
08/22/2006	TTM 18011	Specialty Homes	SE Corner of Cholla Ave. and Joshua Dr.	8 1 remain	8
03/10/2006	TTM 17862	Copper Hills Homes	NE corner of Sage Ave and San Andreas	107	107
06/15/2007	TTM 17985	Fred Golestani	NE corner of Palomar Ave and Juarez Dr	20	20
12/18/2007	TTM 18418	Pueblo Mesa	NE corner of Sage Ave and Golden Bee Drive	142	142
12/23/2009	TTM18773	Beverly Lucas	SW corner of Cholla Ave and Carlyle Dr.	60	60
		TOTAL # OF APPROVED LOTS		768	
		TOTAL # OF VACANT LOTS			713

Since incorporation there have been six tract maps that have been recorded. They are:

- | | |
|---|---|
| 1. Tract Map 16471 Desert Vista Village | 4. Tract Map 16957 Living Space |
| 2. Tract Map 16587 Mesquite 55 | 5. Tract Map 17240 Strand |
| 3. Tract Map 16786 Da Silva | 6. Tract Map 17328 Yucca Valley Estates |

The following chart shows all of the Tentative Parcel Maps that have been approved since incorporation. The Town received one Tentative Parcel Map application in 2014.

SYNOPSIS OF TENTATIVE PARCEL MAPS

APPLICATION DATE	CASE NO.	APPLICANT	LOCATION	TOTAL # OF LOTS	# OF VACANT LOTS
APPROVED PROJECTS					
08/24/1992	PM 14325	Leonard Malin	SW corner Sunnyslope Dr and Warren Vista Ave	2	1
10/26/1993	PM 14602	Robert Smith	SE corner of Yucca Tr and Valley Vista Ave	3	2
08/24/1994	PM 14722	Alan Petty	SW corner Dulce Ave and Santa Barbara Dr	4	4
10/27/1998	PM 15202	Tom Humphreville	NW corner Country Club Rd and Quemada Tr	2	0
05/30/2001	PM 15708	Leon Strand	SE corner Balsa Ave & Terbush	4	2
04/05/2004	PM 16561	Copper Hill Homes	W side of Selecta Ave N of Juarez Dr	2	0
12/10/2004	PM 17012	Andora Sprecher	SW corner Jemez Tr and Mountain View Tr	4	4
03/24/2005	PM 17093	Paul Cook/Jean Smith	SW corn Cortez and Dulce	4	4
06/28/2005	PM 17221	Ted Philips/Janet Grace	NE corner Warren Vista and Santa Barbara	4	4
06/20/2006	PM 18056	Mark Melby	NE corner of Cholla Ave and Buena Vista Dr	4	4
08/15/2006	PM 18321	Marcos Ocequeda	Borrego Tr and Papago Tr	2	2
09/25/2006	PM 18009	Robert & Amelia Smith	SW corner Yucca Tr and Valley Vista	2	2
10/06/2006	PM 17784	Phyllis Haley	corner of Balsa Ave and Vaduz Ave	2	2
03/06/2007	PM 18349	Dawn Rowe	NE corner Emerson Ave and Vera Lane	2	2
04/20/2007	PM 18472	Steve Inverno	NW corner Camino Del Cielo and Onaga Tr	2	2

06/01/2007	PM 18759	Helen Holloway	S of Griffis Rd, east and west of SR 247	2	2
09/27/2007	PM 18818	Curtis McGrew	7953 Valley Vista	2	1
03/20/2008	PM 18967	Curtis McGrew	south end of Valley Vista, east side of street	4	3
07/07/2011	PM19288	Mark Stevens	7090, 7110, 7140 Plasse	3	0
01/22/2014	TPM	Nasland Eng	29 Palms Hwy, east of Avalon Ave	3	0
			TOTAL # OF APPROVED LOTS	57	
			TOTAL # OF VACANT LOTS		41

COMPREHENSIVE GENERAL PLAN LAND USE ELEMENT

The Land Use Element is interconnected to all other elements of the General Plan, affecting the need for resources, infrastructure, jobs, housing, and public services and facilities. The purpose of the Land Use Element is to provide a comprehensive depiction of land use allocation and distribution throughout Town. The Land Use Element is commonly emphasized, due to its ties with all other Elements of the General Plan.

One program of the Land Use Element of the original General Plan was to have the zoning map consistent with the General Plan Land Use map and updating simultaneously with each General Plan land use Amendment. As part of the General Plan Update, the Town has changed to a two map system.

During the last reporting period, there were no General Plan Amendments. As indicated under the General Land Use Activity section, there have been only seventeen General Plan Amendments since incorporation; two of these were made to the County General Plan prior to the adoption of the 1995 General Plan. The requests were received in 1993, 1996, 2001, 2003, 2004, and 2005, 2006, 2007, 2008 and 2009.

Yucca Valley does not typically experience a high level of development from large-scale projects and continues to have a slower growth rate in comparison to other southern California communities. This fact is highlighted by the fact that approximately 1,793 single-family residential dwellings have been permitted in the Town over a 22 year period (June 1992 to December 31, 2014). In addition the California Department of Finance estimates the population change between January 1, 2013 and January 1, 2014 at 0.5%. This slow growth rate is due to the national and regional economies, and the fact that Yucca Valley is a bedroom community to the Coachella Valley as well as a retirement community. Only during 2002-2006 was there a substantial increase in single family residential construction.

For Calendar year 2014, 18 new single family homes were permitted. The Southern California Association of Governments (SCAG) through their RHNA process is projecting an approximate one percent growth rate annually for the Town of Yucca Valley over the

next 22 years.

**COMPREHENSIVE GENERAL PLAN
HOUSING ELEMENT**

HISTORICAL HOUSING UNITS:

The purpose of the Housing Element is to provide a comprehensive planning approach for the housing needs and to set policies and programs that will enable the Town to reach its defined housing goals. Housing goals are based on a Regional Housing Needs Assessment (RHNA), developed by the Southern California Council of Governments (SCAG). The following identifies the RHNA allocation to the Town of Yucca Valley for the next SCAG planning period.

2014-2021 RHNA:

<u>Income Category</u>	<u>Number of Units</u>
Lower Income:	358
Moderate Income:	172
<u>Above Moderate Income:</u>	<u>400</u>
Total	930

The following chart lists the numbers of single and multi-family building permits issued during the fiscal years listed.

	SFR	MFR
91-92	16	
92-93	31	
93-94	13	
94-95	24	
95-96	11	
96-97	6	
97-98	21	
98-99	44	
99-00	54	
00-01	82	
01-02	118	
02-03	188	
03-04	353	4
04-05	384	4
05-06	244	13
06-07	99	2
07-08	36	2
08-09	7	0
09-10	11	0
10-11	2	0

11-12	13	0
12-13	2	75
13-14	16	0
14-15	10	0

As the above chart shows, the number of new single building permits peaked in the 2004-2005 fiscal year and has been in decrease each year since. It should be noted that the numbers above are fiscal year, whereas the numbers included in the technical report to be submitted to the state are based upon calendar year.

Specific actions and expenditures during this reporting period include the following.

LEASE OF AGENCY DUPLEXES:

The Housing Successor to the former Yucca Valley Redevelopment Agency continued to lease the five duplex structures to Unity Homes. The duplexes provide housing to ten very low and low to moderate income families. Presently six units are occupied as of January 31, 2015.

SENIOR HOUSING PROJECT:

The Town approved the Yucca Valley Senior Housing project on May 17, 2011. The project received tax credits in fall of 2012. Building permits were issued on March 27, 2013 and the project was completed in December of 2014. This project includes 74 age and income restricted housing units.

REVIEW OF GOVERNMENTAL CONSTRAINTS ON HOUSING:

The Town of Yucca Valley has relatively low constraints on housing. This fact is exemplified by the following.

1. Single family residential development requires no architectural review, or any other governmental process, other than the standard Building & Safety Plan Check and field inspection process;
2. The building permit and plan check fees were increased in March 2005 which had not been amended since incorporation of the Town of Yucca Valley in 1991. Per square foot residential valuation remains \$55.18 per square foot for living area.
3. There are no constraints that hinder the development and construction of affordable housing within the Town of Yucca Valley.
4. Repair and rehabilitation of housing units within the Town is not regulated, except through the Uniform Building Codes. There is no requirement for architectural review, design review, or any other entitlement process for the repair and/or rehabilitation of housing units within the Town.
5. Architectural/Site Review processes are included within the entitlement process for new multi-family development projects, and no additional time frames or costs are associated with review of these projects

6. Standard building plans are reviewed within ten business days. Engineered plans may take up to 15 business days to review.
7. The Town Council has reduced the impact fee for all new Infill Single Family Residences to \$2,569.

During the reporting period, issues remained regarding the continued use of septic systems and their impact on water quality. Discussions have continued to take place between the Hi-Desert Water District, Regional Water Quality Board, and the Town. The Regional Water Quality Board has required that Phase One of the HDWD sewer system be operational by 2016. The Hi Desert Water District is working to meet this goal.

REGIONAL HOUSING NEEDS BY INCOME:

The Town of Yucca Valley uses Department of Housing and Urban Development income criteria for San Bernardino County area in determining eligibility for affordable housing programs.

San Bernardino County Income Limits 2014										
FY 2014 Income Limit Area	Median Income	FY 2014 Income Limit Category	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
		Extremely Low Income	12,750	15,730	19,790	23,850	27,910	31,970	36,030	40,090
San Bernardino County	\$60,700	Very Low Income limit	21,250	24,300	27,350	30,350	32,800	35,250	37,650	40,100
		Lower Income limit	34,000	38,850	43,700	48,550	52,450	56,350	60,250	64,100

The Town of Yucca Valley's adopted and State approved Housing Element indicates the Town's share of regional housing needs is outlined as follows. The Town has updated its

Housing Element, which was approved by the Town Council on February 04, 2014. As part of the updated Housing Element the RHNA numbers are listed below.

The housing needs figures below reflect the figures for the current SCAG/SANBAG planning period of 2014-2021.

	2014-2021
Income Category	Number of Units
Low Income:	358
Moderate Income:	172
Above Moderate Income:	400
Total	930

For the 2014 (calendar year) review period, 18 building permits for single family units were issued.

ACTIONS TO IMPLEMENT THE GENERAL PLAN ELEMENTS:

During the reporting period, development proposals of all types have been reviewed and conditioned so they conform to applicable policies of the Comprehensive General Plan.

CONCLUSION:

The Development Code is the primary tool for implementing the General Plan. At the May 26, 2009 Town Council meeting, authorization was given to begin the process of a Development Code Update. The Development Code Update was adopted by the Town Council in late 2014.

It is a goal of the Town to establish a safe, attractive community with appropriate infrastructure for area residents, business owners, and visitors. With proper tools, this goal is attainable.

END OF ANNUAL REPORT

ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction	Town of Yucca Valley
Reporting Period	1/1/2014 - 12/31/2014

Table A
Annual Building Activity Report Summary - New Construction
Very Low-, Low-, and Mixed-Income Multifamily Projects

1 Project Identifier (may be APN No., project name or address)	2 Unit Category	3 Tenure R=Renter O=Owner	4 Affordability by Household Incomes			5 Total Units per Project	5a Est. # Infill Units*	Housing with Financial Assistance and/or Deed Restrictions		6 Assistance Programs for Each Development See Instructions	7 Deed Restricted Units See Instructions	8 Housing without Financial Assistance or Deed Restrictions
			Very Low-Income	Low-Income	Moderate-Income			Above Moderate-Income				
N/A						0						Note below the number of units determined to be affordable without financial or deed restrictions and attach an explanation how the jurisdiction determined the units were affordable. Refer to instructions.
(9) Total of Moderate and Above Moderate from Table A3				0	18	18						
(10) Total by income Table A/A3					18	18						
(11) Total Extremely Low-income Units*												

* Note: These fields are voluntary

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction: Town of Yucca Valley
 Reporting Period: 1/1/2014 - 12/31/2014

Table A2
Annual Building Activity Report Summary - Units Rehabilitated, Preserved and Acquired pursuant to GC Section 65583.1(c)(1)

Please note: Units may only be credited to the table below when a jurisdiction has included a program it its housing element to rehabilitate, preserve or acquire units to accommodate a portion of its RHNA which meet the specific criteria as outlined in GC Section 65583.1(c)(1)

Activity Type	Affordability by Household Incomes				(4) The Description should adequately document how each unit complies with subsection (c)(7) of Government Code Section 65583.1
	Extremely Low-Income*	Very Low-Income	Low-Income	TOTAL UNITS	
(1) Rehabilitation Activity				0	
(2) Preservation of Units At-Risk				0	
(3) Acquisition of Units				0	
(5) Total Units by Income	0	0	0	0	

* Note: This field is voluntary

ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation
(CCR Title 25 §6202)

Jurisdiction Town of Yucca Valley
Reporting Period 1/1/2014 - 12/31/2014

Table A3
Annual building Activity Report Summary for Above Moderate-Income Units
(not including those units reported on Table A)

	1. Single Family	2. 2 - 4 Units	3. 5+ Units	4. Second Unit	5. Mobile Homes	6. Total	7. Number of infill units*
No. of Units Permitted for Moderate						0	
No. of Units Permitted for Above Moderate	18					18	

* Note: This field is voluntary

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction Town of Yucca Valley
 Reporting Period 1/1/2014 - 12/31/2014

Table B

Regional Housing Needs Allocation Progress

Permitted Units Issued by Affordability

Income Level	Enter Calendar Year starting with the first year of the RHNA allocation period. See Example.	2014	2015	2016	2017	2018	2019	2020	2021	Total Units to Date (all years)	Total Remaining RHNA by Income Level
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8		
Very Low	Deed Restricted										
	Non-deed restricted	0									
Low	Deed Restricted										
	Non-deed restricted	358									358
Moderate	Deed Restricted										
	Non-deed restricted	172									172
Above Moderate		18						0		18	382
Total RHNA by COG. Enter allocation number:		18						0		18	912
Total Units		▲▲▲▲▲									
Remaining Need for RHNA Period		▲▲▲▲▲	▲▲▲▲▲	▲▲▲▲▲	▲▲▲▲▲	▲▲▲▲▲	▲▲▲▲▲	▲▲▲▲▲	▲▲▲▲▲		

Note: units serving extremely low-income households are included in the very low-income permitted units totals.

ANNUAL ELEMENT PROGRESS REPORT Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction Town of Yucca Valley
 Reporting Period 1/1/2014 - 12/31/2014

Table C

Program Implementation Status

Program Description (By Housing Element Program Names)	Name of Program	Objective	Timeframe in H.E.	Status of Program Implementation
		Housing Programs Progress Report - Government Code Section 65583. Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element.		
Program H1-1		Maintain an inventory of all vacant land suitable for residential development to ensure adequate capacity to meet the Regional Housing Needs Assessment	Annually	Included in the Housing Technical Report of the General Plan update
Program H1-2		Adopt the Corridor Residential Overlay, Mixed Use-Town Center, and Mixed Use-Civic Center land use designations in the General Plan and development standards in the Development Code to encourage and facilitate housing types up to 25 dwelling units per acre	In progress as part of General Plan and Development Code updates; adopt in FY2013/2014	Adopted in 2014 as part of the General Plan update.
Program H1-3		Monitor building capacity of all sites within specific plans listed in the Land Inventory to help ensure that adequate lower income capacity is maintained throughout the planning period.	Annually	No permits were issued in 2014 in the Old Town Specific Plan Area, therefore the building capacity has not changed.
Program H1-4		Encourage housing types that address the housing needs of small, lower income households by continuing to permit second units by right in single-family detached residential-only zones and single room occupancy units through a conditional use permit in the Industrial zone.	Ongoing	Regulations were adopted in 2014 as part of the Development Code update
Program H1-5		Continue to allow emergency shelters by right, with approval of a Special Use Permit, in the Industrial zone. Transitional and supportive housing shall be subject to only those restrictions that apply to other residential uses in the same zone. This is in accordance with Government Code Section 65583(a)(7).	Ongoing	Regulations were adopted in 2014 as part of the Development Code update

ANNUAL ELEMENT PROGRESS REPORT Housing Element Implementation (CCR Title 25 §6202)

Jurisdiction	Reporting Period	1/1/2014 - 12/31/2014	Town of Yucca Valley
Program H1-6		Provide technical assistance to facilitate lot consolidation in the Old Town Specific Plan area and seek opportunities to streamline the approval process.	Ongoing No applications for Lot Mergers were submitted in 2014 for the Old Town Specific Plan Area
Program H1-7		Encourage applicants of new multifamily and single-family attached projects to include units with two or more bedrooms to accommodate the housing needs of Yucca Valley families. Raise awareness of this need through pre-application meetings and through the Town's website.	Update the website by June 2014. No applications for multifamily or single family attached projects were submitted in 2014
Program H1-8		Require multifamily projects with 16 or more units to provide an on-site property manager, per Government Code Section 65582.2.	Ongoing No applications for multifamily projects were submitted in 2014
Program H2-1		Concentrate higher density residential development opportunities in proximity to public transit, public facilities, the first phase of wastewater service and commercial uses. This will create an accessible and convenient living environment for seniors, persons with disabilities, and lower income families.	In progress as part of General Plan and Development Code updates; adopt in FY2013/2014 Adopted in 2014 as part of the General Plan update and the Development Code update.
Program H2-2		Encourage developers of affordable or age-restricted housing to confer with local public transportation providers to ensure adequate service to the project area as feasible.	Ongoing. consultation typically occurs in the pre-application meeting No applications for affordable or age-restricted projects were submitted in 2014
Program H2-3		Update the Development Code to require that new housing projects, including affordable and age-restricted projects, have adequate public improvements, including infrastructure and paved streets and sidewalks.	In progress as part of General Plan and Development Code updates; adopt in FY2013/2014 Regulations were adopted in 2014 as part of the Development Code update
Program H2-4		Provide local water and wastewater service providers with a copy of the Housing Element to inform them of local housing goals. Water and wastewater service of affordable housing projects is a priority, per Government Code Section 95589.7	Upon Housing Element adoption The Housing Element was provided to HDWD upon adoption

ANNUAL ELEMENT PROGRESS REPORT *Housing Element Implementation* (CCR Title 25 §6202)

Jurisdiction Town of Yucca Valley
Reporting Period 1/1/2014 - 12/31/2014

Program H2-5	Encourage the use of LEED design principles and other energy efficiency programs to lower energy costs for residents in the long term. Applicants shall be encouraged to use LEED principles in their designs during the pre-application meeting and application review process.	On a project by project basis, consider codifying opportunities for LEED design in the Development Code Update.	No applications for Tract Maps were submitted in 2014
Program H2-6	Maintain a Planned Residential Development (PRD) permit ordinance which allows flexibility in development standards to encourage housing construction while preserving natural resources.	Ongoing	Regulations were adopted in 2014 as part of the Development Code update
Program H2-7	Continue to enforce Town Codes on property development and maintenance. Use the Code Enforcement program as the primary tool for bringing substandard housing units into compliance and for improving overall housing conditions in Yucca Valley.	Ongoing	The Code Compliance Division continues to monitor substandard housing with Town limits
Program H2-8	Encourage the formation of neighborhood watch programs to promote safety in residential areas.	Ongoing	The Town supports the expansion of neighborhood watch programs
Program H3-1	Continue to seek additional financial resources, including Low Income Housing Tax Credits, for the construction of select deed-restricted affordable housing projects.	Ongoing	No applications were submitted in 2014 for affordable housing projects.
Program H3-2	Continue to update the Density Bonus Ordinance (when amended by the state) to incentivize affordable housing.	Ongoing	Regulations were adopted in 2014 as part of the Development Code update
Program H3-3	Maintain membership in the San Bernardino County Urban County Consortium to participate in the County's efforts to obtain federal funding for affordable housing and community development.	Ongoing	The Town continues to be a member of the San Bernardino County Urban County Consortium
Program H3-4	Coordinate with the San Bernardino County Housing Authority to ensure that Section 8 housing assistance, an important resource for lower income households, is provided in Yucca Valley.	Annually, as part of the HCD Annual Report preparation process	This information is available to the public on the Town's website and at Town Hall

ANNUAL ELEMENT PROGRESS REPORT Housing Element Implementation (CCR Title 25 §6202)

Jurisdiction Town of Yucca Valley
Reporting Period 1/1/2014 - 12/31/2014

Program H3-5	Assist qualified developers, nonprofit organizations, and agencies in the preparation of applications for county, state, and federal housing grants and loans for the construction of lower and moderate income housing in Yucca Valley. The Town shall process requests that require supportive documentation within 30 days of receipt.	Ongoing	No applications were submitted in 2014 for low or moderate income projects.
Program H3-6	Distribute San Bernardino County lower and moderate income rental housing and homebuyer assistance program information at Town Hall and on the Town's website.	Ongoing	This information is available to the public on the Town's website and at Town Hall
Program H4-1	Facilitate the preservation of any deed-restricted affordable housing units by notifying the San Bernardino county Housing Authority and other qualified entities. The town will be responsible for monitoring at-risk projects on an ongoing basis and will provide relevant information to tenants and the community as needed.	Ongoing, track throughout the Annual Report to HCD	There are no at risk, deed restricted affordable housing units with the Town limits
Program H4-2	Continue to distribute the County of San Bernardino's materials for developers and low income households which detail the programs available to both parties for assistance in the development and rehabilitation of low income housing. Materials will be available at Town Hall and online.	Ongoing	This information is available to the public on the Town's website and at Town Hall
Program H4-3	Continue to regulate the conversion of mobile home parks to permanent housing by ordinance to ensure that an appropriate relocation plan for park residents is developed and implemented.	Ongoing	No applications were submitted in 2014 for the conversion of mobile home parks
Program H4-4	Seek new funding sources to continue the Home Rehabilitation Program to enable lower income and senior households to maintain and rehabilitate their homes. Once funding has been secured, the program shall be advertised on the Town's website and at Town Hall, the Community Center, the Library, and local churches and social service agencies.	Ongoing, program was previously funded through the Redevelopment Agency	The Town continues to monitor new funding sources for housing projects
Program H5-1	Refer local fair housing complaints to the Inland Fair Housing Mediation Board, which provides landlord and tenant conflict resolution and other fair housing services.	Ongoing	The Town continues to refer any housing complaints to the Inland Fair Housing Mediation Board through the Code Compliance Division

ANNUAL ELEMENT PROGRESS REPORT *Housing Element Implementation*

(CCR Title 25 §6202.)

Jurisdiction Town of Yucca Valley

Reporting Period 1/1/2014 - 12/31/2014

Program H5-2	Continue to distribute fair housing information from the San Bernardino Housing Authority, Inland Fair Housing Mediation Board, San Bernardino county Community Housing Resource Board, or other appropriate agency, at Town Hall, other public facilities, religious institutions, and on the Town's website.	Ongoing	The information is available to the public on the Town's website and at Town Hall
Program H5-3	Continue reasonable accommodation procedures to accommodate modifications to land use, zoning, and permitting processes to provide more housing options for people with disabilities.	Ongoing	Regulations were adopted in 2014 as part of the Development Code update
Program H5-4	Continue to enforce the Fair Housing Act, which sets forth accessibility standards for multifamily projects with four or more units.	Ongoing	The Town continues to enforce the Fair Housing Act through Building Division requirements

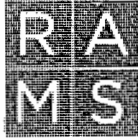
General Comments:

Please see attached General Plan Annual Report.

ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation
(CCR Title 25 §6202)

Jurisdiction	Town of Yucca Valley
Reporting Period	1/1/2014 - 12/31/2014

**Housing Successor Fund of the Town of Yucca Valley
Addendum to the Annual Progress Report
For Fiscal Year Ended June 30, 2014**



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramscpa.net

To Management of the
Housing Successor of the Town of Yucca Valley
Yucca Valley, California

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Kirk A. Franks, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Jay H. Zercher, CPA (Partner Emeritus)
Phillip H. Waller, CPA (Partner Emeritus)

MANAGERS / STAFF

Bradferd A. Welebir, CPA, MBA
Jenny Liu, CPA, MST
Seong-Hyea Lee, CPA, MBA
Charles De Simoni, CPA
Yiann Fang, CPA
Nathan Statham, CPA, MBA
Brigitta Bartha, CPA
Gardenya Duran, CPA
Juan Romero, CPA
Ivan Gonzales, CPA, MSA
Brianna Pascoe, CPA

Independent Accountant's Compilation Report

We have compiled the accompanying Addendum to the Annual Progress Report ("Addendum to the APR") of the Housing Successor of the Town of Yucca Valley ("Housing Successor") as of June 30, 2014 and for the year then ended. We have not audited or reviewed the accompanying Addendum to the APR and, accordingly, do not express an opinion or provide any assurance about whether the Addendum to the APR is in accordance with the reporting provisions of the California Health & Safety Code Section 34176 as amended by Senate Bill 341 (Chapter 796, Statutes of 2013, effective January 2014) ("SB 341").

Management of the Housing Successor is responsible for the preparation and fair presentation of the Addendum to the APR in accordance with the reporting provisions of SB 341, and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the Addendum to the APR.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting information in the form of an Addendum to the APR without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the Addendum to the APR.

The accompanying Addendum to the APR was prepared for the purpose of complying with the reporting provisions of SB 341, and is not intended to be a presentation of all compliance matters related to SB 341.

This report is intended solely for the information and use of management of the Housing Successor of the Town of Yucca Valley, and is not intended to be and should not be used by anyone other than this specified party.

MEMBERS

American Institute of
Certified Public Accountants

PCPS The AICPA Alliance
for CPA Firms

Governmental Audit
Quality Center

California Society of
Certified Public Accountants

December 22, 2014
San Bernardino, California

**Housing Successor of the Town of Yucca Valley
Addendum to the Annual Progress Report
For Fiscal Year Ended June 30, 2014**

- 1) **The amount deposited to the Low and Moderate Income Housing Asset Fund, distinguishing any amounts deposited for items listed on the Recognized Obligation Payment Schedule from other amounts deposited.**

The Housing Successor Fund received \$1,999 from investments earnings as of June 30, 2014. None of these amounts were deposited for items listed on the Recognized Obligation Payment Schedule

- 2) **A statement of the balance in the fund as of the close of the fiscal year, distinguishing any amounts held for items listed on the Recognized Obligation Payment Schedule from other amounts.**

The balance in the Housing Successor Fund as of June 30, 2014 was \$72,007, none of which was held for items listed on the Recognized Obligation Payment Schedule. This amount is composed of \$47,007 from the Housing Successor Fund balance and \$25,000 in interests in real property that form part of the Town of Yucca Valley's capital assets.

- 3) **A description of expenditures from the fund by category, including, but not limited to, expenditures**

- a. **for monitoring and preserving the long-term affordability of units subject to affordability restrictions or covenants entered into by the redevelopment agency or the housing successor and administering the activities described in paragraphs (2) and (3) of subdivision (a),**

The Housing Successor Fund's expenditures related to this category as of June 30, 2014 were \$2,106 in administrative expenses.

- b. **for homeless prevention and rapid re-housing services for the development of housing described in paragraph (2) of subdivision (a),and**

The Housing Successor Fund had no expenditures related to homeless prevention and rapid re-housing services as of June 30, 2014.

- c. **for the development of housing pursuant to paragraph (3) of subdivision (a).**

The Housing Successor Fund had \$822,821 in expenditures related to the development of housing pursuant to paragraph (3) of subdivision (a) as of June 30, 2014

- 4) **As described in paragraph (1) of subdivision (a), the statutory value of real property owned by the housing successor, the value of loans and grants receivable, and the sum of these two amounts.**

The statutory value of real property owned by the Housing Successor Fund as of June 30, 2014 was \$25,000. The value of loans and notes receivable in the Housing Successor Fund as of June 30, 2014 was \$644,678.

The sum of the statutory value of real property and the value of loans and notes receivable owned by the Housing Successor Fund as of June 30, 2014 adds up to \$669,678.

- 5) **A description of any transfers made pursuant to paragraph (2) of subdivision (c) in the previous fiscal year and, if still unencumbered, in earlier fiscal years and a description of and status update on any project for which transferred funds have been or will be expended if that project has not yet been placed in service.**

No transfers occurred pursuant to paragraph (2) of subdivision (c) in the previous fiscal year or earlier fiscal years in the Housing Successor Fund.

- 6) **A description of any project for which the housing successor receives or holds property tax revenue pursuant to the Recognized Obligation Payment Schedule and the status of that project.**

The Housing Successor Fund received no such property tax revenue as of June 30, 2014.

- 7) **For interests in real property acquired by the former redevelopment agency prior to February 1, 2012, a status update on compliance with Section 33334.16. For interests in real property acquired on or after February 1, 2012, a status update on the project.**

As of June 30, 2014, the Housing Successor Fund's real property interests were as follows:

Purchase Date	Description	Parcel Number	Statutory Value at June 30, 2014	Status on compliance with 33334.16
8/11/1994	Housing Duplex	APN#0601-161-120000	\$ 5,000	In Compliance
8/11/1994	Housing Duplex	APN#0601-161-280000	5,000	In Compliance
8/11/1994	Housing Duplex	APN#0601-161-270000	5,000	In Compliance
8/11/1994	Housing Duplex	APN#0601-193-210000	5,000	In Compliance
8/11/1994	Housing Duplex	APN#0601-193-200000	5,000	In Compliance
Total Interests in real property			\$ 25,000	

As of June 30, 2014, the Housing Successor Fund did not hold any property acquired after February 1, 2012.

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

As of June 30, 2014; there were no outstanding obligations pursuant to Section 33413 that remained to be transferred to the Housing Successor Fund on February 1, 2012.

- 9) The information required by subparagraph (B) of paragraph (3) of subdivision (a).**

This item is not applicable to the Housing Successor Fund until Fiscal Year Ended June 30, 2019.

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

As of June 30, 2014, the Housing Successor Fund had 0% (zero percent) of units of deed-restricted rental housing restricted to seniors and assisted individually or jointly by the housing successor, its former redevelopment agency, and its host jurisdiction within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted individually or jointly by the housing successor, its former redevelopment agency, and its host jurisdiction within the same time period.

- 11) The amount of any excess surplus, the amount of time that the successor agency has had excess surplus, and the housing successor's plan for eliminating the excess surplus.**

The Housing Successor Fund did not have any excess surplus as of June 30, 2014 or at any point during the fiscal year.



TOWN COUNCIL STAFF REPORT

To: Honorable Mayor & Town Council
From: Sharon Cisneros, Finance Manager
Date: March 4, 2015
For Council Meeting: March 17, 2015
Subject: AB1234 Reporting Requirements

Prior Council Review: Current reimbursement policy for Council members and Redevelopment Agency members reviewed and approved by Council August 2006.

Recommendation: Receive and file the AB1234 Reporting Requirement Schedule for the month of February 2015.

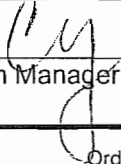

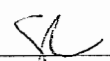
Order of Procedure:

- Request Staff Report
- Request Public Comment
- Council Discussion / Questions of Staff
- Motion/Second
- Discussion on Motion
- Call the Question (Roll Call Vote, Consent Agenda)

Discussion: AB1234 requires members of a legislative body to report on "meetings" attended at public expense at the next meeting of the legislative body. "Meetings" for purpose of this section are tied to the Brown Act meaning of the term: *any congregation of a majority of the members of a legislative body at the same time and place to hear, discuss, or deliberate upon any item that is within the subject matter jurisdiction of the legislative body or the local agency to which it pertains.* Qualifying expenses include reimbursement to the member related to meals, lodging, and travel.

An example of when a report is required is when a Town Council member represents his or her agency on a joint powers agency board and the Town pays for the official's expenses in serving in that representative capacity. Additionally, in the spirit of AB1234, the Yucca Valley Town Council also reports all travel related to conference and training attended at public expense.

Although the AB1234 report can be either written or oral, this report must be made at

Reviewed By:	 Town Manager	_____ Town Attorney	 Finance Manager	 Department
--------------	---	------------------------	---	---

<input type="checkbox"/> Department Report	<input type="checkbox"/> Ordinance Action	<input type="checkbox"/> Resolution Action	<input type="checkbox"/> Public Hearing
<input checked="" type="checkbox"/> Consent	<input type="checkbox"/> Minute Action	<input checked="" type="checkbox"/> Receive and File	<input type="checkbox"/> Study Session

the next meeting of the legislative body that paid for its member to attend the meeting.

Alternatives: None.

Fiscal impact: There is no anticipated financial impact associated with the recommended approval of AB1234 reporting requirements.

Attachments: AB1234 Reporting Requirement Schedule

Town of Yucca Valley

Councilmember AB1234 Meetings Schedule For Reimbursements in February 2015

Date of Travel	Organization	Description	Location
Mayor Huntington	No Reportable Meetings		
Mayor Pro Tem Leone	No Reportable Meetings		
Councilmember Abel	No Reportable Meetings		
Councilmember Denison	No Reportable Meetings		
Councilmember Lombardo February 6, 2015	League of CA Cities-Desert Mountain Division		Ridgecrest, CA



TOWN COUNCIL STAFF REPORT

To: Honorable Mayor & Town Council
From: Sharon Cisneros, Finance Manager
Date: March 9, 2015
Council Meeting: March 17, 2015

Subject: Warrant Registers

Recommendation:

Ratify the Payroll Register total of \$ 141,910.77 for checks dated February 27, 2015 and the Warrant Register total of \$ 450,084.31 for checks dated March 5, 2015.

Order of Procedure:

- Department Report
- Request Staff Report
- Request Public Comment
- Council Discussion
- Motion/Second
- Discussion on Motion
- Call the Question (Roll Call Vote, Consent Agenda Item)

Attachments:

Payroll Register No. 34 dated February 27, 2015 total of \$ 141,910.77
Warrant Register No. 37 dated March 5, 2105 total of \$ 450,084.31

Reviewed By:


Town Manager

Town Attorney


Finance Manager


Department

- | | | | |
|---|---|--|---|
| <input type="checkbox"/> Department Report | <input type="checkbox"/> Ordinance Action | <input type="checkbox"/> Resolution Action | <input type="checkbox"/> Public Hearing |
| <input checked="" type="checkbox"/> Consent | <input checked="" type="checkbox"/> Minute Action | <input type="checkbox"/> Receive and File | <input type="checkbox"/> Study Item |


TOWN OF YUCCA VALLEY
PAYROLL REGISTER #34
CHECK DATE - February 27, 2015

Fund Distribution Breakdown

Fund Distribution

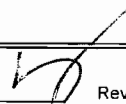

General Fund	\$130,663.82
Gas Tax Fund	11,246.95

Grand Total Payroll	<u><u>\$141,910.77</u></u>
----------------------------	-----------------------------------

Prepared by P/R & Financial Specialist: 

Reviewed by H/R & Risk Mgr.: 

Town of Yucca Valley
Payroll Net Pay & Net Liability Breakdown
Pay Period 34 - Paid 02/27/2015
(February 07, 2015 - February 20, 2015)
Checks: 5031 - 5036

	Employee	Employer	Total
<u>Net Employee Pay</u>			
Payroll Checks	\$3,807.72		\$3,807.72
Direct Deposit	68,939.34	-	68,939.34
Sub-total	72,747.06		72,747.06
<u>Employee Tax Withholding</u>			
Federal	11,883.83		11,883.83
Medicare	1,407.69	1,407.72	2,815.41
SDI - EE	-	-	-
State	3,488.14		3,488.14
Sub-total	16,779.66	1,407.72	18,187.38
<u>Employee Benefit & Other Withholding</u>			
Misc. Payroll Adjustment Credit's	-	-	-
Deferred Compensation	3,729.64	3,710.67	7,440.31
PERS Survivor Benefit	48.00		48.00
Health Café Plan	1,201.41	11,638.56	12,839.97
American Fidelity Pre-Tax	165.09		165.09
American Fidelity After-Tax	-		-
American Fidelity-FSA	414.53		414.53
PERS EE - Contribution 6.25 %	628.11		628.11
PERS EE - Contribution 7%	1,028.17		1,028.17
PERS EE - Contribution 8%	4,832.65		4,832.65
PERS Retirement - Employer 6.25 %	-	628.11	628.11
PERS Retirement - Employer 7.846 %	-	1,175.78	1,175.78
PERS Retirement - Employer 18.586 %	-	12,531.60	12,531.60
Wage Garnishment - Employee	69.32		69.32
Life & Disability Insurance		1,085.61	1,085.61
Other Post Employee Benefit's		2,615.49	2,615.49
Unemployment Insurance		1,665.83	1,665.83
Workers' Compensation		3,807.76	3,807.76
Sub-total	12,116.92	38,859.41	50,976.33
Gross Payroll	\$101,643.64	\$40,267.13	\$141,910.77
Prepared by P/R & Financial Specialist:  Reviewed by H/R & Risk Mgr.: 			

**WARRANT REGISTER # 37
CHECK DATE MARCH 5, 2015**

FUND DISTRIBUTION BREAKDOWN

Checks # 46295 - # 46377 are valid

GENERAL FUND # 001	\$403,703.05
CENTRAL SUPPLIES FUND # 100	\$1,933.08
CUP DEPOSITS FUND # 200	\$812.60
AB2928-TCRP FUND # 513	\$136.83
STREET MAINTENANCE FUND # 515	\$29,202.31
LFT FUND # 516	\$1,000.00
MEASURE I 2010-2040 LOCAL ROADS FUND # 523	\$10,165.00
MEASURE I 2010-2040 FUND # 524	\$250.00
PUBLIC LANDS FEDERAL GRANT FUND # 527	\$136.82
CDBG FUND # 560	\$317.19
CAPITAL PROJECTS RESERVE FUND # 800	\$2,427.43
GRAND TOTAL	<u><u>\$450,084.31</u></u>

Prepared by Shirlene Doten, Accounting Technician III

Reviewed by Sharon Cisneros, Finance Manager



Town of Yucca Valley

Warrant Register

March 5, 2015

Fund	Check #	Vendor	Description	Amount
001	GENERAL FUND			
	46295	Action Pumping, Inc.	Septic Maintenance Service	\$ 2,275.00
	46296	Aleshire & Wynder, LLC	01/15 Professional Services	24,084.57
	46297	Ruth Alkire	Contract Instructor	95.20
	46298	Animal Action League	Spay/Neuter Voucher Program	1,455.00
	46299	Arrowhead Mountain Water	Office Supplies	74.97
	46300	AT & T Mobility	Cell Phone Service	457.98
	46301	Suzanne Bartz	Contract Instructor	106.40
	46302	Isaiah P. Bates	Sports Referee	84.00
	46303	Carol Boyer	Contract Instructor	126.00
	46304	Jeff Brady	Sports Referee	45.00
	46305	Builders Supply-Yucca Valley	Parks Maintenance Supplies	175.86
	46306	Carquest Auto Parts	Vehicle Maintenance Supplies	14.84
	46307	Charles Abbott & Assoc, Inc.	Plan Check Fees Services	13,653.44
	46308	Chevron & Texaco Card Services	Vehicle Fuel	281.65
	46309	Copper Mountain Media	Valentine's Dance Advertising	250.00
	46310	Carol Corbin	Contract Instructor	19.60
	46313	Cyber Photographics	Uniform Expense	253.68
	46314	Paul M. Desilets	Sports Referee	84.00
	46315	Diamond Automotive	Vehicle # 43 Inspection Services	180.00
	46316	Ed Escalante	Sports Referee	135.00
	46317	Farmer Bros. Co.	Office Supplies	135.84
	46319	Catherine Fletcher	Contract Instructor	66.50
	46321	Fulton Distributing Co.	Parks Maintenance Supplies	440.09
	46323	Globalstar USA	Satellite Phone Service	560.81
	46324	Golden State Sports Photography	Recreation Program Expense	1,033.24
	46325	Golden State Overnight	Delivery Service	35.80
	46326	Great Pacific Equipment	Emergency Service-Boomlift	1,459.88
	46327	Duane Griffin	Contract Instructor	142.80
	46328	Joy Groves	Contract Instructor	360.50
	46329	Joey Hagerman	Sports Referee	183.00
	46330	Hi-Desert Water	Water Service	1,390.91
	46331	Hi-Desert Publishing	Recreation Advertising	1,357.00
	46332	Hi-Desert Medical Center	Facility Rental Refund	500.00
	46333	Jimmy's Equipment & Turf Supply	Parks Maintenance Expense	545.00
	46334	JLT Transportation	Parks Maintenance Supplies	669.00
	46336	Susan Jordan	Contract Instructor	336.00
	46337	Heather Kaczmarczk	Contract Instructor	1,071.00
	46338	Pat Lumbattis	Contract Instructor	95.20
	46339	David Luse	Contract Instructor	82.60
	46340	Mario's Italian Cafes	Valentine's Dance Catering	1,289.83
	46341	Bill McClay	Sports Referee	255.00
	46342	Connor McClay	Sports Referee	234.00

Town of Yucca Valley

Warrant Register

March 5, 2015

Fund	Check #	Vendor	Description	Amount
	46343	Brent Murphy	Sports Referee	45.00
	46344	Morongo Unified School District	Facility Rental Expense	210.37
	46345	Michael Myers	Sports Referee	45.00
	46346	NRO Engineering	Engineering Services	2,000.00
	46347	Oasis Office Supply, Inc.	Office Supplies	220.25
	46348	The Oregon Museum Science	Exhibit Rental & Shipping	3,000.00
	46349	Pacific Telemanagement Svs.	Public Phone Service	82.64
	46351	Celeste Reyes	Sports Referee	111.00
	46352	Sidney Richardson	Sports Referee	180.00
	46353	Monette Rideout	Paradise Family Fun Day Expense	195.00
	46354	Noah Rodriguez	Sports Referee	228.00
	46355	Linda Sande	Contract Instructor	145.60
	46356	SBCO Sheriff's Dept	03/15 Professional Services	308,539.00
	46357	SCE	Electric Service	3,679.68
	46358	Beverly Schmuckle	Contract Instructor	107.80
	46359	Todd Show Electric, Inc.	Ballfield Lighting Service	5,760.75
	46361	Simplot Partners, Inc.	Park Maintenance Supplies	3,913.92
	46362	So. Cal. Gas Co.	Natural Gas Service	3,472.05
	46363	Southwest Networks, Inc.	Technology Support	620.00
	46364	Stater Bros	Recreation Event Expense	4.19
	46365	Tease Shirts	Uniform Expense	51.84
	46366	Ted's Cleaning	Carpet Cleaning Service	450.00
	46367	The Door Christian Fellowship	Facility Rental Refund	500.00
	46369	Trophy Express	Engraving Services	377.31
	46370	Unisource Worldwide, Inc.	Facilities Maintenance Supplies	3,926.60
	46371	VCA Yucca Valley Animal Hospital	Veterinary Services	460.68
	46372	Valley Independent	Valentine's Day Dance Expense	271.62
	46373	Walmart Community	Program Supplies	640.43
	46374	Woods Auto Repair	Fleet Vehicle Repairs & Smog	51.50
	46375	Yucca Valley Quick Lube, LLC	Fleet Oil Change Service	78.42
	46376	YV Chamber of Commerce	Shop First YV Marketing Svs.	691.10
	46377	Yucca Valley Auto Parts, Inc.	Maintenance Supplies	168.78
	EFT	First Bankcard	Meetings & Program Supplies	7,378.33
Total 001	GENERAL FUND			\$ 403,703.05
	100	INTERNAL SERVICE FUND		
	46322	GE Capital Corporation	Com Dev Copier Lease	\$ 1,933.08
Total 100	INTERNAL SERVICE FUND			\$ 1,933.08
	200	DEPOSITS FUND		
	46318	FedEx	Delivery Service	\$ 62.60
	46346	NRO Engineering	Engineering Services	750.00
Total 200	DEPOSITS FUND			\$ 812.60

Town of Yucca Valley

Warrant Register

March 5, 2015

Fund	Check #	Vendor	Description	Amount
513 AB2928-TCRP FUND				
	46347	Oasis Office Supply, Inc.	Copying Services	\$ 136.83
Total 513	AB2928-TCRP FUND			\$ 136.83
515 GAS TAX FUND				
	46312	Crafco, Inc.	Asphalt Supplies	\$ 7,038.90
	46313	Cyber Photographics	Uniform Expense	191.40
	46315	Diamond Automotive	Vehicle Inspection Services	225.00
	46318	FedEx	Delivery Service	18.98
	46320	Fred's Tires	Vehicle # 7 Maintenance	701.72
	46335	Johnson Machinery Co.	Vehicle # 92 Repair	12,509.29
	46350	Quality Street Services, Inc.	Street Sweeping Service	7,376.00
	46368	Tops n Barricades, Inc.	Streets Signs & Supplies	1,141.02
Total 515	GAS TAX FUND			\$ 29,202.31
516 LTF FUND				
	46346	NRO Engineering	Engineering Services	\$ 1,000.00
Total 516	LTF FUND			\$ 1,000.00
523 MEASURE I - LOCAL ROADS FUND				
	46311	Counts Unlimited	Annual Census Service	\$ 10,165.00
Total 523	MEASURE I - LOCAL ROADS FUND			\$ 10,165.00
524 MEASURE I - 2010-2040 FUND				
	46360	Siemens Industry, Inc.	Signal Maintenance Project	\$ 250.00
Total 524	MEASURE I - 2010-2040 FUND			\$ 250.00
527 PUBLIC LANDS FEDERAL GRANT FUND				
	46347	Oasis Office Supply, Inc.	Copying Services	\$ 136.82
Total 527	PUBLIC LANDS FEDERAL GRANT FUND			\$ 136.82
560 CDBG FUND				
	46318	FedEx	Delivery Service	\$ 317.19
Total 560	CDBG FUND			\$ 317.19
800 CAPITAL PROJECTS RESERVE FUND				
	46296	Aleshire & Wynder, LLC	01/15 Professional Services	\$ 2,030.00
	46318	FedEx	Delivery Service	397.43
Total 800	CAPITAL PROJECTS RESERVE FUND			\$ 2,427.43
***	Report Total			\$ 450,084.31

TOWN COUNCIL STAFF REPORT

To: Honorable Mayor & Town Council
From: Curtis Yakimow, Town Manager
Date: March 11, 2015
For **Council** March 17, 2015
Meeting:
Subject: AB 266 (Cooley) Legislation Position and Letter of Support

Prior Council Review: None.

Recommendation: That the Town Council review Assembly Bill 266 (Cooley) and authorize the Mayor to offer a letter of support on behalf of the Council, if appropriate.

Summary: Assembly Bill 266 (Cooley) (AB 266) has been introduced in the 2015-16 Regular Session of the California Legislature and would amend existing legislation related to Proposition 215 and SB 420. The bill attempts to provide a framework for medical marijuana distribution that upholds local control, addresses public safety concerns, and includes health and safety requirements.

Order of Procedure:

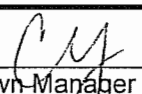
- Request Staff Report
- Request Public Comment
- Council Discussion/Questions of Staff
- Motion/Second
- Discussion on Motion
- Call the Question

Discussion: In 2014, the League of California Cities (League) and the California Police Chiefs Association cosponsored SB 1262 by Sen. Lou Correa (D-Santa Ana). This bill failed to pass in 2014.


This year the League has again joined with the California Police Chiefs Association in sponsoring a bill to regulate medical marijuana – AB 266 (Cooley), authored by Assembly Member Ken Cooley (D-Rancho Cordova) and co-authored by Assembly Member Tom Lackey (R-Palmdale).


AB 266 is based largely on last year's bill, SB 1262 by Sen. Lou Correa (D-Santa Ana), which the League also jointly sponsored with the Police Chiefs. Both bills: protect local

Reviewed By:


Town Manager

Town Attorney


Finance


Department

Department Report

Ordinance Action

Resolution Action

Public Hearing

Consent

Minute Action

Receive and File

Policy Disc.

control by upholding local bans, regulation and taxation; advance public safety by requiring uniform security requirements at dispensaries and all phases of transport, including inventorying procedures; and protect public health by imposing uniform health and safety requirements, enforced by mandatory random sample testing.

As drafted, AB 266 is designed to:

- Protect local control by providing that the state may issue a conditional license only; the actual license to operate would be issued by the local government.
- Protect public safety by establishing detailed security measures and inventorying procedures for transport to prevent diversion.
- Protect public health by establishing uniform health and safety standards, including quality assurance (testing) standards promulgated by the Department of Consumer Affairs, and enforced by local code enforcement offices.

Key differences in AB 266 from that of SB 1262 are summarized in the League's informational material included as an attachment to the staff report.

Coordination with Local Ordinances

AB 266 as drafted is intended to be complimentary towards and not replacing of local medical marijuana ordinances. According to the bill:

If a city or county determines that a dispensary or other facility that makes medical marijuana available may operate within its borders, then there is a need for the state to license these dispensaries and other facilities for the purpose of adopting and enforcing protocols for security standards at dispensaries and in the transportation of medical marijuana, as well as health and safety standards to ensure patient safety. This licensing requirement is not intended in any way nor shall it be construed to preempt local ordinances, regulations, or enforcement actions regarding the sale and use of medical marijuana, including but not limited to security, signage, lighting and inspections.

With this language, it is anticipated that if the current Town measure scheduled for the June 2, 2015 special election were to pass, it would remain as the overarching regulatory framework for dispensary authorization and operations within the Town of Yucca Valley. The bill would act to impose complementary requirements primarily related to the application of uniform health and safety standards of the product, including testing and transportation criteria and protocol.

League and California Police Chiefs Association Position

While the League and the California Police Chiefs Association have had longstanding positions of unconditional opposition to legislation on this issue, they have recently reevaluated that position based on a number of factors.

According to the League's February 10, 2015 letter to member cities;

"Our two organizations independently came to realize that although we remain strongly opposed to marijuana use, it is increasingly likely that in the near future some statewide regulatory structure for medical marijuana could be enacted. We also realized that without our proactive intervention it could take a form that was severely damaging to our interests. Although there is a strong possibility of a legalization measure on the California ballot in 2016, some of the likely backers have signaled a preference to write a measure that builds on a regulatory structure enacted by the Legislature, rather than seeking to sweep such a structure away. With that news, the sponsors of the Cooley legislation have reason to redouble our efforts."

Due to the many areas of uncertainty regarding the administration and regulation of medical marijuana within the state, it is staff's recommendation that the proposed legislation would enhance both product safety as well as operational protocols, while supporting existing local ordinances and regulations.

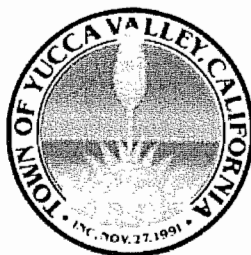
Alternatives: Do not support the proposed legislation; support if amended.

Fiscal impact: None with this item.

Attachment: Attachment A – Proposed letter of support
Attachment B – AB 266 – Draft
Attachment C – League informational material

Attachment A

Draft Letter of Support



Assembly Member Ken Cooley
State Capitol, Room 3146
Sacramento, CA 95814

March 10, 2015

RE: Notice of Support: AB 266 (Cooley) – Medical Marijuana

Dear Assembly Member Cooley,

The Town of Yucca Valley supports your medical marijuana legislation, Assembly Bill 266, which will provide what we have lacked in California since the voters approved Proposition 215 in 1996: a responsible framework for marijuana distribution that upholds local control, squarely addresses public safety concerns, and includes important health and safety requirements.

Most of the previous legislation in this area has often sought to pre-empt local control, only partially addressed the significant public safety concerns raised by medical marijuana, and failed to address important health and safety issues that are inevitably triggered by a regulatory process for any medicine. For this reason, AB 266 with its public safety, local control, and public health provisions represents a shift in focus that began with last year's SB 1262 by Senator Correa.

As a municipal government, we are on the front lines on this issue along with our local police department, and have to cope with the effects of the current chaotic regulatory structure for medical marijuana on a daily basis. We applaud your effort to put a responsible framework in place that protects patient access while protecting local control and addressing public safety issues. We believe local governments should have a prominent role in any framework for medical marijuana, including meaningful enforcement powers, and therefore support the approach in AB 266.

We appreciate the work that went into developing this proposal, including input from city attorneys, law enforcement, patient advocates, the private sector, and consultation with both jurisdictions that allow medical marijuana dispensaries to operate under the control of local ordinances, as well as those that have imposed bans.

Finally, we appreciate the incorporation of health and safety standards into the bill, and stand ready to work with officials at all levels of government to ensure smooth implementation should AB 266 become law.

Once again, thank you for your leadership on this issue.

Sincerely,
George Huntington
Mayor
Town of Yucca Valley

CC: Tim Cromartie, League of California Cities

Attachment B

Assembly Bill 266 (Cooley)

ASSEMBLY BILL

No. 266

**Introduced by Assembly Member Cooley
(Coauthor: Assembly Member Lackey)**

February 10, 2015

An act to amend Section 2220.05 of, to add Article 25 (commencing with Section 2525) to Chapter 5 of Division 2 of, and to add Part 5 (commencing with Section 18100) to Division 7 of, the Business and Professions Code, to add Section 23028 to the Government Code, to amend Section 11362.775 of, and to add Article 8 (commencing with Section 111658) to Chapter 6 of Part 5 of Division 104 of, the Health and Safety Code, and to amend Section 1155.7 of, and to add Sections 1158.5 and 3094 to, the Labor Code, relating to medical marijuana, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 266, as introduced, Cooley. Medical marijuana.

(1) Existing law, the Compassionate Use Act of 1996, an initiative measure enacted by the approval of Proposition 215 at the November 6, 1996, statewide general election, authorizes the use of marijuana for medical purposes. Existing law enacted by the Legislature requires the establishment of a program for the issuance of identification cards to qualified patients so that they may lawfully use marijuana for medical purposes, and requires the establishment of guidelines for the lawful cultivation of marijuana grown for medical use. Existing law provides for the licensure of various professions by the Department of Consumer Affairs. Existing law, the Sherman Food, Drug, and Cosmetic Law, provides for the regulation of food, drugs, devices, and cosmetics, as specified. A violation of that law is a crime.

This bill would establish within the Department of Consumer Affairs a Bureau of Medical Marijuana Regulation, under the supervision and control of the Chief of the Bureau of Medical Marijuana Regulation, and would require the bureau to license and regulate dispensing facilities, cultivation sites, transporters, and manufacturers of medical marijuana and medical marijuana products, subject to local ordinances. The bill would require a background check of applicants for licensure, as defined, to be administered by the Department of Justice, and submission of a statement signed by an applicant, under penalty of perjury, that the information on his or her application is true, thereby creating a crime and imposing a state-mandated local program. Violation of the provisions related to applying for a conditional license would be punishable by a civil fine of up to \$35,000 for each individual violation, or as otherwise specified.

The bill would make conditional licenses subject to the restrictions of the local jurisdiction in which the facility operates or proposes to operate. The bill would set forth provisions related to the transportation, testing, and distribution of medical marijuana. The bill would prohibit the distribution of any form of advertising for physician recommendations for medical marijuana, unless the advertisement bears a specified notice and requires that the advertisement meet specified requirements and not be fraudulent, deceitful, or misleading.

The bill would establish a system, including apprenticeship and certification, for cannabis employees. The bill would require the Division of Labor Standards Enforcement to maintain and enforce minimum standards of competency and training and to certify cannabis employees. The bill would require the division to establish a cannabis curriculum certification committee to establish educational curriculum standards and to oversee educational providers of cannabis curriculum. The bill would require the Division of Occupational Health and Safety to develop industry-specific regulations for facilities issued a conditional license and would specify that those regulations govern agreements between a facility issued a conditional license and labor.

The bill would establish the Medical Marijuana Regulation Fund and would require the deposit of specified fees collected pursuant to this act into the fund. The bill would continuously appropriate moneys from the fund to the bureau for the purposes of administering this act, thereby making an appropriation. The bill would also establish the Special Account for Environmental Enforcement within the Medical Marijuana Fund. This account would contain money from fees assessed against

licensed cultivation facilities and would be continuously appropriated for the enforcement of environmental regulations relating to licensed cultivation sites. The bill would require the deposit of penalty moneys collected pursuant to this bill into the General Fund.

The bill would provide that it shall not supersede provisions of Measure D, as approved by the voters of the City of Los Angeles, as specified.

The bill would authorize a city, county, or city and county to administer and enforce these provisions. The bill would require the bureau to establish quality assurance protocols by July 1, 2017, to ensure uniform testing standards of medical marijuana, and would require licensees to comply with these provisions. The bill would further set forth provisions regulating edible medical marijuana products, as specified. By adding these provisions to the Sherman Food, Drug, and Cosmetic Law, a violation of which is a crime, the bill would impose a state-mandated local program.

(2) Existing law establishes the Division of Apprenticeship Standards, which audits and regulates apprenticeship programs for various trades, including electricians.

This bill would require the division to investigate, approve, or reject applications for apprenticeship employees of a licensed cultivation site or a licensed dispensing facility, as defined.

(3) Existing law, the Medical Practice Act, provides for the licensure and regulation of physicians and surgeons by the Medical Board of California. Existing law requires the board to prioritize investigations and prosecutions of physicians and surgeons representing the greatest threat of harm, as specified. Existing law identifies the cases that are to be given priority, which include cases of repeated acts of excessively prescribing, furnishing, or administering controlled substances without a good faith prior examination of the patient. Existing law provides that a violation of the Medical Practice Act is a crime.

This bill would require the board to consult with the Center for Medicinal Cannabis Research on developing and adopting medical guidelines for the appropriate administration and use of marijuana.

The bill would also make it a misdemeanor for a physician and surgeon who recommends marijuana to a patient for a medical purpose to accept, solicit, or offer any remuneration from or to a licensed dispensing facility in which the physician and surgeon or his or her immediate family has a financial interest. By creating a new crime, the bill would impose a state-mandated local program.

The bill would provide that specified acts of recommending marijuana for medical purposes without a good faith examination are among the types of cases that should be given priority for investigation and prosecution by the board, as described above. The bill would further prohibit a physician and surgeon from recommending medical marijuana to a patient unless that person is the patient's attending physician, as defined. Because a violation of that provision would be a crime, the bill would impose a state-mandated local program.

(4) Existing law authorizes the legislative body of a city or county to impose various taxes, including a transactions and use tax at a rate of 0.25%, or a multiple thereof, if approved by the required vote of the legislative body and the required vote of qualified voters, and limits the combined rate of transactions and use taxes within a city or county to 2%.

This bill would authorize the board of supervisors of a county to impose a tax on the privilege of cultivating, dispensing, producing, processing, preparing, storing, providing, donating, selling, or distributing marijuana or products containing marijuana. The bill would authorize the tax to be imposed for either general or specific governmental purposes. The bill would require a tax imposed pursuant to this authority to be subject to any applicable voter approval requirement.

(5) Existing law exempts qualified patients, persons with valid identification cards, and the designated primary caregivers of qualified patients and persons with identification cards from certain crimes, including possession of concentrated cannabis and marijuana, cultivation of marijuana, and possession of marijuana for sale.

This bill would also exempt from those crimes an employee, officer, or board member of a licensed cultivation site or a licensed dispensing facility, except as specified.

(6) Existing law regulates the labor practices of agricultural employers.

This bill would include licensed cultivation sites and licensed dispensing facilities in the definition of agricultural employer.

(7) This bill would provide that its provisions are severable.

(8) Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

(9) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) In 1996, the people of the State of California enacted the
4 Compassionate Use Act of 1996, codified in Section 11362.5 of
5 the Health and Safety Code. The people of the State of California
6 declared that their purpose in enacting the measure was, among
7 other things, “to ensure that seriously ill Californians have the
8 right to obtain and use marijuana for medical purposes where that
9 medical use is deemed appropriate and has been recommended by
10 a physician who has determined that the person’s health would
11 benefit from the use of marijuana in the treatment of cancer,
12 anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis,
13 migraine, or any other illness for which marijuana provides relief.”

14 (b) The Compassionate Use Act of 1996 called on state
15 government to implement a plan for the safe and affordable
16 distribution of marijuana to all patients in medical need of
17 marijuana, while ensuring that nothing in that act would be
18 construed to condone the diversion of marijuana for nonmedical
19 purposes.

20 (c) In 2003, the Legislature enacted the Medical Marijuana
21 Program Act (MMPA), codified in Article 2.5 (commencing with
22 Section 11362.7) of Chapter 6 of Division 10 of the Health and
23 Safety Code.

24 (d) Greater certainty and minimum statewide standards are
25 urgently needed regarding the obligations of medical marijuana
26 facilities, and for the imposition and enforcement of regulations
27 to prevent unlawful cultivation and the diversion of marijuana to
28 nonmedical use.

1 (e) Despite the passage of the Compassionate Use Act of 1996
2 and the MMPA, because of the lack of an effective statewide
3 system for regulating and controlling medical marijuana, cities,
4 counties and local law enforcement officials have been confronted
5 with uncertainty about the legality of some medical marijuana
6 cultivation and distribution activities. The current state of affairs
7 makes law enforcement difficult and endangers patient safety
8 because of an inability to monitor the supply of medical marijuana
9 in the state and the lack of quality control, testing, and labeling
10 requirements.

11 (f) The California Constitution grants cities and counties the
12 authority to make and enforce, within their borders, “all local
13 police, sanitary, and other ordinances and regulations not in conflict
14 with the general laws.” This inherent local police power includes
15 broad authority to determine, for purposes of public health, safety,
16 and welfare, the appropriate uses of land within the local
17 jurisdiction’s borders. The police power, therefore, allows each
18 city and county to determine whether or not a medical marijuana
19 dispensary or other facility that makes medical marijuana available
20 may operate within its borders. This authority has been upheld by
21 *City of Riverside v. Inland Empire Patients Health and Wellness*
22 *Center, Inc.* (2013) 56 Cal.4th 729 and *County of Los Angeles v.*
23 *Hill* (2011) 192 Cal.App.4th 861. Nothing in this act shall diminish,
24 erode, or modify that authority.

25 (g) If a city or county determines that a dispensary or other
26 facility that makes medical marijuana available may operate within
27 its borders, then there is a need for the state to license these
28 dispensaries and other facilities for the purpose of adopting and
29 enforcing protocols for security standards at dispensaries and in
30 the transportation of medical marijuana, as well as health and safety
31 standards to ensure patient safety. This licensing requirement is
32 not intended in any way nor shall it be construed to preempt local
33 ordinances, regulations, or enforcement actions regarding the sale
34 and use of medical marijuana, including, but not limited to,
35 security, signage, lighting, and inspections.

36 (h) All of the following are necessary to uphold important state
37 goals:

38 (1) Strict provisions to prevent the potential diversion of
39 marijuana for recreational use.

1 (2) Audits to accurately track the volume of both product
2 movement and sales.

3 (3) An effective means of restricting nonmedical access to
4 medical marijuana by minors.

5 (i) Nothing in this act shall be construed to promote or facilitate
6 the nonmedical, recreational possession, sale, or use of marijuana.

7 (j) Nothing in this act shall have a diminishing effect on the
8 rights and protections granted to a patient or primary caregiver
9 pursuant to the Compassionate Use Act of 1996.

10 SEC. 2. Section 2220.05 of the Business and Professions Code
11 is amended to read:

12 2220.05. (a) In order to ensure that its resources are maximized
13 for the protection of the public, the Medical Board of California
14 shall prioritize its investigative and prosecutorial resources to
15 ensure that physicians and surgeons representing the greatest threat
16 of harm are identified and disciplined expeditiously. Cases
17 involving any of the following allegations shall be handled on a
18 priority basis, as follows, with the highest priority being given to
19 cases in the first paragraph:

20 (1) Gross negligence, incompetence, or repeated negligent acts
21 that involve death or serious bodily injury to one or more patients,
22 such that the physician and surgeon represents a danger to the
23 public.

24 (2) Drug or alcohol abuse by a physician and surgeon involving
25 death or serious bodily injury to a patient.

26 (3) Repeated acts of clearly excessive prescribing, furnishing,
27 or administering of controlled substances, or repeated acts of
28 prescribing, dispensing, or furnishing of controlled ~~substances~~
29 *substances, or recommending marijuana to patients for medical*
30 *purposes*, without a good faith prior examination of the patient
31 and medical reason therefor. However, in no event shall a physician
32 and surgeon prescribing, furnishing, or administering controlled
33 substances for intractable pain consistent with lawful prescribing,
34 including, but not limited to, Sections 725, 2241.5, and 2241.6 of
35 this code and Sections 11159.2 and 124961 of the Health and
36 Safety Code, be prosecuted for excessive prescribing and prompt
37 review of the applicability of these provisions shall be made in
38 any complaint that may implicate these provisions.

39 (4) Sexual misconduct with one or more patients during a course
40 of treatment or an examination.

1 (5) Practicing medicine while under the influence of drugs or
2 alcohol.

3 (b) The board may by regulation prioritize cases involving an
4 allegation of conduct that is not described in subdivision (a). Those
5 cases prioritized by regulation shall not be assigned a priority equal
6 to or higher than the priorities established in subdivision (a).

7 (c) The Medical Board of California shall indicate in its annual
8 report mandated by Section 2312 the number of temporary
9 restraining orders, interim suspension orders, and disciplinary
10 actions that are taken in each priority category specified in
11 subdivisions (a) and (b).

12 SEC. 3. Article 25 (commencing with Section 2525) is added
13 to Chapter 5 of Division 2 of the Business and Professions Code,
14 to read:

15
16 Article 25. Recommending Medical Marijuana

17
18 2525. (a) It is unlawful for a physician and surgeon who
19 recommends marijuana to a patient for a medical purpose to accept,
20 solicit, or offer any form of remuneration from or to a facility
21 issued a conditional license pursuant to Part 5 (commencing with
22 Section 18100) of Division 7, if the physician and surgeon or his
23 or her immediate family have a financial interest in that facility.

24 (b) For the purposes of this section, “financial interest” shall
25 have the same meaning as in Section 650.01.

26 (c) A violation of this section shall be a misdemeanor.

27 2525.1. The Medical Board of California shall consult with
28 the California Marijuana Research Program, known as the Center
29 for Medicinal Cannabis Research, authorized pursuant to Section
30 11362.9 of the Health and Safety Code, on developing and adopting
31 medical guidelines for the appropriate administration and use of
32 medical marijuana.

33 2525.2. A physician and surgeon shall not recommend medical
34 marijuana to a patient, unless that person is the patient’s attending
35 physician, as defined by subdivision (a) of Section 11362.7 of the
36 Health and Safety Code.

37 2525.3. An examination conducted by the physician and
38 surgeon involving the use of telehealth as defined in Section 2290.5
39 of the Business and Professions Code, shall comply with applicable
40 federal and state laws and regulations, including compliance with

1 the regulations promulgated pursuant to the Health Insurance
2 Portability and Accountability Act of 1996, found at Parts 160 and
3 164 of Title 45 of the Code of Federal Regulations.

4 SEC. 4. Part 5 (commencing with Section 18100) is added to
5 Division 7 of the Business and Professions Code, to read:

6
7 PART 5. MEDICAL MARIJUANA

8
9 CHAPTER 1. GENERAL PROVISIONS

10
11 18100. For purposes of this part, the following definitions shall
12 apply:

13 (a) "Bureau" means the Bureau of Medical Marijuana Regulation
14 in the Department of Consumer Affairs.

15 (b) "Certified testing laboratory" means a laboratory that is
16 certified by the bureau to perform random sample testing of
17 medical marijuana pursuant to the certification standards for these
18 facilities promulgated by the bureau.

19 (c) "Chief" means the Chief of the Bureau of Medical Marijuana
20 Regulation.

21 (d) "Department" means the Department of Consumer Affairs.

22 (e) "Director" means the Director of Consumer Affairs.

23 (f) "Dispensary" means a distribution operation that provides
24 medical marijuana or medical marijuana derived products to
25 patients and caregivers.

26 (g) "Fund" means the Medical Marijuana Regulation Fund
27 established pursuant to Section 18118.

28 (h) "Labor peace agreement" means an agreement between an
29 entity and a bona fide labor organization that, at a minimum,
30 protects the state's proprietary interests by prohibiting labor
31 organizations and members from engaging in picketing, work
32 stoppages, boycotts, and any other economic interference with the
33 applicant's business. The agreement means that the applicant has
34 agreed not to disrupt efforts by the bona fide labor organization
35 to communicate with, and attempt to organize and represent, the
36 applicant's employees.

37 (i) "Licensed cultivation site" means a facility that plants, grows,
38 cultivates, harvests, dries, or processes medical marijuana and that
39 is issued a conditional license pursuant to this part.

1 (j) “Licensed dispensing facility” means a dispensary or other
2 facility that provides medical marijuana, medical marijuana
3 products, or devices for the use of medical marijuana or medical
4 marijuana products that is issued a conditional license pursuant to
5 this part.

6 (k) “Licensed manufacturer” means a person who extracts,
7 prepares, derives, produces, compounds, or repackages medical
8 marijuana or medical marijuana products into consumable and
9 nonconsumable forms and that is issued a conditional license
10 pursuant to this part.

11 (l) “Licensed transporter” means an individual or entity issued
12 a conditional license by the bureau to transport medical marijuana
13 to and from facilities that have been issued conditional licenses
14 pursuant to this part.

15 (m) “Marijuana” means all parts of the plant *Cannabis sativa*,
16 *cannabis indica*, or *cannabis ruderalis*, whether growing or not;
17 the seeds thereof; the resin, whether crude or purified, extracted
18 from any part of the plant; and every compound, manufacture, salt,
19 derivative, mixture, or preparation of the plant, its seeds, or resin.
20 “Marijuana” does not include the mature stalks of the plant, fiber
21 produced from the stalks, oil or cake made from the seeds of the
22 plant, any other compound, manufacture, salt, derivative, mixture,
23 or preparation of the mature stalks (except the resin extracted
24 therefrom), fiber, oil, or cake, or the sterilized seed of the plant
25 which is incapable of germination. “Marijuana” also means
26 marijuana, as defined by Section 11018 of the Health and Safety
27 Code.

28 18101. (a) There is hereby created in the Department of
29 Consumer Affairs the Bureau of Medical Marijuana Regulation,
30 under the supervision and control of the Chief of the Bureau of
31 Medical Marijuana Regulation.

32 (b) Protection of the public shall be the highest priority for the
33 bureau in exercising its licensing, regulatory, and disciplinary
34 functions. Whenever the protection of the public is inconsistent
35 with other interests sought to be promoted, the protection of the
36 public shall be paramount.

37 (c) The bureau shall have the authority to issue conditional
38 licenses for the cultivation, manufacture, transportation, storage,
39 distribution, and sale of medical marijuana within the state and to
40 collect fees in connection with these actions. The bureau shall have

1 the authority to create other licenses in order to protect patient
2 health and the public and to facilitate the regulation of medical
3 marijuana.

4 (d) The Governor shall appoint the chief at a salary to be fixed
5 and determined by the director with the approval of the Director
6 of Finance. The chief shall serve in accordance with the State Civil
7 Service Act (Part 2 (commencing with Section 18500) of Division
8 5 of Title 2 of the Government Code).

9 (e) The duty of enforcing and administering this part shall be
10 vested in the chief, who is responsible to the director. The chief
11 may adopt and enforce those rules and regulations that he or she
12 determines are reasonably necessary to carry out the purposes of
13 this part and declaring the policy of the bureau, including a system
14 for the issuance of citations for violations of this part, as specified
15 in Section 18126.

16 (f) The chief, as necessary to carry out the provisions of this
17 part, and in accordance with the State Civil Service Act (Part 2
18 (commencing with Section 18500) of Division 5 of Title 2 of the
19 Government Code), may appoint and fix the compensation of
20 personnel, including, but not limited to, clerical, inspection,
21 investigation, and auditing personnel, as well as an assistant chief.
22 These personnel shall perform their respective duties under the
23 supervision and the direction of the chief.

24 (g) Every power granted to, or duty imposed upon, the chief
25 under this part may be exercised or performed in the name of the
26 chief by a deputy or assistant chief, subject to conditions and
27 limitations that the chief prescribes.

28 (h) The bureau shall exercise its authority pursuant to this part
29 consistent with Section 1 of the act that added this section and
30 consistent with the provisions of this part.

31 18102. Funds for the establishment and support of the bureau
32 shall be advanced as a loan by the department and shall be repaid
33 by the initial proceeds from fees collected pursuant to this part or
34 any rule or regulation adopted pursuant to this part.

35 18103. The bureau shall have the authority necessary for the
36 implementation of this part, including, but not limited to, all of
37 the following:

38 (a) Establishing rules or regulations necessary to carry out the
39 purposes and intent of this part and to enable the bureau to exercise
40 the powers and perform the duties conferred upon it by this part

- 1 and in accordance with Chapter 3.5 (commencing with Section
2 11340) of Part 1 of Division 3 of Title 2 of the Government Code.
3 For the performance of its duties, the bureau has the powers as set
4 forth in Article 2 (commencing with Section 11180) of Chapter 2
5 of Part 1 of Division 3 of Title 2 of the Government Code.
- 6 (b) Issuing conditional licenses to persons for the cultivation,
7 manufacture, transportation, storage, distribution, and sale of
8 medical marijuana within the state.
- 9 (c) Setting application, licensing, and renewal fees for
10 conditional licenses issued pursuant to Section 18117.
- 11 (d) Establishing standards for the cultivation, manufacturing,
12 transportation, storage, distribution, provision, donation, and sale
13 of medical marijuana and medical marijuana products.
- 14 (e) Establishing procedures for the issuance, renewal,
15 suspension, denial, and revocation of conditional licenses.
- 16 (f) Imposing a penalty authorized by this part or any rule or
17 regulation adopted pursuant to this part.
- 18 (g) Taking action with respect to an application for a conditional
19 license in accordance with procedures established pursuant to this
20 part.
- 21 (h) Overseeing the operation of the Medical Marijuana
22 Regulation Fund and the Special Account for Environmental
23 Enforcement, established pursuant to Section 18118.
- 24 (i) Consulting with other state or local agencies, departments,
25 representatives of the medical marijuana community, or public or
26 private entities for the purposes of establishing statewide standards
27 and regulations.
- 28 (j) Certifying laboratories to perform testing of medical
29 marijuana.
- 30 18104. (a) On or before July 1, 2017, the bureau shall
31 promulgate regulations for implementation and enforcement of
32 this part, including, but not limited to, all of the following:
- 33 (1) Procedures for the issuance, renewal, suspension, denial,
34 and revocation of conditional licenses.
- 35 (2) Procedures for appeal of fines and the appeal of denial,
36 suspension, or revocation of conditional licenses.
- 37 (3) Application, licensing, and renewal forms and fees.
- 38 (4) A time period in which the bureau shall approve or deny an
39 application for a conditional license pursuant to this part.
- 40 (5) Qualifications for licensees.

1 (6) Standards for certification of testing laboratories to perform
2 random sample testing of all medical marijuana products, including
3 standards for onsite testing.

4 (A) Certification of testing laboratories shall be consistent with
5 general requirements for the competence of testing and calibration
6 activities, including sampling, using standard methods established
7 by the International Organization for Standardization, specifically
8 ISO/IEC 17025.

9 (B) These requirements shall apply to all entities, including
10 third-party laboratories, engaged in the testing of medical marijuana
11 pursuant to this part.

12 (7) Requirements to ensure conformance with standards
13 analogous to state statutory environmental, agricultural, consumer
14 protection, and food and product safety requirements. At a
15 minimum, these standards shall do all of the following:

16 (A) Prescribe sanitation standards analogous to the California
17 Retail Food Code (Part 7 (commencing with Section 113700) of
18 Division 104 of the Health and Safety Code) for food preparation,
19 storage, handling, and sale of edible medical marijuana products.

20 (B) Require that edible medical marijuana products produced,
21 distributed, provided, donated, or sold by licensees shall be limited
22 to nonpotentially hazardous food, as established by the State
23 Department of Public Health pursuant to Section 114365.5.

24 (C) Require that facilities in which edible medical marijuana
25 products are prepared shall be constructed in accordance with
26 applicable building standards, health and safety standards, and
27 other state laws.

28 (D) Provide that weighing or measuring devices used in
29 connection with the sale or distribution of medical marijuana are
30 required to meet standards analogous to Division 5 (commencing
31 with Section 12001).

32 (E) Require that the application of pesticides or other pest
33 control in connection with the indoor or outdoor cultivation of
34 medical marijuana shall meet standards analogous to Division 6
35 (commencing with Section 11401) of the Food and Agricultural
36 Code and its implementing regulations.

37 (b) On or before July 1, 2017, the bureau shall also promulgate
38 regulations for minimum statewide health and safety standards
39 and quality assurance standards associated with the cultivation,
40 transport, storage, manufacture, and sale of all medical marijuana

1 produced in this state. Consistent with Section 18126, local
2 agencies shall have primary responsibility for enforcement of these
3 standards in accordance with bureau regulations.

4 (c) The bureau shall not issue a conditional license unless the
5 applicant has met all of the requirements of this part, including the
6 requirements of paragraph (4) of subdivision (d) of Section 18110.

7 18105. The chief shall keep a complete record of all facilities
8 issued a conditional license. This record shall be made available
9 on the bureau's Internet Web site.

10 18106. The bureau shall establish procedures to provide state
11 and local law enforcement, upon their request, with 24-hour access
12 to information to verify a conditional license, track transportation
13 manifests, and track the inventories of facilities issued a conditional
14 license.

15 18107. This part shall in no way supersede the provisions of
16 Measure D, approved by the voters of the City of Los Angeles on
17 the May 21, 2013, ballot for the city, which granted medical
18 marijuana businesses and dispensaries qualified immunity
19 consistent with the terms of the measure and local ordinances.
20 Notwithstanding the provisions of this part, marijuana businesses
21 and dispensaries subject to the provisions of Measure D and its
22 qualified immunity shall continue to be subject to the ordinances
23 and regulations of the City of Los Angeles.

24 CHAPTER 2. CONDITIONAL LICENSES

25
26
27 18108. The following persons are exempt from the requirement
28 of licensure under this part:

29 (a) A patient who cultivates, possesses, stores, manufactures,
30 or transports marijuana exclusively for his or her personal medical
31 use and who does not sell, distribute, donate, or provide marijuana
32 to any other person or entity.

33 (b) A primary caregiver who cultivates, possesses, stores,
34 manufactures, transports, or provides marijuana exclusively for
35 the personal medical purposes to no more than five specified
36 qualified patients for whom he or she is the primary caregiver
37 within the meaning of Section 11362.7 of the Health and Safety
38 Code and who does not receive remuneration for these activities,
39 except for compensation in full compliance with subdivision (c)
40 of Section 11362.765 of the Health and Safety Code. Nothing in

1 this section shall permit primary caregivers to organize themselves
2 as cooperatives or collectives of caregivers.

3 18109. (a) Except as provided in Section 11362.5 of, and
4 Article 2.5 (commencing with Section 11362.7) of Chapter 6 of
5 Division 10 of, the Health and Safety Code, a person shall not sell
6 or provide medical marijuana to a patient or caregiver other than
7 at a licensed dispensing facility or through delivery from a licensed
8 dispensing facility.

9 (b) Except as provided in Section 11362.5 of, and Article 2.5
10 (commencing with Section 11362.7) of Chapter 6 of Division 10
11 of, the Health and Safety Code, a person shall not grow medical
12 marijuana other than at a licensed cultivation site.

13 (c) Except as provided in Section 11362.5 of, and Article 2.5
14 (commencing with Section 11362.7) of Chapter 6 of Division 10
15 of, the Health and Safety Code, a person shall not manufacture
16 medical marijuana or medical marijuana products other than a
17 licensed manufacturer.

18 (d) A person shall not transport medical marijuana from one
19 facility issued a conditional license to another, other than a licensed
20 transporter.

21 (e) A licensed manufacturer may obtain medical marijuana from
22 a licensed cultivator and may furnish medical marijuana products
23 to a licensed dispensary.

24 (f) To meet the requirements of Article 8 (commencing with
25 Section 111658) of Chapter 6 of Part 5 of Division 104 of the
26 Health and Safety Code, medical marijuana and medical marijuana
27 products shall be tested by a certified testing laboratory.

28 18110. (a) Beginning July 1, 2017, the bureau shall provide
29 for and shall issue conditional licenses. Conditional licenses shall
30 be issued for all activity authorized under this chapter, including,
31 but not limited to, cultivation, storage, transport, and dispensing
32 of medical marijuana.

33 (b) The issuance of a conditional license shall not, in and of
34 itself, authorize the recipient to begin business operations. The
35 conditional license shall certify, at a minimum, that the applicant
36 has paid the state conditional licensing fee, successfully passed a
37 criminal background check, and met the state residency
38 requirements.

39 (c) In order to begin business operations pursuant to this chapter,
40 an applicant shall, in addition to the conditional license, obtain a

1 license or permit from the local jurisdiction in which he or she
2 proposes to operate, following the requirements of the applicable
3 local ordinances.

4 (d) An applicant for a conditional license shall do all following:

5 (1) Pay the fee or fees required by this part for each license
6 being applied for.

7 (2) Register with the bureau on forms prescribed by the chief.
8 The forms shall contain sufficient information to identify the
9 licensee, including all of the following:

10 (A) Name of the owner or owners of a proposed facility,
11 including all persons or entities having an ownership interest other
12 than a security interest, lien, or encumbrance on property that will
13 be used by the applicant.

14 (B) The name, address, and date of birth of each principal officer
15 and board member.

16 (C) The address and telephone number of the proposed facility.

17 (D) In the case of a cultivation site, the GPS coordinates of the
18 site.

19 (3) Describe, in writing, the scope of business of the proposed
20 facility.

21 (4) Provide evidence that the applicant and owner have been
22 legal full-time residents of the state for not less than 12 months.

23 (5) Provide detailed operating procedures, in writing, for the
24 proposed facility, which shall include, but not be limited to,
25 procedures for facility and operational security, prevention of
26 diversion, employee screening, storage of medical marijuana,
27 personnel policies, and recordkeeping procedures.

28 (6) Provide the applicant's fingerprint images. For purposes of
29 this paragraph, "applicant" means the owner or owners of a
30 proposed facility, including all persons or entities having an
31 ownership interest other than a security interest, lien, or
32 encumbrance on property that will be used by the facility.

33 (A) The applicant shall electronically submit to the Department
34 of Justice fingerprint images and related information required by
35 the Department of Justice for the purpose of obtaining information
36 as to the existence and content of a record of state or federal
37 convictions and arrests, and information as to the existence and
38 content of a record of state or federal convictions and arrests for
39 which the Department of Justice establishes that the person is free
40 on bail, or on his or her own recognizance, pending trial or appeal.

1 (B) The Department of Justice shall provide a response to the
2 bureau pursuant to paragraph (1) of subdivision (p) of Section
3 11105 of the Penal Code.

4 (C) The bureau shall request from the Department of Justice
5 subsequent notification service, as provided pursuant to Section
6 11105.2 of the Penal Code, for persons described in subparagraph
7 (A).

8 (D) The Department of Justice shall charge the applicant a fee
9 sufficient to cover the reasonable cost of processing the requests
10 described in this paragraph.

11 (7) Provide a statement, signed by the applicant under penalty
12 of perjury, that the information provided is true.

13 (8) Provide any other information required by the bureau.

14 (e) Each location and each discrete use of a single location shall
15 require a conditional license. Each application for a conditional
16 license is separate and distinct, and the bureau may charge a
17 separate fee for each.

18 (f) A conditional license issued pursuant to this section shall be
19 valid for 12 months after the date of issuance. The bureau shall
20 establish procedures for the renewal of a conditional license.

21 18111. (a) Upon receipt of the application materials and fee
22 required in Section 18110, the bureau, provided the applicant has
23 not committed an act or crime constituting grounds for the denial
24 of licensure under Section 18112, may issue the conditional license
25 and send a proof of issuance to the applicant.

26 (b) The chief shall, by regulation, prescribe conditions upon
27 which a person whose conditional license has previously been
28 denied, suspended, or revoked, may be issued a conditional license.

29 18112. (a) An application for a conditional license shall be
30 denied and a conditional license shall be suspended or revoked for
31 a past felony conviction for the possession for sale, sale,
32 manufacture, transportation, or cultivation of a controlled
33 substance, a felony criminal conviction for drug trafficking, a
34 felony conviction for embezzlement, a felony conviction involving
35 fraud or deceit, or any violent or serious felony conviction pursuant
36 to subdivision (c) of Section 667.5 of, or subdivision (c) of Section
37 1192.7 of, the Penal Code. The bureau, at its discretion, may issue
38 a license to an applicant that would be otherwise denied pursuant
39 to this subdivision if the applicant has obtained a certificate of
40 rehabilitation, pursuant to Section 4852.13 of the Penal Code.

1 (b) The chief, upon his or her determination, may deny, suspend,
2 or revoke a conditional license when a conditional licensee,
3 applicant, or employee, partner, officer, or member of an entity
4 conditionally licensed does any of the following:

5 (1) Making or authorizing in any manner or by any means a
6 written or oral statement that is untrue or misleading and that is
7 known, or that by exercise of reasonable care should be known,
8 to be untrue or misleading.

9 (2) Any other conduct that constitutes fraud.

10 (3) Conduct constituting gross negligence.

11 (4) Failure to comply with the provisions of this part, Article 8
12 (commencing with Section 111658) of Chapter 6 of Part 5 of
13 Division 104 of the Health and Safety Code, or any rule or
14 regulation adopted pursuant to this part.

15 (5) Conduct that constitutes grounds for denial of licensure
16 pursuant to Chapter 2 (commencing with Section 480) of Division
17 1.5.

18 18113. (a) Upon denying, suspending, or revoking a
19 conditional license, the chief shall notify the applicant or licensee,
20 in writing, by personal service or mail addressed to the address of
21 the applicant or licensee set forth in the application. The applicant
22 or licensee shall be given a hearing within 30 days thereafter if he
23 or she files with the bureau a written request for hearing. Otherwise,
24 the denial, suspension, or revocation is deemed affirmed.

25 (b) All proceedings to deny, suspend, or revoke a conditional
26 license shall be conducted pursuant to Chapter 5 (commencing
27 with Section 11500) of Part 1 of Division 3 of Title 2 of the
28 Government Code.

29 18114. An application for or renewal of a license shall not be
30 approved if the bureau determines any of the following:

31 (a) The applicant fails to meet the requirements of this part or
32 any regulation adopted pursuant to this part or any applicable city,
33 county, or city and county ordinance or regulation. If a local
34 government adopts an ordinance or resolution authorizing medical
35 marijuana to be cultivated, manufactured, stored, distributed, or
36 sold within its jurisdiction, it shall submit to the bureau
37 documentation detailing their renewal requirements.

38 (b) The applicant, or any of its officers, directors, owners,
39 members, or shareholders, is a minor.

1 (c) The applicant has knowingly answered a question or request
2 for information falsely on the application form or failed to provide
3 information requested.

4 (d) The applicant, or any of its officers, directors, owners,
5 members, or shareholders has been sanctioned by the bureau, a
6 city, county, or city and county, for medical marijuana activities
7 conducted in violation of this part or any applicable local ordinance
8 or has had a license revoked in the previous five years.

9 (e) The proposed cultivation, processing, possession, storage,
10 manufacturing, testing, transporting, distribution, provision, or
11 sale of medical marijuana will violate any applicable local law or
12 ordinance.

13 (f) The applicant or the owner is unable to establish that he or
14 she has been a resident of the state for not less than 12 months.

15 18115. In addition to the provisions of this part, a conditional
16 license shall be subject to the restrictions of the local jurisdiction
17 in which the facility operates or proposes to operate. Even if a
18 conditional license has been granted pursuant to this part, a facility
19 shall not operate in a local jurisdiction that prohibits the
20 establishment of that type of business.

21 18116. The bureau may adopt regulations to limit the number
22 of conditional licenses issued pursuant to this part upon a finding
23 that the otherwise unrestricted issuance of conditional licenses is
24 dangerous to the public health and safety.

25
26 CHAPTER 3. FEES
27

28 18117. (a) The conditional licensing fee shall be established
29 by the bureau at a level sufficient to fund the reasonable costs of
30 all of the following:

31 (1) Administrative costs incurred by the bureau in overseeing
32 the conditional licensing program, establishing health and safety
33 standards, and certifying the required testing laboratories.

34 (2) Costs incurred by the bureau or the Department of Justice
35 for enforcement of the provisions of this part.

36 (3) Costs incurred by law enforcement and other public safety
37 entities for enforcing the provisions of this part in their jurisdiction.

38 (b) In addition to the conditional licensing fee required pursuant
39 to subdivision (a), a cultivation facility shall be assessed a fee in
40 a sufficient amount to cover the reasonable regulatory costs of

1 enforcing the environmental impact provisions relating to those
2 cultivation facilities. This fee shall be distributed, as necessary
3 and in proportion to its regulatory function, between the following
4 agencies responsible for enforcing the regulations relating to the
5 environmental impact of licensed cultivation sites:

- 6 (1) The State Water Board.
- 7 (2) The Department of Fish and Wildlife.
- 8 (3) The Department of Forestry and Fire Protection.
- 9 (4) The Department of Pesticide Regulation.
- 10 (5) The Department of Food and Agriculture.

11 18118. (a) The Medical Marijuana Regulation Fund is hereby
12 established within the State Treasury. Notwithstanding Section
13 16305.7 of the Government Code, the fund shall include any
14 interest and dividends earned on the money in the fund.

15 (b) Except as provided in subdivision (c), all fees collected
16 pursuant to this part shall be deposited into the Medical Marijuana
17 Regulation Fund. Notwithstanding Section 13340 of the
18 Government Code, all moneys within the fund are hereby
19 continuously appropriated, without regard to fiscal year, to the
20 bureau solely for the purposes of fully funding and administering
21 this part, including, but not limited to, the costs incurred by the
22 bureau for its administrative expenses.

23 (c) The Special Account for Environmental Enforcement is
24 hereby established as an account within the Medical Marijuana
25 Regulation Fund. Notwithstanding Section 16305.7 of the
26 Government Code, the account shall include any interest and
27 dividends earned on the money in the account. All fees collected
28 pursuant to subdivision (b) of Section 18112 shall be deposited in
29 this account. Notwithstanding Section 13340 of the Government
30 Code, all moneys within the fund are hereby continuously
31 appropriated, without regard to fiscal year, to the bureau for
32 distribution to the entities listed in subdivision (b) of Section 18117
33 to be used to enforce the environmental regulation of licensed
34 cultivation sites.

35 (d) All moneys collected as a result of penalties imposed under
36 this part shall be deposited directly into the General Fund, to be
37 available upon appropriation.

38 (e) The bureau may establish and administer a grant program
39 to allocate moneys from the Medical Marijuana Regulation Fund
40 to state and local entities for the purpose of assisting with medical

1 marijuana regulation and the enforcement of this part and other
2 state and local laws applicable to licensees.

3 18119. (a) A facility issued a conditional license shall not
4 acquire, cultivate, process, possess, store, manufacture, distribute,
5 sell, deliver, transfer, transport, or dispense medical marijuana for
6 any purpose other than those authorized by Article 2.5
7 (commencing with Section 11362.7) of Chapter 6 of Division 10
8 of the Health and Safety Code.

9 (b) A licensed dispensing facility shall not acquire, cultivate,
10 process, possess, store, manufacture, distribute, sell, deliver,
11 transfer, transport, or dispense medical marijuana plants or medical
12 marijuana products except through a licensed cultivation site or a
13 licensed manufacturer.

14

15 CHAPTER 4. TRANSPORTATION OF MEDICAL MARIJUANA

16

17 18120. (a) A licensed transporter shall ship only to facilities
18 issued a conditional license and only in response to a request for
19 a specific quantity and variety from those facilities.

20 (b) Prior to transporting medical marijuana products, a licensed
21 transporter shall do both of the following:

22 (1) Complete a shipping manifest using a form prescribed by
23 the bureau.

24 (2) Securely transmit a copy of the manifest to the licensee that
25 will receive the medical marijuana product, and to the bureau,
26 prior to transport.

27 (c) The licensed transporter making the shipment and the
28 licensee receiving the shipment shall maintain each shipping
29 manifest and make it available to local code enforcement officers,
30 any other locally designated enforcement entity, and the bureau
31 upon request.

32 18121. (a) Transported medical marijuana products shall:

33 (1) Be transported only in a locked, safe, and secure storage
34 compartment that is securely affixed to the interior of the
35 transporting vehicle.

36 (2) Not be visible from outside the vehicle.

37 (b) A vehicle transporting medical marijuana products shall
38 travel directly from one licensed facility to another licensed facility
39 authorized to receive the shipment.

1 18122. (a) All transport vehicles shall be staffed with a
2 minimum of two employees. At least one transport team member
3 shall remain with the vehicle at all times when the vehicle contains
4 medical marijuana.

5 (b) Each transport team member shall have access to a secure
6 form of communication by which each member can communicate
7 with personnel at the licensed facility at all times when the vehicle
8 contains medical marijuana.

9 (c) Each transport team member shall possess documentation
10 of licensing and a government-issued identification card at all
11 times when transporting or delivering medical marijuana and shall
12 produce it to any representative of the bureau or law enforcement
13 upon request.

14 (d) This part shall not be construed to authorize or permit a
15 licensee to transport, or cause to be transported, medical marijuana
16 or medical marijuana products outside the state.

17 18123. A local jurisdiction shall not prevent transportation
18 through or to a facility issued a conditional license, by a
19 conditionally licensed transporter who acts in compliance with
20 this part.

21

22 CHAPTER 5. ENFORCEMENT

23

24 18124. A state agency is not required by this section to enforce
25 a city, county, city and county, or local law, ordinance, rule, or
26 regulation regarding the site or operation of a facility issued a
27 conditional license.

28 18125. The bureau may assist state taxation authorities in the
29 development of uniform policies for the state taxation of licensees.

30 18126. (a) For facilities issued a conditional license that are
31 located within the incorporated area of a city, the city shall have
32 full power and authority to enforce this part and Article 8
33 (commencing with Section 111658) of Chapter 6 of Part 5 of
34 Division 104 of the Health and Safety Code and the rules,
35 regulations, and standards promulgated by the bureau. The city
36 shall further assume complete responsibility for any regulatory
37 function relating to those licensees within the city limits that would
38 otherwise be performed by the county or any county officer or
39 employee, without liability, cost, or expense to the county.

1 (b) For licensed facilities located within the unincorporated area
 2 of a county, the county shall have full power and authority to
 3 enforce this part and Article 8 (commencing with Section 111658)
 4 of Chapter 6 of Part 5 of Division 104 of the Health and Safety
 5 Code and the rules, regulations, and standards promulgated by the
 6 bureau.

7 18127. (a) A willful violation of Section 18110, including an
 8 attempt to falsify information on an application or to otherwise
 9 defraud or mislead a state or local agency in the course of the
 10 application process, shall be punishable by a civil fine of up to
 11 thirty-five thousand dollars (\$35,000) for each individual violation.

12 (b) A technical violation of Section 18110 shall, at the bureau’s
 13 discretion, be punishable by a civil fine of up to ten thousand
 14 dollars (\$10,000) for each individual violation.

15 18128. A district attorney, county counsel, city attorney, or
 16 city prosecutor may bring an action to enjoin a violation or the
 17 threatened violation of any provision of this part, including, but
 18 not limited to, a licensee’s failure to correct objectionable
 19 conditions following notice or as a result of a rule promulgated
 20 pursuant to this part. The action shall be brought in the county in
 21 which the violation occurred or is threatened to occur. A proceeding
 22 brought pursuant to this part shall conform to the requirements of
 23 Chapter 3 (commencing with Section 525) of Title 7 of Part 2 of
 24 the Code of Civil Procedure. Nothing in this section shall diminish
 25 the authority of a local government to take requisite enforcement
 26 actions pertaining to its own ordinances or regulations.

27 18129. Nothing in this part shall prevent a city or other local
 28 governing body from taking action as specified in Section 11362.83
 29 of the Health and Safety Code.

30 18130. This part shall not be construed to limit a law
 31 enforcement agency’s ability to investigate unlawful activity in
 32 relation to a facility issued a conditional license.

33
 34 CHAPTER 6. CANNABIS EMPLOYEES
 35

36 18131. (a) The Division of Labor Standards Enforcement shall
 37 do all of the following:

38 (1) Maintain minimum standards for the competency and
 39 training of employees of a licensed cultivation site or a licensed

1 dispensing facility, as defined in subdivisions (i) and (j) of Section
2 18100, through a system of testing and certification.

3 (2) Maintain an advisory committee and panels as necessary to
4 carry out its functions under this section. There shall be employer
5 representation on the committee and panels.

6 (3) Establish and collect certification fees not to exceed the
7 reasonable cost to the division in issuing certifications.

8 (4) Adopt regulations necessary to implement this chapter.

9 (5) Issue certification cards to employees who have been
10 certified pursuant to this chapter.

11 (6) Maintain a cannabis certification curriculum committee
12 made up of representatives of the State Department of Education,
13 the California Community Colleges, and the division. The
14 committee shall do all of the following:

15 (A) Establish written educational curriculum standards for
16 enrollees in training programs. Curriculum shall include appropriate
17 standards for the sale, processing, and cultivation of medical
18 marijuana including standards for dispensing, growing, harvesting,
19 packaging, labeling, preparing, transporting, delivering, testing,
20 storage, and preventing diversion of medical marijuana and related
21 products, including edible medical marijuana products.

22 (B) If an educational provider's curriculum meets the written
23 educational curriculum standards established in accordance with
24 subparagraph (A), designate that curriculum as an approved
25 curriculum of classroom instruction.

26 (C) At the committee's discretion, review the approved
27 curriculum of classroom instruction of any designated educational
28 provider. The committee may withdraw its approval of the
29 curriculum if the educational provider does not continue to meet
30 the established written educational curriculum standards.

31 (D) Require each designated educational provider to submit an
32 annual notice to the committee stating whether the educational
33 provider is continuing to offer the approved curriculum of
34 classroom instruction and whether material changes have been
35 made to the curriculum since its approval.

36 (b) There shall be no discrimination in favor of, or against, a
37 person based on membership or nonmembership in a union.

38 (c) For purposes of this chapter, the following definitions apply:

1 (1) “Cannabis employee” means an employee of a licensed
2 cultivation site or a licensed dispensing facility, as defined in
3 subdivisions (i) and (j) of Section 18100.

4 (2) “Committee” means the cannabis curriculum certification
5 committee established pursuant to paragraph (6) of subdivision
6 (a).

7 (3) “Division” means the Division of Labor Standards and
8 Enforcement.

9 18132. (a) Except as provided in subdivision (c), persons who
10 perform work as cannabis employees shall be certified by the
11 division.

12 (b) Individuals desiring to be certified shall submit an
13 application for certification and examination that includes an
14 employment history report from the Social Security Administration.
15 The individual may redact his or her social security number from
16 the employment history report before it is submitted.

17 (c) (1) Certification is not required for registered apprentices
18 working as cannabis employees as part of an apprenticeship
19 program approved under a federal Office of Apprenticeship
20 program or a state apprenticeship program authorized by the federal
21 Office of Apprenticeship. An apprentice who is within one year
22 of completion of his or her term of apprenticeship shall be
23 permitted to take the certification examination and, upon passing
24 the examination, shall be certified immediately upon completion
25 of the term of apprenticeship.

26 (2) Certification is not required for any person employed
27 pursuant to Section 18134.

28 (d) The following shall constitute additional grounds for
29 disciplinary proceedings, including suspension or revocation of
30 the conditional license issued pursuant to this part:

31 (1) The licensed cultivation site or licensed dispensing facility
32 willfully employs one or more uncertified persons to perform work
33 as cannabis employees in violation of this section or Section 18134.

34 (2) The licensed cultivation site or licensed dispensing facility
35 willfully fails to provide adequate supervision of uncertified
36 workers required by paragraph (3) of subdivision (a) of Section
37 18134.

38 (3) The licensed cultivation site or licensed dispensing facility
39 willfully fails to provide adequate supervision of apprentices
40 performing work pursuant to subdivision (c).

1 (e) The Labor Commissioner shall maintain a process for
2 referring cases to the bureau when it has been determined that a
3 violation of this section has likely occurred. The Labor
4 Commissioner shall have a memorandum of understanding with
5 the bureau in furtherance of this section.

6 (f) Upon receipt of a referral by the Labor Commissioner
7 alleging a violation under this section, the bureau shall open an
8 investigation. Disciplinary action against the licensee shall be
9 initiated within 60 days of the receipt of the referral. The bureau
10 may initiate disciplinary action against a licensee upon his or her
11 own investigation, the filing of a complaint, or a finding that results
12 from a referral from the Labor Commissioner alleging a violation
13 under this section. Failure of the employer or employee to provide
14 evidence of certification or apprentice status shall create a
15 rebuttable presumption of violation of this provision.

16 18133. The division shall do all of the following:

17 (a) Make information about cannabis employee certification
18 available in languages other than English to the extent the division
19 finds it appropriate.

20 (b) Provide for the administration of certification tests in Spanish
21 and, to the extent practicable, other languages spoken by a
22 substantial number of applicants, except when the ability to
23 understand warning signs, instructions, and certain other
24 information in English is necessary for safety, cultivation, and
25 dispensing.

26 (c) Ensure, in conjunction with the California Apprenticeship
27 Council, that all cannabis apprenticeship programs that impose
28 minimum formal education requirements as a condition of entry
29 provide for reasonable alternative means of satisfying those
30 requirements.

31 (d) Ensure, in conjunction with the California Apprenticeship
32 Council, that all cannabis apprenticeship programs have adopted
33 reasonable procedures for granting credit toward a term of
34 apprenticeship for other vocational training and on-the-job training
35 experience.

36 18134. (a) An uncertified person may perform work for which
37 certification is otherwise required in order to acquire the necessary
38 on-the-job experience for certification if all of the following
39 requirements are met:

1 (1) The person is registered with the division. A list of current
2 registrants shall be maintained by the division and made available
3 to the public upon request.

4 (2) The person either has completed or is enrolled in an approved
5 curriculum of classroom instruction.

6 (3) The employer attests that the person shall be under the direct
7 supervision of a cannabis employee certified pursuant to Section
8 18131 who is responsible for supervising no more than one
9 uncertified person. An employer who is found by the division to
10 have failed to provide adequate supervision may be barred by the
11 division from employing uncertified individuals in the future.

12 (b) For purposes of this section, “an approved curriculum of
13 classroom instruction” means a curriculum of classroom instruction
14 approved by the committee and provided under the jurisdiction of
15 the State Department of Education, the Board of Governors of the
16 California Community Colleges, or the Bureau for Private
17 Postsecondary and Vocational Education.

18 (c) The committee may grant approval to an educational provider
19 that presently offers only a partial curriculum if the educational
20 provider intends in the future to offer, or to cooperate with other
21 educational providers to offer, a complete curriculum for the type
22 of certification involved. The committee may require an
23 educational provider receiving approval for a partial curriculum
24 to periodically renew its approval with the committee until a
25 complete curriculum is offered and approved.

26 (d) An educational provider that receives approval for a partial
27 curriculum shall disclose in all communications to students and
28 to the public that the educational provider has only received
29 approval for a partial curriculum and shall not make any
30 representations that the provider offers a complete approved
31 curriculum of classroom instruction.

32 (e) For purposes of this section, a person is enrolled in an
33 approved curriculum of classroom instruction if the person is
34 attending classes on a full-time or part-time basis toward the
35 completion of an approved curriculum.

36 (f) Registration under this section shall be renewed annually
37 and the registrant shall provide to the division certification of the
38 classwork completed and on-the-job experience acquired since the
39 prior registration.

1 (g) For purposes of verifying the information provided by a
 2 person registered with the division, an educational provider shall
 3 provide an approved curriculum of classroom instruction, and
 4 shall, upon the division's request, provide the division with
 5 information regarding the enrollment status and instruction
 6 completed by an individual registered. By registering with the
 7 division in accordance with this section, the individual consents
 8 to the release of this information.

9 (h) The division shall establish registration fees in an amount
 10 reasonably necessary to implement this section, not to exceed
 11 twenty-five dollars (\$25) for the initial registration. There shall be
 12 no fee for annual renewal of registration. Fees shall be placed in
 13 the Cannabis Certification Fund, established pursuant to Section
 14 18135.

15 (i) Notwithstanding any other law, an uncertified person who
 16 has completed an approved curriculum of classroom instruction
 17 and is currently registered with the division may take the
 18 certification examination. The person shall be certified upon
 19 passing the examination and satisfactorily completing the requisite
 20 number of on-the-job hours required for certification. A person
 21 who passes the examination prior to completing the requisite hours
 22 of on-the-job experience shall continue to comply with subdivision
 23 (f).

24 18135. The Cannabis Certification Fund is established as a
 25 special account in the State Treasury. Proceeds of the fund may
 26 be expended by the division, upon appropriation by the Legislature,
 27 for the costs of validating and certifying cannabis employees, as
 28 provided by this chapter, and shall not be used for any other
 29 purpose.

30

31 CHAPTER 7. REGULATION OF MEDICAL MARIJUANA

32

33 18136. (a) A person shall not distribute any form of advertising
 34 for physician recommendations for medical marijuana in California
 35 unless the advertisement bears the following notice to consumers:

36

37 NOTICE TO CONSUMERS: The Compassionate Use Act of
 38 1996 ensures that seriously ill Californians have the right to obtain
 39 and use marijuana for medical purposes where medical use is
 40 deemed appropriate and has been recommended by a physician

1 who has determined that the person's health would benefit from
2 the use of medical marijuana. Physicians are licensed and regulated
3 by the Medical Board of California and arrive at the decision to
4 make this recommendation in accordance with accepted standards
5 of medical responsibility.

6
7 (b) Advertising for physician recommendations for medical
8 marijuana shall meet all requirements of Section 651. Price
9 advertising shall not be fraudulent, deceitful, or misleading,
10 including statements or advertisements of bait, discounts,
11 premiums, gifts, or statements of a similar nature.

12 18137. (a) A facility issued a conditional license shall
13 implement sufficient security measures to both deter and prevent
14 unauthorized entrance into areas containing marijuana and theft
15 of marijuana at those facilities. These security measures shall
16 include, but not be limited to, all of the following:

17 (1) Preventing individuals from remaining on the premises of
18 the facility if they are not engaging in activity expressly related to
19 the operations of the facility.

20 (2) Establishing limited access areas accessible only to
21 authorized facility personnel.

22 (3) Storing all finished marijuana in a secured and locked room,
23 safe, or vault, and in a manner as to prevent diversion, theft, and
24 loss.

25 (b) A facility issued a conditional license shall notify appropriate
26 law enforcement authorities within 24 hours after discovering any
27 of the following:

28 (1) Discrepancies identified during inventory.

29 (2) Diversion, theft, loss, or any criminal activity involving the
30 facility or a facility agent.

31 (3) The loss or unauthorized alteration of records related to
32 marijuana, registered qualifying patients, personal caregivers, or
33 facility agents.

34 (4) Any other breach of security.

35 (c) A licensed cultivation site shall weigh, inventory, and
36 account for on video, all medical marijuana to be transported prior
37 to its leaving its origination location. Within eight hours after
38 arrival at the destination, the licensed dispensing facility shall
39 reweigh, reinventory, and account for on video, all transported
40 marijuana.

1 18138. (a) The bureau shall require an annual audit of all
2 facilities issued a conditional license to cultivate, manufacture,
3 process, transport, store, or sell medical marijuana. The reasonable
4 costs of the audit shall be paid for by the licensee.

5 (b) Completed audit reports shall also be submitted by the
6 licensee to local code enforcement offices, or the appropriate
7 locally designated enforcement entity, within 30 days of the
8 completion of the audit.

9 (c) It is the responsibility of each facility issued a conditional
10 license to develop a robust quality assurance protocol that includes
11 all of the provisions of this part.

12 18139. (a) A laboratory certified by the bureau to perform
13 random sample testing of medical marijuana products shall not
14 acquire, process, possess, store, transfer, transport, or dispense
15 medical marijuana for any purpose other than those authorized by
16 Article 2.5 (commencing with Section 11362.7) of Chapter 6 of
17 Division 10 of the Health and Safety Code. All transfer or
18 transportation shall be performed pursuant to a specified chain of
19 custody protocol.

20 (b) A laboratory certified by the bureau to perform random
21 sample testing of medical marijuana products shall not acquire,
22 process, possess, store, transfer, transport, or dispense medical
23 marijuana plants or medical marijuana products except through a
24 patient, primary caregiver, or a facility issued a conditional license.
25 All transfer or transportation shall be performed pursuant to a
26 specified chain of custody protocol.

27 18140. (a) Information identifying the names of patients, their
28 medical conditions, or the names of their primary caregivers
29 received and contained in records kept by the bureau for the
30 purposes of administering this part are confidential and exempt
31 from the California Public Records Act (Chapter 3.5 (commencing
32 with Section 6250) of Division 7 of Title 1 of the Government
33 Code) and are not subject to disclosure to an individual or private
34 entity, except as necessary for authorized employees of the state
35 to perform official duties pursuant to this part.

36 (b) (1) Nothing in this section shall preclude any of the
37 following:

38 (A) Bureau employees notifying state or local agencies about
39 information submitted to the bureau that the employee suspects is
40 falsified or fraudulent.

1 (B) Notifications from the bureau to state or local agencies of
2 apparent violations of this part or an applicable local ordinance.

3 (C) Verification of requests by state or local agencies to confirm
4 licenses and certificates issued by the bureau or other state agency.

5 (D) Providing information requested pursuant to a court order
6 or subpoena issued by a court, an administrative agency, or local
7 governing body authorized by law to issue subpoenas.

8 (2) Information shall not be disclosed beyond what is necessary
9 to achieve the goals of a specific investigation or notification or
10 the parameters of a specific court order or subpoena.

11 18141. (a) The actions of a licensee, its employees, and its
12 agents, that are permitted pursuant to a conditional license and that
13 are conducted in accordance with the requirements of this part and
14 regulations adopted pursuant to this part, are not unlawful under
15 state law and shall not be an offense subject to arrest or
16 prosecution.

17 (b) The actions of a person who, in good faith and upon
18 investigation, allows his or her property to be used by a licensee,
19 its employees, and its agents, as permitted pursuant to a conditional
20 license, are not unlawful under state law and shall not be an offense
21 subject to arrest or prosecution.

22 (c) This section shall not be deemed to limit the authority or
23 remedies of a city, county, or city and county under any provision
24 of law, including, without limitation, Section 7 of Article XI of
25 the California Constitution.

26 18142. (a) A licensee shall not cultivate, process, store,
27 manufacture, transport, or sell medical marijuana in the state unless
28 accurate records are kept at the licensed premises of the growing,
29 processing, storing, manufacturing, transporting, or selling by the
30 licensee in the state. These records shall include the name and
31 address of the supplier of marijuana received or possessed by the
32 licensee, the location at which the marijuana was cultivated, the
33 amount of marijuana received, the form in which it is received,
34 the name of the employee receiving it, and the date of receipt.
35 These records shall also include receipts for all expenditures
36 incurred by the licensee and banking records, if any, for all funds
37 obtained or expended in the performance of any activity under the
38 authority of the conditional license. A licensee who has a
39 conditional license for more than one premises may keep all records
40 at one of the conditionally licensed premises. Required records

1 shall be kept for a period of seven years from the date of the
2 transaction.

3 (b) The bureau and an appropriate state or local agency may
4 examine the books and records of a conditional licensee and may
5 visit and inspect the premises of a conditional licensee, as the
6 bureau or state or local agency deems necessary to perform its
7 duties under this part.

8 (c) Books or records requested by the bureau or an appropriate
9 state or local agency shall be provided by the conditional licensee
10 no later than five business days after the request is made.

11 (d) The bureau or a state or local agency may enter and inspect
12 the premises of a facility issued a conditional license between the
13 hours of 8 a.m. and 8 p.m. on any day that the facility is open, or
14 at any reasonable time, to ensure compliance and enforcement of
15 the provisions of this part or a local ordinance.

16 (e) If a licensee or an employee of a licensee refuses, impedes,
17 obstructs, or interferes with an inspection pursuant to subdivision
18 (d), the conditional license may be summarily suspended and the
19 bureau shall directly commence proceedings for the revocation of
20 the conditional license.

21 (f) If a licensee or an employee of a licensee fails to maintain
22 or provide the books and records required pursuant to this section,
23 the licensee shall be subject to a civil fine of fifteen thousand
24 dollars (\$15,000) per individual violation.

25 SEC. 5. Section 23028 is added to the Government Code, to
26 read:

27 23028. (a) (1) In addition to any authority otherwise provided
28 by law, the board of supervisors of any county may impose, by
29 ordinance, a tax on the privilege of cultivating, dispensing,
30 producing, processing, preparing, storing, providing, donating,
31 selling, or distributing marijuana by a licensee operating pursuant
32 to Chapter 18 (commencing with Section 26000) of Division 9 of
33 the Business and Professions Code. The tax may be imposed for
34 general governmental purposes or for purposes specified in the
35 ordinance by the board of supervisors.

36 (2) The board of supervisors shall specify in the ordinance
37 proposing the tax the activities subject to the tax, the applicable
38 rate or rates, the method of apportionment, and the manner of
39 collection of the tax. A tax imposed pursuant to this section is a
40 tax and not a fee or special assessment, and the tax is not required

1 to be apportioned on the basis of benefit to any person or property
2 or be applied uniformly to all taxpayers or all real property.

3 (3) A tax imposed by a county pursuant to this section by a
4 county may include a transactions and use tax imposed solely for
5 marijuana or marijuana products, which shall otherwise conform
6 to Part 1.6 (commencing with Section 7251) of Division 2 of the
7 Revenue and Taxation Code. Notwithstanding Section 7251.1 of
8 the Revenue and Taxation Code, the tax may be imposed at any
9 rate specified by the board of supervisors, and the tax rate
10 authorized by this section shall not be considered for purposes of
11 the combined tax rate limitation established by that section.

12 (4) The tax authorized by this section may be imposed upon
13 any or all of the activities set forth in paragraph (1), regardless of
14 whether the activity is undertaken individually, collectively, or
15 cooperatively, and regardless of whether the activity is for
16 compensation or gratuitously, as determined by the board of
17 supervisors.

18 (5) The board of supervisors shall specify whether the tax applies
19 throughout the entire county or within the unincorporated area of
20 the county.

21 (b) In addition to any other method of collection authorized by
22 law, the board of supervisors may provide for the collection of the
23 tax imposed pursuant to this section in the same manner, and
24 subject to the same penalties and priority of lien, as other charges
25 and taxes fixed and collected by the county.

26 (c) Any tax imposed pursuant to this section shall be subject to
27 applicable voter approval requirements imposed by any other law.

28 (d) For purposes of this section, "marijuana" shall have the
29 meanings set forth in Section 18100 of the Business and
30 Professions Code.

31 (e) This section does not limit or prohibit the levy or collection
32 or any other fee, charge, or tax, or any license or service fee or
33 charge upon, or related to, the activities set forth in subdivision
34 (a) as otherwise provided by law. This section shall not be
35 construed as a limitation upon the taxing authority of any county
36 as provided by other law.

37 SEC. 6. Section 11362.775 of the Health and Safety Code is
38 amended to read:

39 11362.775. (a) Qualified patients, persons with valid
40 identification cards, and the designated primary caregivers of

1 qualified patients and persons with identification cards, who
 2 ~~associate within the State of California in order collectively or~~
 3 ~~cooperatively to cultivate marijuana for medical purposes, shall~~
 4 not solely on the basis of that fact be subject to state criminal
 5 sanctions under Section 11357, 11358, 11359, 11360, 11366,
 6 11366.5, or 11570.

7 *(b) An individual employee, officer, or board member of a*
 8 *facility issued a conditional license pursuant to Part 5*
 9 *(commencing with Section 18100) of Division 7 of the Business*
 10 *and Professions Code shall not be subject to state criminal*
 11 *sanctions under Section 11357, 11358, 11359, 11360, 11366,*
 12 *11366.5, or 11570 and any successor statutes, based solely on*
 13 *holding a conditional license, for the possession, cultivation,*
 14 *processing, packaging, storage, transportation, sale, or distribution*
 15 *of medical marijuana to a facility holding a conditional license*
 16 *pursuant to Part 5 (commencing with Section 18100) of Division*
 17 *7 of the Business and Professions Code or directly to a qualified*
 18 *patient, a person with a valid identification card, or the designated*
 19 *primary caregiver of a qualified patient or person with a valid*
 20 *identification card, within the state, unless the information*
 21 *contained on the licensing paperwork is false or falsified, the*
 22 *license has been obtained by means of fraud, or the person is*
 23 *otherwise in violation of Part 5 (commencing with Section 18100)*
 24 *of Division 7 of the Business and Professions Code.*

25 *(c) This section shall not diminish the protections of Section*
 26 *18141 of the Business and Professions Code.*

27 SEC. 7. Article 8 (commencing with Section 111658) is added
 28 to Chapter 6 of Part 5 of Division 104 of the Health and Safety
 29 Code, to read:

30
 31 Article 8. Medical Marijuana

32
 33 111658. For purpose of this article, the following definitions
 34 shall apply:

35 (a) "Bureau" means the Bureau of Medical Marijuana
 36 Regulations in the Department of Consumer Affairs.

37 (b) "Certified testing laboratories" means a laboratory that is
 38 certified by the bureau to perform random sample testing of
 39 medical marijuana for patients, primary caregivers, and facilities
 40 issued conditional licenses pursuant to Part 5 (commencing with

1 Section 18100) of Division 7 of the Business and Professions Code,
2 pursuant to the certification standards for those facilities
3 promulgated by the bureau.

4 (c) “Edible medical marijuana product” means medical
5 marijuana or a medical marijuana-derived product that is ingested
6 or meant to be ingested through the mouth and into the digestive
7 system.

8 (d) “Marijuana” means all parts of the plant *Cannabis sativa* L.
9 *sativa*, *cannabis indica*, or *cannabis ruderalis*, whether growing or
10 not; the seeds thereof; the resin, whether crude or purified,
11 extracted from any part of the plant; and every compound,
12 manufacture, salt, derivative, mixture, or preparation of the plant,
13 its seeds, or resin. “Marijuana” does not include the mature stalks
14 of the plant, fiber produced from the stalks, oil or cake made from
15 the seeds of the plant, any other compound, manufacture, salt,
16 derivative, mixture, or preparation of the mature stalks (except the
17 resin extracted therefrom), fiber, oil, or cake, or the sterilized seed
18 of the plant which is incapable of germination. “Marijuana” also
19 means marijuana, as defined by Section 11018.

20 (e) “Labor peace agreement” means an agreement between an
21 entity and a bona fide labor organization that, at a minimum,
22 protects the state’s proprietary interests by prohibiting labor
23 organizations and members from engaging in picketing, work
24 stoppages, boycotts, and any other economic interference with the
25 applicant’s business. This agreement means that the applicant has
26 agreed not to disrupt efforts by the bona fide labor organization
27 to communicate with, and attempt to organize and represent, the
28 applicant’s employees.

29 (f) “Representative samples” means samples taken from each
30 batch or shipment of medical marijuana received from a licensed
31 cultivation site or any other source if intended for sale.

32 111659. The bureau, by July 1, 2017, shall accomplish both
33 of the following:

34 (a) Establish quality assurance protocols to ensure uniform
35 testing standards for all medical marijuana sold via dispensaries
36 or other facilities, or cultivated or manufactured by facilities, that
37 are issued a conditional license pursuant to Part 5 (commencing
38 with Section 18100) of Division 7 of the Business and Professions
39 Code.

1 (b) In consultation with outside entities at its discretion, develop
2 a list of certified testing laboratories that can perform uniform
3 testing in compliance with this article, and post that list on its
4 Internet Web site.

5 111660. (a) A facility issued a conditional license pursuant to
6 Part 5 (commencing with Section 18100) of Division 7 of the
7 Business and Professions Code shall bear the responsibility for
8 contracting with certified testing laboratories for regular, systematic
9 testing of representative samples of all medical marijuana cultivated
10 or intended for sale or distribution, and shall bear the cost of that
11 testing.

12 (b) A facility issued a conditional license pursuant to Part 5
13 (commencing with Section 18100) of Division 7 of the Business
14 and Professions Code shall maintain records of testing reports for
15 seven years, either on site in a digital format or at a secure off-site
16 location in either digital or paper format. These facilities shall
17 provide results of test reports to local code enforcement officers,
18 any other locally designated enforcement entity, and the bureau
19 upon request.

20 111661. Quality assurance protocols shall be required between
21 all licensed cultivation sites, licensed manufacturers, and licensed
22 dispensing facilities to guarantee safe and reliable medicinal
23 marijuana delivery to all patients. These quality assurance protocols
24 shall include:

25 (a) Providing supplier information to dispensaries in order for
26 recall procedures to be implemented, if and when necessary.

27 (b) Safety testing of all medical marijuana prior to packaging
28 for sale and patient exposure to identify and eliminate
29 microbiological contaminants and chemical residue.

30 (c) Labeling of all medical marijuana and medical marijuana
31 products that shall, at a minimum, include the following:

32 (1) List of pharmacologically active ingredients, including, but
33 not limited to, tetrahydrocannabinol (THC) and cannabidiol (CBD)
34 content, clear recommended dosage, and the size or volume of the
35 recommended dose.

36 (2) Clear indication, in bold font, that the product contains
37 medical marijuana.

38 (3) The statement “FOR MEDICAL USE ONLY. KEEP OUT
39 OF REACH OF CHILDREN AND ANIMALS” in bold print.

1 (4) Identification of the source and date of cultivation and
2 manufacture.

3 (5) The name and location of the dispensary providing the
4 product.

5 (6) The date of sale.

6 (7) Any other requirements set by the bureau.

7 111662. For purposes of this article, edible medical marijuana
8 products are deemed to be unadulterated food products. In addition
9 to the quality assurance standards provided in Section 111661, all
10 edible medical marijuana products shall comply with the following
11 requirements:

12 (a) Baked edible medical marijuana products, including, but not
13 limited to, brownies, bars, cookies, and cakes, tinctures, and other
14 edible medical marijuana products that do not require refrigeration
15 or hot holding may be manufactured, sold, or otherwise distributed
16 at facilities issued a conditional license pursuant to Part 5
17 (commencing with Section 18100) of Division 7 of the Business
18 and Professions Code.

19 (b) A facility issued a conditional license pursuant to Part 5
20 (commencing with Section 18100) of Division 7 of the Business
21 and Professions Code shall have an owner or employee who has
22 successfully passed an approved and accredited food safety
23 certification examination as specified in Sections 113947.1,
24 113947.2, and 113947.3 prior to selling, manufacturing, or
25 distributing edible medical marijuana products requiring
26 refrigeration or hot holding.

27 (c) Individuals manufacturing or selling edible medical
28 marijuana products shall thoroughly wash their hands before
29 commencing production and before handling finished edible
30 medical marijuana products.

31 (d) All edible medical marijuana products sold for direct
32 consumption and infused with marijuana concentrate shall be
33 individually wrapped at the original point of preparation. The
34 products shall be packaged in a fashion that does not exceed a
35 single dosage for one individual.

36 (e) Products containing tetrahydrocannabinol (THC) shall be
37 prepared in compliance with maximum potency standards for THC
38 and THC concentrates set forth in the bureau's regulations.

39 (f) Prior to sale or distribution at a licensed dispensing facility,
40 edible medical marijuana products shall be labeled and in an

1 opaque and tamper evident package. Labels and packages of edible
2 medical marijuana products shall meet the following requirements:

3 (1) Edible medical marijuana packages and labels shall not be
4 made to be attractive to children.

5 (2) All edible medical marijuana product labels shall include
6 the following information, prominently displayed and in a clear
7 and legible font:

8 (A) Manufacture date and source.

9 (B) The statement “KEEP OUT OF REACH OF CHILDREN
10 AND ANIMALS” in bold print.

11 (C) The statement “FOR MEDICAL USE ONLY.”

12 (D) Net weight of medical marijuana in package.

13 (E) A warning if nuts or other known allergens are used and
14 shall include the total weight, in ounces or grams, of medical
15 marijuana in the package.

16 (F) List of pharmacologically active ingredients, including, but
17 not limited to, tetrahydrocannabinol (THC) and cannabidiol (CBD)
18 content, clear recommended dosage, and the size or volume of
19 recommended dose.

20 (G) Any other requirement set by the bureau.

21 (g) Photos or images of food are not allowed on edible medical
22 marijuana product packages or labels.

23 (h) Only generic food names may be used to describe edible
24 medical marijuana products.

25 SEC. 8. Section 1155.7 of the Labor Code is amended to read:

26 1155.7. (a) Nothing in this chapter shall be construed to apply
27 or be applicable to ~~any~~ a labor organization in its representation
28 of workers who are not agricultural employees. Any such labor
29 organization shall continue to be governed in its intrastate activities
30 for nonagricultural workers by Section 923 and applicable judicial
31 precedents.

32 (b) *To the extent not prohibited by law and for purposes of this*
33 *chapter, “agricultural employer” includes a licensed cultivation*
34 *site or a licensed dispensing facility, as defined in subdivisions (i)*
35 *and (j) of Section 18100 of the Business and Professions Code.*

36 SEC. 9. Section 1158.5 is added to the Labor Code, to read:

37 1158.5. (a) The Division of Occupational Safety and Health
38 in the Department of Industrial Relations shall develop
39 industry-specific regulations related to the activities of facilities
40 issued a conditional license pursuant to Part 5 (commencing with

1 Section 18100) of Division 7 of the Business and Professions Code,
2 including provisions for the establishment of labor peace
3 agreements and an apprenticeship program to ensure professional
4 standards among industry employees.

5 (b) The regulations shall govern agreements between a facility
6 issued a conditional license and a bona fide labor organization
7 prohibiting labor organizations and members from engaging in
8 picketing, work stoppages, boycotts, and other economic
9 interference with the licensee's business. The regulations shall
10 also govern agreements whereby the licensee has agreed not to
11 disrupt efforts by the bona fide labor organization to communicate
12 with, and attempt to organize and represent, the licensee's
13 employees.

14 SEC. 10. Section 3094 is added to the Labor Code, to read:

15 3094. The Division of Apprenticeship Standards shall
16 investigate, approve, or reject applications for apprenticeship
17 programs for employees of a licensed cultivation site or a licensed
18 dispensing facility, as defined in subdivisions (i) and (j) of Section
19 18100 of the Business and Professions Code. The Division of
20 Apprenticeship Standards shall have the authority to issue rules
21 necessary to implement and regulate the establishment of the
22 apprenticeship programs described in this section.

23 SEC. 11. The provisions of this act are severable. If any
24 provision of this act or its application is held invalid, that invalidity
25 shall not affect other provisions or applications that can be given
26 effect without the invalid provision or application.

27 SEC. 12. The Legislature finds and declares that Section 4 of
28 this act imposes a limitation on the public's right of access to the
29 meetings of public bodies or the writings of public officials and
30 agencies within the meaning of Section 3 of Article I of the
31 California Constitution. Pursuant to that constitutional provision,
32 the Legislature makes the following findings to demonstrate the
33 interest protected by this limitation and the need for protecting
34 that interest:

35 The limitation imposed under this act is necessary for purposes
36 of compliance with the federal Health Insurance Portability and
37 Accountability Act of 1996 (42 U.S.C. Sec. 1320d et seq.), the
38 Confidentiality of Medical Information Act (Part 2.6 (commencing
39 with Section 56) of Division 1 of the Civil Code), and the Insurance

1 Information and Privacy Protection Act (Article 6.6 (commencing
2 with Section 791) of Part 2 of Division 1 of the Insurance Code).

3 SEC. 13. No reimbursement is required by this act pursuant to
4 Section 6 of Article XIII B of the California Constitution because
5 the only costs that may be incurred by a local agency or school
6 district will be incurred because this act creates a new crime or
7 infraction, eliminates a crime or infraction, or changes the penalty
8 for a crime or infraction, within the meaning of Section 17556 of
9 the Government Code, or changes the definition of a crime within
10 the meaning of Section 6 of Article XIII B of the California
11 Constitution.

O

Attachment C

League of CA Cities Informational Material



February 10, 2015

Dear League of California Cities Members:

The League of California Cities and the California Police Chiefs Association are once again collaborating on a medical marijuana bill, this time with veteran legislator and former mayor of the City of Rancho Cordova, Assemblyman Ken Cooley, as the author. The bill has bi-partisan support, with Assemblyman Tom Lackey, a Republican from Palmdale, as a co-author.

In gearing up to sponsor marijuana legislation for a second time, the League and the Police Chiefs Association are continuing the effort begun in 2014 to craft a regulatory framework for medical marijuana that will protect the interests of cities and law enforcement while ensuring patient access and safety. Much of the marijuana legislation of recent years has been geared toward state pre-emption of local ordinances, or otherwise sought to limit local government authority. Last year, both organizations recognized the need to be proactive in helping to craft marijuana policy and took the unprecedented step of sponsoring our own bill, SB 1262, after years of opposing such legislation.

Recent events in the medical marijuana arena compelled both the California Police Chiefs Association and the League of California Cities to re-evaluate our longstanding respective positions of unconditional opposition to legislation on this issue. In 2013, our organizations joined forces to defeat no fewer than four bills in the California Legislature that sought to regulate medical marijuana. We opposed each of the bills over concerns they would have preempted local control, ignored significant public safety concerns, and failed to address important health and safety issues. While each measure was defeated, those victories were hard-won and achieved with increasingly slender margins.

We could also not ignore that the political landscape on this issue was shifting. In August 2013, the U.S. Department of Justice issued a memorandum stating that it would refrain from enforcing the federal Controlled Substances Act as it applied to medical marijuana, so long as dispensary operators were in compliance with state and local laws, and were not selling to or facilitating transfers to minors. In the fall of 2013, the Public Policy Institute of California released a poll indicating that 60 percent of likely California voters supported legalization. These developments indicate a changing attitude toward marijuana on the part of the federal government and California's voting public.

Our two organizations independently came to realize that although we remain strongly opposed to marijuana use, it is increasingly likely that in the near future some statewide regulatory structure for medical marijuana could be enacted. We also realized that without our proactive intervention it could take a form that was severely damaging to our interests. Although there is a strong possibility of a legalization measure on the California ballot in 2016, some of the likely backers have signaled a preference to write a measure that builds on a regulatory structure enacted by the Legislature, rather

than seeking to sweep such a structure away. With that news, the sponsors of the Cooley legislation have reason to redouble our efforts.

This proposal provides what California has lacked since the passage of Proposition 215 in 1996: a reasonable public safety and health-based approach to implementing this proposition in a state with great size and diversity.

We look forward to working this year to obtain needed improvements in medical marijuana regulation.

Sincerely,

A handwritten signature in cursive script that reads "Chris McKenzie".

Chris McKenzie
Executive Director
League of California Cities

Assembly Bill 266 (Cooley)

Responsible Distribution of Medical Marijuana

ISSUE

Since the approval by voters in 1996 of the Compassionate Use Act (Proposition 215), state law has allowed Californians access to marijuana for medical purposes, and prohibited punitive action against physicians for making medical marijuana recommendations. SB 420 (2003), allowed patients and primary caregivers to cultivate marijuana for personal use and established in the Department of Public Health a medical marijuana card program for patients to use on a voluntary basis.

In the intervening 11 years, no broader, feasible regulatory structure has been established, and the implementation of the Compassionate Use Act has been marked by conflicting authorities, regulatory chaos, intermittent federal enforcement action, and a series of lawsuits which have tested the limits of the Act, and focused on the extent of the authority of local government.

Nearly all attempts at medical marijuana legislation in California have been geared toward state pre-emption, and sought to limit the authority of local government. None have been health-based, despite the medical rationale that spawned Prop. 215. Few have sought to impose any health and safety standards, despite the fact that the regulatory structure they tried to establish would have exercised oversight over what is known to be a psychotropic substance. Finally, no legislation has squarely addressed the many public safety concerns triggered by such a regulatory scheme.

EXISTING LAW

Proposition 215, or the Compassionate Use Act (CUA), decriminalizes the use of marijuana for medical purposes, provides for patient access to medical marijuana, and prevents doctors from being penalized for making medical marijuana recommendations. SB 420 (2003), the Medical Marijuana Program Act (MMPA), clarifies some implementation aspects of the CUA, including issuance of identification cards for qualified patients, and allowed patients and their primary caregivers to collectively or cooperatively cultivate medical marijuana, granting them immunity from nuisance abatement actions for this activity. More recently, California law has decriminalized marijuana possession so long as the amount does not indicate possession for sale.

THIS BILL

AB 266 will:

- 1) Protect local control by providing that the state may issue a conditional license only; the actual license to operate would be issued by the local government;
- 2) Protect public safety by establishing detailed security measures and inventorying procedures for transport to prevent diversion.
- 3) Protect public health by establishing uniform health and safety standards, including quality assurance (testing) standards promulgated by the Department of Consumer Affairs, and

Key Differences: SB 1262 (Correa) vs. New Cooley Legislation

	SB 1262 (Correa)	AB 266 (Cooley)
Licensing Scheme	<ul style="list-style-type: none"> • Applicants secured local permits first • Then secured license from state agency • State agency controlled suspension and revocation of licenses • Required complex interaction between state agency and local governments 	Dual licensing: <ul style="list-style-type: none"> • State agency issues conditional license only <ul style="list-style-type: none"> ○ Criminal background check ○ Residency requirement check ○ Payment of state fee • License to operate will be issued by local governments according to local ordinances • Locals retain control over suspension and revocation of licenses
Labor Policy	Silent on labor issues	Includes labor peace agreement: <ul style="list-style-type: none"> • Employers agree to allow labor to organize & represent employees without interference • Labor agrees not to strike or engage in work stoppages • Establishment of apprenticeship program for employees
Measure D (Los Angeles)	Statement of Non-interference with Measure D	Stand-alone regulatory provisions specific to Los Angeles to leave Measure D intact (but require compliance with Uniform Standards below)
Uniform Standards	<ul style="list-style-type: none"> • Uniform health and safety standards (incl. testing standards) • Uniform security standards for dispensaries and transport 	<ul style="list-style-type: none"> • Uniform health and safety standards (incl. testing standards) • Uniform health and safety standards for dispensaries and transport
Implementation and Maintaining Patient Access	Provisional licensing period requiring locals to certify to state agency which applicants are in compliance with local ordinances	No provisional licensing, and staggered implementation dates: <ul style="list-style-type: none"> • Bill to take effect January 1, 2016 • Dispensaries to obtain marijuana only from licensed cultivation sites via licensed transporters, effective January 1, 2017
Environmental Enforcement	Silent on environmental enforcement	Creates earmarked revenue stream from state's conditional license fee for cultivation – portion of fee to go to Special Fund for Environmental Enforcement

enforced by local code enforcement offices.

RECENT LEGISLATION

SB 1262 (Correa, 2014) Similar to AB 266, this bill sought to protect local control with by making state licensing dependent on local approval. Included anti-diversion provisions and health and safety standards. Held in the Assembly Appropriations Committee August 2014.

AB 1894 (Ammiano, 2014) Similar to the current AB 26 (Jones-Sawyer), sought to set up a regulatory scheme of mandatory commercial registration for marijuana businesses that would have pre-empted local ordinances. Failed passage on the Assembly Floor May 29, 2014.

AB 473 (Ammiano, 2013) sought to establish a mandatory statewide commercial registration scheme for marijuana dispensaries. Failed passage on Assembly Floor 5/31/2013

SB 439 (Steinberg, 2013) sought to exempt marijuana collectives and cooperatives from various forms of criminal prosecution under the California Health & Safety Code, as well as from local nuisance abatement actions under Health & Safety Code Section 11570. Hearing in Assembly Health Committee cancelled at request of author.

AB 604 (Ammiano, 2013) Similar to AB 1894. Sought to establish for-profit sales of marijuana by commercial operators, and significantly restrict municipal zoning powers and local law enforcement authority. Failed passage on Senate Floor 9/11/2013

SUPPORT

- California Police Chiefs Association (Co-Sponsor)
- League of California Cities (Co-sponsor)

OPPOSITION

- None on File

FOR MORE INFORMATION

Contact: Amanda Kirchner
Legislative Director
Office of Assemblyman Ken Cooley
(916) 319-2008
amanda.kirchner@asm.ca.gov

Tom Sheehy
California Police Chiefs Association
(916) 442-1111
sheehyt@qtlaw.com

Tim Cromartie
League of California Cities
(916) 658-8252
tcromartie@cacities.org

STATUS



California Police Chiefs Association

P.O. Box 255745, Sacramento, California 95865-5745

E-mail: sdwyer@californiapolicechiefs.org

Web site: www.californiapolicechiefs.org

PRESS RELEASE

Date of Advisory: February 10, 2015

Contact: Sara Dwyer, 916-325-9006

California Police Chiefs and League of CA Cities Partner to Sponsor AB 266 (Cooley)

The California Police Chiefs Association and the League of California Cities have partnered to sponsor AB 266, authored by Assemblymember Ken Cooley. AB 266 will establish a balance between California's communities' ability to preserve influence over medical marijuana distribution within their borders, and the right of California's citizens to access medical marijuana as provided for in Proposition 215 (1996). Establishing health, public and environmental safety rules affecting distribution and cultivation, this bill will improve the current status quo and will not alter patients' existing rights of access to, or cultivation of, medical marijuana provided by Proposition 215.

"Our goal is to ensure that our communities, our children, and our environment have the necessary safeguards in place," says Chief Christopher Boyd, president of the California Police Chiefs Association. "The California Police Chiefs Association recognizes the need for meaningful regulation in medical marijuana. We believe Assemblymember Cooley's bill provides a much needed, long overdue framework to effect a safer implementation of Proposition 215, the Compassionate Use Act."

The California Police Chiefs Association represents the state's municipal police chiefs whose agencies protect over 26 million Californians.

#

TOWN COUNCIL STAFF REPORT

To: Honorable Mayor & Town Council
From: Shane R. Stueckle, Deputy Town Manager
Date: March 10, 2015
For Council Meeting: March 17, 2015




Subject: Resolution No. 15-
Pima Trail, Palm Avenue to approximately 500' feet east of Church Street
Approximately 660 Linear Feet
Accepting That Portion of Pima Trail Into The Town's Maintained Road System

Prior Council Review: At the Town Council meeting of March 4, 2014, the Town Council took the following actions.

- Directed staff to include funding in the 2014/2015 Fiscal Year Capital Projects Budget to evaluate rights of way and utility location for Pima Trail, east of Church Street to Palm Avenue, and for the alley between Palm and Grand Avenue on the north side of SR 62.
- Directed staff to include funding in the 2014/2015 Fiscal Year Capital Projects Budget to accept Pima Trail, east of Church Street to Palm Avenue, and for the alley between Palm and Grand Avenue on the north side of SR 62, into the Town's Maintained Road System until completion of wastewater collection systems by HDWD.
- Directed staff to plan funding for paved and maintained improvements for Pima Trail, east of Church Street to Palm Avenue, and for the alley between Palm and Grand Avenue on the north side of SR 62 following completion of the wastewater collection system by HDWD.

Recommendation: That the Town Council adopts the Resolution, incorporating Pima Trail, from Palm Avenue to approximately 500 feet east of Church Street into the Town's Maintained Road System.

Executive Summary: Town Council action is required to accept or take roads not currently maintained into the Town's Maintained Road System.

Reviewed By:	 Town Manager	_____ Town Attorney	 Mgmt Services	 Dept Head
--------------	---	------------------------	---	--

<input checked="" type="checkbox"/> Department Report	<input type="checkbox"/> Ordinance Action	<input checked="" type="checkbox"/> Resolution Action	<input type="checkbox"/> Public Hearing
<input type="checkbox"/> Consent	<input type="checkbox"/> Minute Action	<input type="checkbox"/> Receive and File	<input type="checkbox"/> Study Session

Order of Procedure:

- Request Staff Report
- Request Public Comment
- Council Discussion/Questions of Staff
- Motion/Second
- Discussion on Motion
- Call the Question (Roll Call Vote)

Discussion: As outlined in this Staff Report, the Town Council provided direction to staff for several action steps to be taken for Pima Trail. At this time, all necessary easements have been acquired. Survey crews will be onsite on Friday, March 13, 2015, and grading operations are scheduled to begin the week of March 16, 2015.

The Town will be maintaining this segment of road as a dirt road until such time as the Hi Desert Water District (HDWD) completes installation of the sewer collection system in this roadway. HDWD recently completed replacement of the water main in Pima Trail in advance of the Town's maintenance of the roadway.

Town and HDWD staffs are currently coordinating utility modifications in the alleyway between Grand Avenue and Palm Avenue. This item will be scheduled for similar Town Council action in the near future.

Alternatives: Staff recommends no alternatives.

Fiscal impact: The Town Council has appropriated LTF funds for the paving of Pima Trail following installation of the collection system. Maintenance funding is provided in the Town's annual Street Maintenance Budget (Gas Tax).

Attachments: Resolution No. 15-
March 4, 2014 Town Council Minutes

RESOLUTION NO. 15-

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF YUCCA VALLEY, CALIFORNIA ACCEPTING PIMA TRAIL, FROM PALM AVENUE TO APPROXIMATELY 500 FEET EAST OF CHURCH STREET INTO THE TOWN MAINTAINED ROAD SYSTEM

WHEREAS, the Town of Yucca Valley has a Maintained Road System; and

WHEREAS, Town Council action is required to accept any roadway or street into the Town's Maintained Road System; and

WHEREAS, the Town of Yucca Valley desires to improve circulation alternatives in the business districts along and adjacent to SR 62; and

NOW, THEREFORE, BE IT RESOLVED, FOUND, DETERMINED AND ORDERED BY THE TOWN COUNCIL OF THE TOWN OF YUCCA VALLEY, CALIFORNIA, AS FOLLOWS:

1. The Town Council accepts Pima Trail, from Palm Avenue to approximately 500 feet east of Church Street into the Town's Maintained Road System.

APPROVED AND ADOPTED this 17th day of March, 2015.

MAYOR

ATTEST:

TOWN CLERK

DEPARTMENT REPORTS**8. State Route 62; Discussion of Alternative Access Routes
Pima Trail, East of Church Street to Palm
Alley Way, North Side of SR 62, Grand to Palm**

Town Project Engineer Qishta presented the staff report explaining options for developing alternative access routes including Pima Trail between Church Street and Palm Avenue, and the alley between Palm and Grand. The report summarized the various issues related to these two specific roadway segments as well as identified other long term similar circulation issues.

For the alternative access route of Pima Trail, east of Church Street to Palm, there are two right-of-way issues that will need to be addressed on this segment, and the preliminary construction cost estimate to complete the improvements identifies \$178,000 in anticipated costs, not including right-of-way or utility concerns. The unimproved, dirt alley north of SR62 between Palm Ave and Grand Ave has a preliminary construction costs estimate of \$121,000.

Mayor Lombardo opened public comments.

Susan Simmons, Yucca Valley commented in opposition of spending anything more than the minimum requirements on these areas, as there are many other needs in residential neighborhoods waiting to be addressed.

With no other members of the public wishing to speak, Mayor Lombardo closed public comments.

Deputy Town Manager Stueckle explained the process of bringing new roads into the Town's maintained road system and reminded the Council of existing alternate routes within the community.

Mayor Pro Tem Huntington questioned the 1.5 miles of maintained dirt roads that the Town inherited with incorporation and agrees with public comment about creating roadways with the sewer project planned for this area. Huntington recommended that a review of the traffic circulation in the entire town might be beneficial and would like to make these alternate routes passable in the most economical way.

Council Member Leone inquired about Traffic Safety Policy No. 5 and spoke of an exposed boulder on Kickapoo Trail.

Mayor Lombardo spoke in agreement with Mayor Pro Tem Huntington and not spend a lot of money making these alleyways passable until we know what is happening with the sewers. The beginning stages should be included in the upcoming FY 2014-15 budget.

Council Member Rowe moved to:

- Direct staff to include funding in the 2014/2015 Fiscal Year Capital Projects Budget to evaluate rights of way and utility location for Pima Trail, east of Church Street to Palm Avenue, and for the alley between Palm and Grand Avenue on the north side of SR 62.
- Direct staff to include funding in the 2014/2015 Fiscal Year Capital Projects Budget to accept Pima Trail, east of Church Street to Palm Avenue, and for the alley between Palm and Grand Avenue on the north side of SR 62, into the Town's Maintained Road System until completion of wastewater collection systems by HDWD.
- Direct staff to plan funding for paved and maintained improvements for Pima Trail, east of Church Street to Palm Avenue, and for the alley between Palm and Grand Avenue on the north side of SR 62 following completion of the wastewater collection system by HDWD.

Council Member Abel seconded. Motion carried 5-0 on a roll call vote.

AYES: Council Members Abel, Huntington, Leone, Rowe and Mayor Lombardo
NOES: None
ABSTAIN: None
ABSENT: None

**9. 2014-2015 & 2015/2016 Fiscal Year Budget Policy Direction
 Program and Strategic Priority Direction**

Deputy Town Manager Stueckle presented the staff report for FY 2014-15 and FY 2015-16 Budget Policy Direction, and Program and Strategic Priority Direction. Staff is seeking policy direction and input for the preparation of the Town's baseline budget. Overarching policies and principles were reviewed as staff understands of a baseline budget, including:

- Balanced budget without the use of reserves
- Public Safety remains the highest budget priority
- Retain the goal of general fund revenues allocated to infrastructure maintenance of up to 10%
- No major program or service deliver modifications or additions are anticipated
- Identify programs or services that have minimal participation and/or that do not create significant quality of life programs for the community, and propose reasonable modifications or alternatives

The public outreach and participation process for budget preparation begins with the Council's deliberations on policy guidance on these matters in addition to the

TOWN COUNCIL STAFF REPORT

To: Honorable Mayor & Town Council
From: Lesley Copeland, Town Clerk
Date: March 10, 2015
For Council Meeting: March 17, 2015

Subject: Parks, Recreation and Cultural Commission Appointments

Prior Council Review: None for this item.

Recommendation: Pursuant to the Town's Manual of Procedural Guidelines, it is recommended that:

1. Council Members nominate a liaison member to the Yucca Valley Parks, Recreation and Cultural Commission.
2. Town Council affirms the nominations stated for appointments to the Yucca Valley Parks, Recreation and Cultural Commission.

Order of Procedure:

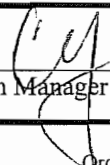
Request Staff Report
Request Public Comment
Council Discussion/Questions of Staff
Motion/Second
Discussion on Motion
Call the Question (Roll Call Vote)

Discussion:

Town Council Members serve as liaisons to appointed members of the Planning Commission and Parks, Recreation and Cultural Commission. In accordance to Section 6.4 (b)(ii) of the Manual of Procedural Guidelines, commission appointments shall be made by majority vote of the Town Council. Appointments shall be for four (4) year terms commencing on February 1, of the year of appointment. Interim vacancies shall be filled by appointment of the unexpired term of the member replaced. Terms shall coincide with the term of the Council Member nominating the Commission Member.

Effective November 1, 2014, the Town Clerk received a resignation from Commissioner Jones creating an interim vacancy on the Parks, Recreation and Cultural Commission. The term for the interim vacancy expires on January 31, 2017. Additionally, three commissioner terms expired on January 31, 2015, creating four (4) vacancies on the Commission.

Reviewed By:


Town Manager

Town Attorney

Finance Mgr

Town Clerk

Department Report

Ordinance Action

Resolution Action

Public Hearing

Consent

Minute Action

Receive and File

Study Session

At its meeting of January 20, 2015 the Town Council directed staff to continue the recruitment process allowing for additional applicants to seek positions on the Parks, Recreation and Cultural Commission. After extended outreach, the Town Clerk has received applications from:

- Randy Eigner
- Jason Elsasser
- Gregory Hill
- Thomas Huls
- Ed Keesling
- ~~Ken Nyquist~~ *(withdrew application)*
- ~~Janet Nyquist~~ *(withdrew application)*
- Eric Quander
- Andrea Riesgo
- William B. Sasnett, Jr.

Alternatives: None Recommended

Fiscal Impact: None

Attachments: Schedule of Commission Terms

2015 COMMISSION TERMS

PLANNING COMMISSION

<u>Commissioner</u>	<u>Appointed</u>	<u>Re-Appointed</u>	<u>Expires</u>	<u>Resignation/Other</u>	<u>Liaison</u>
Charles McHenry	01/20/15		01/31/17		Lombardo
Jeff Drozd	04/05/11	02/05/13	01/31/17		Huntington
Steven Whitten	02/15/13	01/20/15	01/31/19		Denison
Jeff Evans	01/20/15		01/31/19		Leone
Vicki Bridenstine	04/05/11	01/20/15	01/31/19		Abel

PARKS, RECREATION AND CULTURAL COMMISSION

<u>Commissioner</u>	<u>Appointed</u>	<u>Re-Appointed</u>	<u>Expires</u>	<u>Resignation/Other</u>	<u>Liaison</u>
Laurine Silver	04/05/11	02/05/13	01/31/17		Huntington
Meredith Jones	04/05/11	02/05/13	01/31/17	11/01/14	Lombardo
Jeff Evans	04/05/11		01/31/15		Abel
Dan Harman	04/05/11		01/31/15		Denison
Edith Jones Poland	04/30/13		01/31/15		Leone



TOWN COUNCIL STAFF REPORT

To: Honorable Mayor & Town Council
From: Sharon Cisneros, Finance Manager
Date: March 9, 2015
For Council Meeting: March 17, 2015
Subject: Independent Audit Appointment


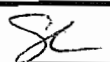

Prior Council Review: Town Council appointed Rogers, Anderson, Malody & Scott, LLP, as the Town's Independent Auditor in May 2008. On February 16, 2011, Council amended the agreement to extend the term of the agreement for a three year period through fiscal year 2012-2013. On February 18, 2014, Council amended the agreement to extend the term of the agreement for audit services by one year to include fiscal year ending June 30, 2014, and directed staff to prepare a Request for Proposal for the three year period beginning with the fiscal year ending June 30, 2015, for Council consideration. On December 16, 2014, two members of the Council were selected to service on the Audit subcommittee.

Recommendation: As recommended by the Audit subcommittee, appoint Rogers, Anderson, Malody & Scott, LLP, to be the Town's Independent Auditor, and award a contract for services with the firm for a three year period beginning with the fiscal year 2014-15.

Order of Procedure:

- Request Staff Report
- Request Public Comment
- Council Discussion / Questions of Staff
- Motion/Second
- Discussion on Motion
- Roll Call Vote (Consent)

Discussion: Pursuant to Town Code, the Town Council appoints an independent auditor to provide audit services and annual reporting of the accounts and records of the Town. In May 2008, the Council appointed Rogers, Anderson, Malody & Scott, LLP, as the Town's Independent Auditor. This contract was renewed in February 2011 and February 2014.

Reviewed By:	 Town Manager	_____ Town Attorney	 Finance Manager	 Department
--------------	---	------------------------	---	---

<input checked="" type="checkbox"/> Department Report	<input type="checkbox"/> Ordinance Action	<input type="checkbox"/> Resolution Action	<input type="checkbox"/> Public Hearing
<input type="checkbox"/> Consent	<input checked="" type="checkbox"/> Minute Action	<input type="checkbox"/> Receive and File	<input type="checkbox"/> Study Session

At the request of Town Council, staff distributed a Request for Proposal for Auditing Services on December 2, 2014. The proposal provided for a three year contract period with an option to extend for an additional three year period commencing with the fiscal year 2014-15 audit. The following ten proposals were received by the due date of January 27, 2015:

Badawi & Associates	Rogers, Anderson, Malody & Scott, LLP
Harshwal & Company LLP	Van Lant & Fankhanel, LLP
Lance, Soll & Lunghard, LLP	Vavrinek Trine Day & Co., LLP
Mayer Hoffman McCann, P.C.	Vicenti, Lloyd & Stutzman
The Pun Group, LLP	White, Nelson, Diehl, Evans LLP

Staff rated the proposals on technical merit. Staff scores determined that seven of the ten firms met the minimum requirements and were technically experienced in the auditing demands of the Town. Of the remaining seven firms, staff narrowed the field to the top three by evaluating the ratings and the cost proposals.

The following is a breakdown of the bids provided by the three remaining firms and their respective rankings:

Firm	2014-15	2015-16	2016-17	Total Contract	Final Technical Rank
Lance, Soll, & Lunghard, LLP	42,090	43,353	44,647	130,090	1
White, Nelson, Diehl Evans LLP	44,870	46,215	47,605	138,690	2
Rogers Anderson Malody & Scott, LLP	37,540	37,540	37,540	112,620	3

As demonstrated above, costs differ as high as \$10,000 in one fiscal year. With overall technical scoring close and qualifications of staff ranked equal, the ad hoc committee recommends that council continue its services with Rogers, Anderson, Malody & Scott. This recommendation was based on the following positive considerations:

- *Technical competency.*
- *Willingness to provide value-added services.*
- *Professional references.*
- *Availability of firm partner and audit manager.*
- *Cost of service.*

While not the overriding consideration, Rogers, Anderson, Malody & Scott was the least

costly proposal of the top three proposals. Their bid demonstrates a savings over the three year contract period of between \$17,000 and \$26,000 from the other two proposals. Change in assignment of audit managers, leads and field staff ensures transparency and independence throughout the contract period. Several new Governmental Accounting Standards Board (GASB) pronouncements that have required implementations in FY2014-15 will create significant changes to the disclosures within the Comprehensive Annual Financial Report (CAFR). Utilizing an existing auditor that has already obtained the knowledge of the organization will ease the transition into the new reporting requirements.

Alternatives: Direct subcommittee to continue the evaluation process.

Fiscal Impact: The annual cost for audit services for each of the three fiscal years is \$37,540 and reflects a decrease of 12% or \$8,600 per year from the FY2013-14 fiscal year audit fees with no annual increases built into the contract and no added fees for additional single audit programs. The FY 2015-16 Budget provides sufficient funding for audit services in the Finance Division line item 001-10-10-7110 Professional Services.

Attachments:

- Proposal for Professional Auditing Services to Town of Yucca Valley from Rogers, Anderson, Malody & Scott.
- Cost Proposal for Professional Auditing Services to Town of Yucca Valley

***Proposal for Professional
Auditing Services to***
TOWN OF YUCCA VALLEY

***For the fiscal years ending June 30, 2015, 2016 and 2017
(with the option for an additional three year period)***

Submitted by:

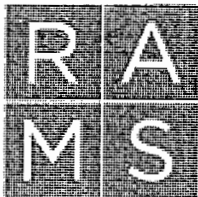
ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS

735 E. CARNEGIE DRIVE, SUITE 100
SAN BERNARDINO, CALIFORNIA 92408
PHONE: (909) 889-0871
FAX: (909) 889-5361

January 27, 2015

CONTACT: SCOTT MANNO, PARTNER
smanno@ramscpa.net

ALTERNATE CONTACT PERSON: TERRY SHEA, PARTNER
tshea@ramscpa.net



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

AICPA[®] Governmental
Audit Quality Center

TOWN OF YUCCA VALLEY
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Table of Contents

	<u>Page</u>
<i>Transmittal Letter</i>	i
<i>Technical Proposal</i>	
License to practice in California, Independence, Business license and Insurance	1
Firm qualifications and experience	2
<i>About our firm</i>	
<i>Single audit experience</i>	
<i>Housing Authority and Successor Agency experience</i>	
<i>CAFR preparation</i>	
<i>Other services</i>	
<i>Quality control</i>	
<i>External quality control examinations</i>	
<i>Subcontractors</i>	
Partner, supervisory and staff qualifications and experience	6
<i>Partner and supervisory staff involvement</i>	
<i>Continuing professional education</i>	
<i>Assigned personnel</i>	
Similar engagements with other governmental entities and client references	10
Specific audit strategy (audit approach)	11
<i>Specific audit strategy</i>	
<i>Understanding of internal control</i>	
<i>Sample sizes</i>	
<i>Approach in drawing samples for compliance testing</i>	
<i>Computer technology in the audit</i>	
<i>Analytical procedures</i>	
<i>Approach in determining applicable laws and regulations</i>	
<i>Evaluation of internal controls and management letter comments</i>	
Identification of anticipated potential audit problems	19
Resumes of key engagement personnel	20
Attachment A: Quality Control Review Report	25
Attachment B: Current Clients	26
Attachment C: Sample Reports	28



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

January 27, 2015

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramscpa.net

Sharon Cisneros, Finance Manager
Town of Yucca Valley
57090 29 Palms Highway
Yucca Valley, CA 92284

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Kirk A. Franks, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Jay H. Zercher, CPA (Partner Emeritus)
Phillip H. Waller, CPA (Partner Emeritus)

MANAGERS / STAFF

Bradford A. Welebir, CPA, MBA
Jenny Liu, CPA, MST
Seong-Hyea Lee, CPA, MBA
Charles De Simoni, CPA
Yiann Fang, CPA
Nathan Statham, CPA, MBA
Brigitta Bartha, CPA
Gardenya Duran, CPA
Juan Romero, CPA
Ivan Gonzales, CPA, MSA
Brianna Pascoe, CPA

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants

Dear Sharon,

I am pleased to respond, on behalf of Rogers, Anderson, Malody & Scott, LLP, (RAMS) to your request for proposals regarding professional auditing services. Our goal for the past 66 years has been to provide honest, accurate, objective results to all of our clients, including not-for-profit organizations such as yours. Our success in this effort is witnessed by both the growth of our firm and the list of long-term clients who trust us.

At RAMS, we are committed to achieving the highest quality audit possible. We understand the complexity of performing governmental audits and that's why we have a dedicated team of auditors that possess the specialized knowledge and experience to help ensure compliance and changes in regulations that may impact your audit. We plan and execute our audits in a way that maximizes audit efficiency and quality and provides you the highest quality services.

We are aware that the Town has other proposals to consider. We believe that RAMS would be the appropriate choice for the audit engagement for the following reasons, which are provided in more detail in our proposal. Our firm:

- Has an established reputation in the governmental and not-for-profit accounting and auditing community for providing excellent, timely service and high quality reporting to our clients.
- Provides auditing services to over 50 governmental entities and not-for-profit organizations, including over 20 cities, most of which have enterprise activities.
- Understands the audit process, as a whole, can be a stressful experience for you and your staff; we understand that you will have other commitments and your regular workloads during the audit period. We make every effort to ensure the audit process, from the interim field work to the preparation of the required financial reports, will be as trouble-free as possible for you and your staff. We accomplish this through comprehensive planning of the audit and utilizing our staff in the most efficient and effective manner.
- Has audit team members that are personable and easy to work with. Through open and responsive communication with all parties involved in the audit process, we work to have the most efficient audit possible by minimizing operational distractions of your staff, while maximizing quality service and products.

- Provides extensive training and continuing education to all of our audit staff through a combined use of in-house instruction and third-party providers. Our audit team members are experienced with and receive regular training in performing Single Audits in accordance with Federal OMB Circulars A-21 and A-133.
- Is committed to helping you meet all reporting/auditing deadlines, resolving any issues encountered during your audit (e.g., accounting or auditing, new pronouncements, etc.), and providing you with quality audit services.
- Has an extensive quality control review process to ensure your financial reports meet the highest standards. In addition to the preparation of financial reports by the engagement team and review by the engagement manager, *each report is also examined by 2 audit partners and 2 professional proofreaders.*
- Has assisted many of our clients with the preparation of their Comprehensive Annual Financial Reports, and all of our clients that have submitted their reports for the Government Finance Officers Association (GFOA) or California Society of Municipal Finance Officers (CSMFO) awards have received the awards. Our participation as a GFOA reviewer also indirectly benefits our clients in the quality review process.
- Is a full service firm, with specialists in auditing, reviews and compilations, tax planning and preparation, as well as business consulting. The diverse experience and accessibility of the professionals in these areas help us to provide a comprehensive approach to a wide variety of needs.
- Believes that our fee estimate and arrangement provides a fair and reasonable cost, commensurate with the experience of the audit team members, to perform the annual audit and tax services for the Town.

We understand the scope of the work to be performed, auditing standards to be followed, and the reports to be issued, as described in the Town's *Request for Proposal*. We also are committed to performing the required work within agreed upon time frames.

Mr. Shea (CPA license #45615) and Mr. Manno (CPA license #80428), Partners, are authorized to act on behalf of Rogers, Anderson, Malody & Scott, LLP. We can be reached at: 735 E. Carnegie Drive, Suite 100, San Bernardino, CA 92408, (909)889-0871, tshea@ramscpa.net or smanno@ramscpa.net. Please contact us if you have any questions regarding this proposal.

Thank you for the opportunity to present our proposal qualifications and to serve as independent auditors to the Town of Yucca Valley. We look forward to having a long and mutually beneficial relationship with the Town.

Respectfully yours,

ROGERS, ANDERSON, MALODY & SCOTT, LLP

Scott W. Manno, CPA, CGMA
Partner

TOWN OF YUCCA VALLEY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

License to practice in California, Independence, Business license and Insurance

License to practice in California

Rogers, Anderson, Malody & Scott, LLP is licensed to practice in the State of California. The key professional staff, which includes the partners, managers, and supervisors, are all certified public accountants licensed to practice in the State of California.

Independence

Rogers, Anderson, Malody & Scott, LLP is independent of the Town of Yucca Valley, and all of its component units, as defined by general standard number two of the generally accepted auditing standards.

We are also independent of the Town of Yucca Valley, as defined by the second general standard for government auditing in the U.S. Government Accountability Office's *Government Auditing Standards* (2011).

Business license

We understand that if selected we will be required to obtain a Town of Yucca Valley business license.

Insurance

If selected, we agree to maintain insurance levels no less than the Town's minimum insurance requirements during the entire term of the engagement.

TOWN OF YUCCA VALLEY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Firm qualifications and experience

About our firm

Rogers, Anderson, Malody & Scott, LLP was founded in 1948 and is located at 735 E. Carnegie Drive, Suite 100, San Bernardino, California. We are one of the oldest CPA firms in Southern California, with over 60 years of public practice experience, specializing in governmental agency and not-for-profit organization auditing, accounting and management advisory services. Over *fifteen thousand hours per year* are devoted to this area of our practice, which includes cities, redevelopment agencies, water districts, other special districts, not-for-profit corporations and joint power authorities.

Our firm has a total staff of thirty-one people, which includes sixteen certified public accountants. Our staff consists of five partners, two managers, ten supervisors/senior accountants, ten staff accountants and four support staff. Our audit staff consists of twenty members who devote over 85% of their time to municipal/not-for-profit engagements. Tentatively, the audit team assigned to the Town's engagement will consist of the following full-time staff: two audit partners, one audit manager, one audit senior and three staff auditors. All personnel are located in our San Bernardino office.

We understand that organizations desire that its auditors have a thorough understanding of the complex accounting and compliance issues confronting entities such as yours. Our firm has a long history of governmental/not-for-profit accounting and auditing. Over the years, we have gained valuable experience, acquired in-depth knowledge, and obtained the technical expertise needed for governmental/not-for-profit accounting and auditing.

Our firm is committed to providing our clients with the highest quality service at the most reasonable fee. The professionals assigned to the Town's financial audit have each made providing quality service their priority.

Please see Attachment B for a complete list of all of our current municipal clients.

Single audit experience

Most of our city clients, and some of our other governmental and not-for-profit clients, have been subject to an audit in accordance with OMB Circular A-133. We also have experience in auditing American Recovery and Reinvestment Act (ARRA) grants. We recently performed single audits for the following entities:

City of Capitola	City of La Mesa
City of Chino	City of Mission Viejo
City of Goleta	City of Redondo Beach
City of Norco	City of Twentynine Palms
City of Fillmore	Community Action Partnership of San Bernardino County
City of Rosemead	University Enterprises Corporation at CSUSB
City of San Juan Capistrano	Western Municipal Water District
City of La Verne	

TOWN OF YUCCA VALLEY
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Firm qualifications and experience (continued)

Housing Authority and Successor Agency experience

For the fiscal years ended June 30, 2012 and 2013 the firm audited the following Housing Authorities and Successor Agencies for the following Cities:

City of Capitola	City of San Juan Capistrano
City of Chino	City of La Verne
City of Goleta	City of San Jacinto
City of Norco	City of Twentynine Palms
City of Fillmore	City of La Mesa
City of Grand Terrace	City of Rosemead
City of El Cajon	City of Mission Viejo
City of Lemon Grove	City of Sierra Madre
City of San Bernardino	City of Moorpark

The firm also performed the Due Diligence Reviews Agreed-Upon Procedures for fourteen Successor Agencies.

CAFR preparation

We have extensive experience in the preparation of Comprehensive Annual Financial Reports (CAFR). For the fiscal year ended June 30, 2013, we prepared over 15 CAFR's, and each entity received the Certificate of Achievement for Excellence in Financial Reporting from the GFOA. For the fiscal year ended June 30, 2014, we again prepared over 15 CAFR's for our clients for their submittal to the GFOA. In addition, we have helped many cities develop their first year's report for submittal. The engagement partner currently serves as a CAFR reviewer for the GFOA.

Governmental Audit Quality Center

As a member of the American Institute of CPAs *Governmental Audit Quality Center*, we are committed to adhering to the highest quality standards by voluntarily agreeing to the Center membership requirements, which include designating a partner responsible for the quality of our governmental and not-for-profit audit practice, establishing quality control programs, performing annual internal inspection procedures, and making our peer review report findings publicly available. At RAMS, our goal is to continue to enhance our quality initiatives within our governmental and not-for-profit audit practice to deliver the highest quality audit services possible.

In addition, the Governmental Audit Quality Center provides access to comprehensive resources that will assist us in further enhancing the quality of your audit. The Center membership will provide us timely information on a variety of technical, legislative and regulatory subjects that we can in turn apply to your audit to help ensure compliance with the appropriate standards and changes in regulations.

TOWN OF YUCCA VALLEY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Firm qualifications and experience (continued)

Our team of auditor specialists stays current in this highly technical practice area by adhering to the continuing professional education requirements of *Government Auditing Standards* and attending various continuing education programs including the annual AICPA National Governmental Accounting and Auditing Update Conference, the AICPA National Not-for-Profit Industry Conference, the Governmental Audit Quality Center Annual Webcast Update and other relevant seminars and by reviewing monthly publications from the American AICPA, the GFOA, and various other resources.

Other services

Our firm provides various other services in addition to auditing services to governmental and not-for-profit entities, including:

- Study and evaluation of financial condition and fiscal policies
- Transient Occupancy Tax Agreed Upon Procedures
- Financial projections
- Organizational studies
- Franchise (refuse, cable) Agreed Upon Procedures
- EDP control reviews and computer feasibility studies
- Accounting policies and procedures
- Cost control and cost allocation plans
- Capital improvement program procedures and policies
- Cash management studies
- Financing and public bond offering assistance
- Franchise agreement assistance (ambulance, cable, television, refuse, etc.)

Quality control

We have an extensive quality control review process to ensure your audit meets the highest standards. In addition to the preparation of financial reports by the engagement team and review by the engagement manager, each report is also examined by the engagement partner and the technical review partner, and is proofread by two professional staff. Our firm is a member of the AICPA's Governmental Audit Quality Center (GAQC) and the AICPA's Private Company Practice Section (PCPS). We perform an in-house peer review over our audit and attest engagements annually, and receive an independent external peer review every three years.

TOWN OF YUCCA VALLEY
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Firm qualifications and experience (continued)

External quality control examinations

As a member of the AICPA Private Companies Practice Section, our firm has participated in "Peer Review" since 1993 and has been examined every three years since that date. Throughout our participation in this program, the firm has received unqualified opinions from the peer reviewers. A copy of our most recent external quality control review dated May 31, 2012 for the year ended November 30, 2011 (Attachment A) is attached. The latest review included reviews of specific governmental and not-for-profit entities.

The firm is not aware of any federal or state desk reviews or field reviews of its audits during the last three years.

The firm **has never** had any disciplinary action taken or pending against it with state regulatory bodies or professional organizations, nor has it ever had any pending or settled litigation, civil or criminal investigations. Our firm does not have a record of substandard work.

Subcontractors

In the past, our firm has used the professional service firm Thales Consulting Inc to complete our clients Financial Transaction Reports to the State Controller's Office. For the Town's audit, we would consider this option if possible. For information about Thales Consulting Inc, please see their website at www.thales-consulting.com.

TOWN OF YUCCA VALLEY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Partner, supervisory and staff qualifications and experience

The quality of service you receive is dependent on the capabilities of the individuals assigned to the engagement, and the manner in which those personnel resources are organized to efficiently focus their abilities on providing you with the requested audit services.

Our engagement team will provide significant experience coupled with an extensive, practical understanding of governmental and not-for-profit accounting and auditing. These professionals are highly trained and knowledgeable and have a thorough understanding of the environment in which governmental and not-for-profit entities operate.

Partner and supervisory staff involvement

All partners and supervisory staff are working professionals and are actively and continually involved in all aspects of their engagements. We believe that partner and supervisory staff involvement in all areas of the audit is a key aspect of the overall audit process. This involvement includes being on-site for interim and year-end field work, thus facilitating a proper, efficient and effective audit, with minimal disruption of your staff. In addition, the time spent on-site by the partners and supervisory staff ensures they gain an understanding of the entire organization's accounting processes and procedures. This understanding will enable them to evaluate and develop opportunities for efficiency as well as offer practical and functional advice for improving your accounting processes and procedures.

Continuity of audit staff is a principal concern with our firm. Therefore, we plan to provide staff continuity from year to year, which is in the best interest of the organization and our firm. Continuity ensures an orderly, efficient, and less disruptive audit experience. Since we cannot guarantee staff will remain with us, principal supervisory and management staff, including engagement partners, managers, other supervisory staff, and specialists, may be changed if those personnel leave the firm or are promoted.

In summary, we want to emphasize the credentials of the above professionals who will be directly responsible for the quality of service that you will receive. Additionally, our audit team has another attribute that is very important, even though it is intangible -- the professionals assigned to the audits have previously worked together as a multi-disciplined team, thus ensuring a smooth, efficient and effective audit. We are committed to allocating the necessary resources to ensure that we provide continuity of personnel throughout the term of our relationship with the Town.

TOWN OF YUCCA VALLEY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Partner, supervisory and staff qualifications and experience (continued)

Continuing professional education

All professionals at our firm participate in continuing professional education (CPE) programs, which are sponsored by various organizations including the Government Finance Officers Association, the American Institute of Certified Public Accountants, the California State Society of Certified Public Accountants, the California Society of Municipal Finance Officers and the City of Government Accountants. Participation in these programs helps us to ensure that our clients are serviced with the best trained and most proficient government and not-for-profit auditors and accountants available. In addition, we provide in-house training taught by our partners and senior level staff using published resources.

In accordance with our firm's Quality Control document and *Government Auditing Standards (GAS)*, all staff members who work on audits subject to GAS are required to complete CPE in accordance with GAS standards.

In April 2013, our firm hosted a training event sponsored by the California Society of Certified Public Accountants titled GASB Update – Just the Facts in which we paid for clients to attend. On March 20, 2014 we hosted an update class titled Update on Clarified Audit Standards and GASB 67, 68 and 71; again we paid for clients attendance. Our firm plans on hosting two sessions in May 2015, one at our San Bernardino office and another in the San Diego area.

Assigned personnel

It is our goal to provide the Town with capable, competent, and personable individuals who offer an extensive background, not only in governmental and not-for-profit accounting and auditing, but also in general business practices. We offer practical solutions, as well as provide technical support. This enables you to stay at the forefront of governmental and not-for-profit accounting and provides you with the support you need in dealing with the complex issues confronting entities such as yours.

In addition, our engagement team has the managerial and supervisory experience to provide the Town with a comprehensive audit of the highest quality, while still focusing on personal service. The resumes of the key engagement personnel assigned to the audit are presented near the end of this proposal. The following individuals will be assigned to the engagement for the entire contract period:

Scott Manno, – CPA, CGMA – Engagement Partner

Mr. Scott Manno, CPA, CGMA is a municipal audit partner with the firm and will be the engagement partner. He is licensed to practice as a certified public accountant in the State of California. Mr. Manno has been in public accounting for 20 years serving local governments such as yours. As the engagement partner, he will be responsible for overall engagement quality, as well as ensuring that the engagement is performed in the most effective and efficient manner. He will review all work-papers prepared during the engagement, in addition to all required reports.

TOWN OF YUCCA VALLEY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Partner, supervisory and staff qualifications and experience (continued)

Mr. Manno has assisted the following cities in their endeavors to obtain the CSMFO and/or GFOA awards for outstanding financial reporting: Town of Yucca Valley, Elsinore Valley Municipal Water District, Rincon del Diablo Municipal Water District, City of Lake Elsinore, City of Ontario, Ventura Regional Sanitary District, City of Norco, Big Bear Area Regional Wastewater Authority, Western Municipal Water District, Vista Irrigation District, Helix Water District and City of Twentynine Palms.

From 1997 to 2000, Mr. Manno served as a technical reviewer under the CSMFO award program and currently serves as a technical reviewer for the GFOA CAFR Award program. Mr. Manno has served as a volunteer on the California Special Districts Association Audit Committee since 2010. In addition, he is part of the California State Society of Certified Public Accountants Governmental Accounting and Auditing Committee which meets periodically to discuss current events, pronouncements, etc.

Terry Shea, CPA – Quality Control Partner

Mr. Terry Shea, CPA, will be the quality control partner. He is licensed to practice as a certified public accountant in the State of California. Mr. Shea has been in public accounting for 34 years serving local governments such as yours. As the quality control partner, he will be responsible for engagement quality and will review all required reports.

Mr. Shea has assisted the following cities in their endeavors to obtain the CSMFO and/or GFOA awards for outstanding financial reporting: City of Goleta, City of Mission Viejo, City of Norco, City of Redondo Beach, the Ventura Regional Sanitary District and the City of Twentynine Palms. He currently serves as the Contract Finance Director for one Riverside County City and one Los Angeles County City.

Brad A. Welebir, CPA, MBA – Manager

Mr. Brad A. Welebir, CPA, is a manager with the firm. He is licensed to practice as a certified public accountant in the State of California. Mr. Welebir has over 11 years of public accounting experience. He has provided accounting, auditing, and consulting services for municipalities, special districts, water agencies, and various nonprofit organizations. He will be responsible for overseeing the audit, managing the staff assigned to the engagement, and performing reviews of all work-papers prepared for the engagement.

Charles De Simoni, CPA – Supervisor

Mr. Charles De Simoni, CPA, is a supervisor with the firm. He is licensed to practice as a certified public accountant in the State of California. Mr. De Simoni has over 5 years of public accounting experience. He has provided accounting, auditing, and consulting services for municipalities, special districts, water agencies, and various nonprofit organizations. He will be responsible for supervising the audit and the staff assigned to the engagement, and performing reviews of all work-papers prepared for the engagement. In addition, he will also be responsible for the preparation of any required reports.

TOWN OF YUCCA VALLEY
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Partner, supervisory and staff qualifications and experience (continued)

Nathan Statham, CPA, MBA – Senior Accountant

Mr. Nathan Statham, CPA, is a senior accountant with the firm. He is licensed to practice as a certified public accountant in the State of California. Mr. Statham has 3 years of public accounting experience. He has provided accounting, auditing, and consulting services for municipalities, special districts, water agencies, and various nonprofit organizations. He will be responsible for planning the audit, supervising the staff assigned to the engagement, and performing reviews of all work-papers prepared for the engagement.

TOWN OF YUCCA VALLEY
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Similar engagements with other governmental entities and client references

Similar engagements with other governmental entities and client references

All of the below entities are also considered references.

1. *Entity:* **CITY OF NORCO**
Scope of work: Financial Audit/Single Audit/CAFR*/Successor Agency
Date: Years ending June 30, 2001 through 2014
Engagement partner: Mr. Terry P. Shea
Total hours: Approximately 400 hours each year
Contact person: Ms. Olivia Hoyt, Accounting Manager,
(951) 735-3900, ohoyt@ci.norco.ca.us

2. *Entity:* **CITY OF EL CAJON**
Scope of work: Financial Audit/CAFR*/Successor Agency
Date: Years ending June 30, 2008 through 2014
Engagement partner: Mr. Scott Manno/Terry Shea
Total hours: Approximately 400 hours each year
Contact person: Ms. Holly Reed-Falk, Finance Manager,
(619) 441-1763, HRfalk@cityofelcajon.us

3. *Entity:* **CITY OF REDONDO BEACH**
Scope of work: Financial Audit/Single Audit/CAFR*/Successor Agency
Date: Year ending June 30, 2012 through 2014
Engagement partner: Mr. Terry P. Shea
Total hours: Approximately 500 hours each year
Contact person: Mr. Craig Koehler, Finance Director,
(310) 937-6629, Craig.koehler@redondo.org

4. *Entity:* **CITY OF CHINO**
Scope of work: Financial Audit/Single Audit/CAFR*/Successor Agency
Date: Year ending June 30, 2011 through 2014
Engagement partner: Mr. Scott Manno
Total hours: Approximately 450 hours each year
Contact person: Mr. Rod Burns, Director of Finance,
(909) 334-3262, rburns@cityofchino.org

5. *Entity:* **CITY OF LA MESA**
Scope of work: Financial Audit/Single Audit /CAFR*/Successor Agency
Date: Years ending June 30, 2011 through 2014
Engagement partner: Mr. Terry P. Shea
Total hours: Approximately 325 hours each year
Contact person: Ms. Sarah Waller-Bullock, Finance Director,
(619) 667-1122, sbullock@ci.la-mesa.ca.us

* = received GFOA award.

TOWN OF YUCCA VALLEY
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Specific audit strategy (audit approach) (continued)

Specific audit strategy

The following is a summary of the audit team's approach for the Town's engagement. The audit will be divided into the following phases:

Interim phase – planning, pre-audit administration and internal control testing

During this phase of the audit, our principal objectives will be as follows:

- ✓ Discuss the dates of the interim and year-end field work.
- ✓ Perform risk assessment procedures by completing the following procedures:
 - Obtain an understanding of the Town and its environment, including its internal control, sufficient to plan the audit.
 - Evaluate the design and effectiveness of the Town's internal controls and determine whether they have been implemented.
 - Perform walkthrough of all significant transaction classes.
 - Perform tests of controls, if applicable.

In order to achieve the desired objectives of this phase of the audit, we will:

- Meet with the Town's staff in order to determine convenient dates in which we can begin our audit, and to discuss the assistance to be provided by the Town's staff.
- Review and evaluate the Town's accounting and reporting processes by reviewing the prior year's audit work-papers, any Town-prepared documents such as budgets, in-house financial reports, policies and procedures manuals, minutes of board meetings, etc., and by using various analytical procedures. Analytical procedures will enhance our understanding of the Town and will help us identify areas that may need further assessment and additional testing.
- Review and retain copies of any pertinent local, state and federal statutes, regulations, or charters that apply to the Town. We will also review and retain copies of any agreements or contractual obligations (e.g., debt and grant documents, lease agreements, revenue agreements, etc.).
- Evaluate the design of controls that are relevant to the audit by obtaining a thorough understanding of the Town's internal controls over financial reporting and compliance by documenting key internal control components, utilizing questionnaires, walkthroughs, inquiring of the Town's personnel, and observing and reviewing key supporting documentation (a more thorough explanation of this process is discussed later in the technical proposal).
- Hold brainstorming sessions with engagement team members to discuss the susceptibility of the Town's financial statements to material misstatement and fraud.

TOWN OF YUCCA VALLEY
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Specific audit strategy (audit approach) (continued)

- Review and analyze supporting data and determine what reliance will be placed on internal controls and assess control risk.
- Test controls, if control risk is assessed below the maximum, by selecting a sample of transactions within the audit area being tested and reviewing supporting documentation, and evaluating the completeness of the documentation tested, as well as the adequacy of support and approvals as they appear on the support.
- Document and review with management, any findings noted during the testing of internal controls and provide a preliminary management letter that will include our recommendations for improving any weaknesses in operations noted during our internal control analysis and tests of controls. The letter will also include suggestions for improving the efficiency of the Town's operations.

This phase of the engagement for the audit will take approximately 65 hours and be performed by the manager, senior/supervisor accountant and two staff accountants with direct supervision by the audit partner.

Year-end phase I – substantive testing

During this phase of the audit, our principal objectives will be as follows:

- ✓ Assess the risk of material misstatement at the financial statement level and specific assertions.
- ✓ Design overall responses to assessed risks and further audit procedures.
- ✓ Perform substantive tests, as needed, and complete the audit.
- ✓ Evaluate audit findings, if applicable.

In order to achieve the desired objectives of this phase of the audit, we will:

- Determine whether our testing supports the assessed level of risk initially assigned at the financial statement level and at the assertion level.
- Identify significant risks.
- Develop a detailed audit plan.
- Design substantive tests of account balances, modified specifically for the Town's operations and assessed level of risk. Substantive procedures could, depending on our risk assessment, consist of the following:
 - Confirmation of cash and investment balances
 - Testing of cash and investment reconciliations
 - Testing GASB 40 disclosures
 - Testing for compliance with the Town's investment policy

TOWN OF YUCCA VALLEY
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Specific audit strategy (audit approach) (continued)

- Testing of interest income allocations to the various funds
- Analytical review and subsequent receipt testing of significant receivables
- Evaluate if receivables are valued properly and perform tests of balances in conjunction with the testing of revenues
- Testing of significant inventory and other asset accounts
- Testing of additions and deletions to capital assets, including CIP accounts
- Perform a search for unrecorded liabilities
- Testing of significant liability and accrued liability accounts
- Evaluate the support for compensated absences
- Review the valuation of claims and judgments
- Testing of long-term debt balances and debt covenants
- Analytical review of interest expense
- Testing of net position (net asset) classifications
- Testing of revenues through either analytical procedures and/or detailed testing
- Testing of expenses through either analytical procedures and/or detailed testing
- Payroll testing for compliance with approved salary schedules
- Examination of interfund transfers and testing of transfers out of restricted funds
- Review the minutes of the board meetings
- Review significant contracts, debt issuances, leases and other agreements
- Review of subsequent events after year end (through the completion of our audit)
- Testing for significant commitments to be disclosed in the financial statements
- Confirm with legal counsel any significant legal matters affecting the Town's financial position

The above list is not all-inclusive. After our detailed risk assessment procedures, we will determine which procedures to perform relative to the audit. All of our audits are customized to each entity, helping to ensure a complete, effective, and efficient audit.

This phase of the engagement will take approximately 155 hours and be performed by the manager, senior accountant and two staff accountants with direct supervision by the audit partner.

Year-end phase II – reporting/audit conclusion

During this phase of the audit, our principal objectives will be as follows:

- ✓ Evaluate whether the financial statements, taken as a whole, are free from material misstatement.
- ✓ Form an opinion and issue the audit reports.

In order to achieve the desired objectives of this phase of the audit, we will:

TOWN OF YUCCA VALLEY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Specific audit strategy (audit approach) (continued)

- Determine whether, based on our substantive testing and other procedures, the financial statements, taken as a whole, are free of material misstatement. This will provide the basis for our opinion.
- Review of all audit work-papers by the engagement partner and manager to ensure that the audit was performed in accordance with the required standards (GAAS, GAGAS, etc.).
- Prepare drafts of all required reports by the agreed-upon dates.
- Conduct an independent review of the financial statement draft by the firm's technical review partner.
- Issue all reports by the agreed-upon dates.

This phase of the engagement will take approximately 90 hours and be performed by the audit manager, senior and one staff accountant with direct supervision by the audit partner. In addition, the quality control partner will perform a quality control review of the financial statements.

TOWN OF YUCCA VALLEY
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Specific audit strategy (audit approach) (continued)

Understanding of internal control

Our approach to obtaining an understanding of the Town's internal control over financial reporting will be performed in accordance with professional standards as promulgated by the American Institute of Certified Public Accountants -- our understanding will include the *Control Environment*, *Risk Assessment*, *Control Activities*, *Information and Communication*, and *Monitoring*. Our approach is as follows:

Control Environment. Through inquiry of the Town's personnel, prompted by questionnaires, personal knowledge, and review of the minutes of the Town's council meetings, we will obtain an understanding of management's and the Town Council's attitudes, awareness and actions concerning the control environment, focusing on the substance of the controls rather than their form.

Risk Assessment. Through inquiry of the Town's personnel and the use of questionnaires, we will obtain sufficient knowledge of the Town's risk assessment process to understand how management considers risks relevant to financial reporting objectives and decides upon actions to address those risks. This will include understanding how management identifies risks, estimates the significance of these risks, assesses the likelihood of their occurrence, and relates them to financial reporting.

Control Activities. Certain control procedures will be documented during our analysis of the control environment and the accounting system. However, many specific control procedures will still need to be documented that will focus primarily on the Town's major transaction cycles. As mentioned above, we will test the Town's control procedures on which we intend to rely for safeguarding assets from unauthorized use or disposition and detecting/preventing unauthorized transactions. Any flow charts, organizational charts and any other manuals, programs, and financial and management information systems will be analyzed during this process.

Information and Communication. Through inquiry of the Town's personnel, we will identify the major types of transactions engaged in by the Town. We will become familiar with the treatment of those transactions, including how the transactions are initiated, the related accounting records, and the manner of processing the transactions. Finally, we will obtain an understanding of the Town's financial reporting process used to prepare financial reports, including the approaches used in making accounting estimates and disclosures.

Monitoring. Through the inquiry of the Town's personnel and the use of questionnaires, we will obtain sufficient knowledge of the major types of activities the Town uses to monitor internal control over financial reporting. We will also determine how those activities are used to initiate corrective actions.

TOWN OF YUCCA VALLEY
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Specific audit strategy (audit approach) (continued)

Sample sizes

Our sample sizes will be determined in accordance with the AICPA's *Audit and Accounting Guide, Audit Sampling*, and will be selected using professional judgment as permitted by SAS No. 111: *Amendment to Statement on Auditing Standards No. 39, Audit Sampling*. Our methods are designed to provide the most audit coverage without expending excess time. Our sample sizes will depend upon our preliminary assessment of control risk, as well as our planned substantive testing and analytical procedures.

Approach in drawing samples for compliance testing

Our approach to be taken in drawing audit samples for purposes of tests of compliance will depend on the number of transactions, the amounts of financial assistance provided (as applicable), and the Town's internal controls over the respective programs. We will select samples that will provide sufficient evidence of the Town's compliance with the laws and regulations that will have a material effect on compliance with laws and regulations.

Computer technology in the audit

Our firm has adopted a paperless audit approach. Using our engagement software, all audit team members are linked to each other using a local router which enables them to share information at an almost real-time speed. In addition, once your trial balances and financial statements are entered into our software, we are able to observe your statements in the field allowing us to notice any variances and address them at your office. With this in mind, we would prefer all audit information in an electronic format, particularly trial balances and general ledgers. If electronic formatting is not available, all audit teams have portable scanners and printers while on location during fieldwork. In addition, we can access our accounting and auditing resources through either a wireless or wired internet connection. We link the CAFR schedules directly to our audit software trial balances, and as result, we can provide the Town with fund financial statements almost immediately after importing the trial balances. Additionally, journal entries are easy to post to the CAFR schedules and the risk of data entry error is minimized. We can provide the Town with our audited trial balances which show the coding of the CAFR schedules for ease of review for Town staff. These reports show each account coded to a specific CAFR line item as well as journal entries posted during the audit.

TOWN OF YUCCA VALLEY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Specific audit strategy (audit approach) (continued)

Analytical procedures

We will utilize analytical review procedures throughout our audit of the Town. During the *interim* phase of our audit, we will compare current and prior year unadjusted balances to determine areas that may need additional analysis; we will also compare current year actual amounts to the Town's annual budget. During the *final* phase of our audit, we will perform procedures similar to those mentioned above, as well as compare certain financial ratios for current and prior years. We will also conduct certain "reasonableness" tests. Finally, after we have completed our field work, we will compare current and prior year audited balances, keeping in mind expected relationships obtained from our knowledge of the Town and various other entities.

Approach in determining applicable laws and regulations

We understand the importance of laws and regulations in planning an audit of a local government or not-for-profit entity. As part of our audit process, our audit team will obtain an understanding of the laws and regulations that will have a direct and material effect on the Town's financial statements. In determining which laws and regulations are applicable to the Town's financial statement audit, we will consult the following sources:

- ◆ AICPA Audit and Accounting Guide, *Audits of State and Local Governments*
- ◆ The Division of Local Government Fiscal Affairs Minimum Audit Requirements
- ◆ US Government Accountability Office's *Government Auditing Standards* (The Yellow Book), 2011 Revision
- ◆ Applicable contracts/grants of the Town of Yucca Valley
- ◆ The Single Audit Act Amendments of 1996
- ◆ Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*
- ◆ OMB Circular A-87, *Cost Principles for State and Local Governments*
- ◆ OMB's Circular A-133, *Compliance Supplement*

After consulting the applicable sources, we will design our audit to provide reasonable assurance of detecting material instances of noncompliance.

TOWN OF YUCCA VALLEY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Specific audit strategy (audit approach) (continued)

Evaluation of internal controls and management letter comments

During our audit, we will consider the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Our consideration of internal control is not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. There are three classifications of internal control deficiencies. We will work carefully with your staff to ensure the correct classification of any identified internal control deficiencies. The three classifications are as follows:

- *Control deficiency* – a minor internal control deficiency that can be communicated either verbally or in writing to management.
- *Significant deficiency* – a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance, and must be communicated in writing.
- *Material weakness* – a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis, and must be communicated in writing to those charged with governance.

When we prepare internal control recommendations, we obtain a thorough understanding of the specific circumstances surrounding the finding, and discuss the matters with management prior to drafting the letter. We work with your staff to ensure that the recommendation is reasonable and practical to implement.

TOWN OF YUCCA VALLEY
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Identification of anticipated potential audit problems

Identification of anticipated potential audit problems

One potential problem could be the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – and amendment of GASB Statement No. 27*. We are currently in the process of determining what each plan will be supplying to any member agencies. Once this is determined, we will be able to form a plan, meet with Town staff to discuss our plan so the Town staff can obtain a clear understanding of the issues, and then assist Town staff with the implementation of the statement.

TOWN OF YUCCA VALLEY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Resumes of key engagement personnel

Scott W. Manno, CPA, CGMA **Engagement Partner**

Professional experience

Mr. Manno began his career with Thomas, Bigbie and Smith in 1995. He spent six years with the firm primarily working on audits of municipalities, special districts and redevelopment agencies as well as various non-profit organizations. He joined Rogers, Anderson, Malody & Scott, LLP in July 2001.

Education / licenses

Bachelor of Science degree from California State University, San Bernardino
Certified Public Accountant – State of California
Chartered Global Management Accountant – American Institute of Certified Public Accountants

Related professional experience

Governmental agencies that Mr. Manno has served include the following (*includes enterprise fund accounting):

City of Fillmore*	City of Twentynine Palms
City of Chino*	City of Goleta
City of Sierra Madre*	City of Norco*
City of Calimesa	City of Mission Viejo*
City of San Jacinto*	City of La Mesa*
City of La Verne*	City of Lemon Grove
City of Lake Elsinore*	City of San Juan Capistrano*

Mr. Manno has completed approximately 132 hours of continuing professional education courses over the past two years of which the following select courses are relevant to this engagement:

- ◆ Association of Certified Fraud Examiners, *How to Detect and Prevent Financial Statement Fraud*
- ◆ American Institute of Certified Public Accountants, *Frequent Frauds in Government*
- ◆ American Institute of Certified Public Accountants, *Governmental Accounting and Reporting*

Professional affiliations

Mr. Manno is a member of the following organizations:

- ◆ American Institute of Certified Public Accountants (AICPA)
- ◆ California Society of Certified Public Accountants (CSCPA)
- ◆ Association of Certified Fraud Examiners (ACFE)
- ◆ Association of Government Accountants (AGA)
- ◆ California Special Districts Association (CSDA)
- ◆ Government Finance Officers Association (GFOA)
- ◆ California Society of Municipal Finance Officers (CSMFO)

TOWN OF YUCCA VALLEY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Resumes of key engagement personnel (continued)

Terry P. Shea, CPA **Quality Control Partner**

Professional experience

Mr. Shea began his career with Thomas, Byrne and Smith in 1981. He spent five years with the firm primarily working on audits of municipalities, special districts, redevelopment and other governmental agencies. He joined Rogers, Anderson, Malody & Scott, LLP in 1987 where he has completed governmental audits including municipalities and provided financial consulting services for various cities.

Education / licenses

Bachelor of Arts degree from California State University, Fullerton
Certified Public Accountant – State of California

Related professional experience

Governmental and not-for-profit entities that Mr. Shea has served include the following (*includes enterprise fund accounting):

City of La Mesa*	City of Loma Linda*	City of Riverside*
City of Grand Terrace*	City of Palm Desert	City of El Cajon*
City of Twentynine Palms	City of San Jacinto*	City of Indian Wells
City of Corona*	City of San Bernardino*	City of Fillmore
City of Norco*	City of San Bernardino EDA	City of Redondo Beach
City of Indio*	Crestline-Lake Arrowhead	City of Poway
Ventura Regional Sanitation	Water Agency	City of San Marcos
District	City of Goleta	
City of Fontana*	City of Mission Viejo*	

Mr. Shea served as the Interim Finance Director for the City of Perris from July 1998 to October 2001. He currently serves as the Contract Finance Director for two Riverside County cities and one Los Angeles County city.

Continuing professional education

Mr. Shea has completed approximately 80 hours of continuing professional education courses in the past three years, of which, the following select courses are relevant to this engagement:

- ◆ American Institute of Certified Public Accountants, *Foundations in Governmental Accounting*
- ◆ American Institute of Certified Public Accountants, *Governmental and Not-for Profit Conference*
- ◆ California Society of CPAs Education Foundation, *Governmental Auditing Skills*
- ◆ Thomson Reuters, *Audits of State and Local Governments*

Professional affiliations

Mr. Shea is a member of the following professional organizations:

- ◆ American Institute of Certified Public Accountants (AICPA)
- ◆ California Society of Certified Public Accountants (CSCPA)
- ◆ Government Finance Officers Association (GFOA)
- ◆ California Society of Municipal Finance Officers (CSMFO)

TOWN OF YUCCA VALLEY
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Resumes of key engagement personnel (continued)

Brad A. Welebir, CPA, MBA, Audit Manager
Certified Public Accountant

Professional Experience

Mr. Welebir joined Rogers, Anderson, Malody & Scott, LLP in 2004. He works primarily on audits of local governments, small to mid-sized businesses, and nonprofit organizations.

Education

Masters of Business Administration – Accounting Emphasis from California State University, Fullerton
Bachelor of Arts in Business Administration from La Sierra University
Certified Public Accountant – State of California

Related Professional Experience

Governmental agencies that Mr. Welebir has recently served include the following (*includes enterprise fund accounting):

Big Bear Area Regional Wastewater Agency	Crestline-Lake Arrowhead Water Agency
City of La Verne*	Helendale Community Services District
City of Mission Viejo*	Helix Water District
City of Redondo Beach*	Rossmoor Community Services District
City of San Juan Capistrano*	San Bernardino Valley Municipal Water District
City of Loma Linda*	Vista Irrigation District
Crestline Village Water District	Western Municipal Water District

Continuing Professional Education

Mr. Welebir has completed over 130 hours of continuing professional education courses in the past two years, many of which are relevant to this engagement, including:

- ◆ American Institute of Certified Public Accountants, *Governmental Accounting and Reporting*
- ◆ American Institute of Certified Public Accountants, *Yellow Book Interpreted*
- ◆ American Institute of Certified Public Accountants, *Applying A-133 to Governmental Organizations*
- ◆ American Institute of Certified Public Accountants, *Single Audit Fundamentals*
- ◆ California Society of CPAs Education Foundation, *Governmental Accounting and Auditing Update*

Professional Affiliations

Mr. Welebir is a member of the following professional organizations:

- ◆ American Institute of Certified Public Accountants (AICPA)
- ◆ California Society of Certified Public Accountants (CSCPA)
- ◆ Government Finance Officers Association (GFOA)
- ◆ California Society of Municipal Finance Officers (CSMFO)

TOWN OF YUCCA VALLEY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Resumes of key engagement personnel (continued)

Charles De Simoni, CPA, Audit Supervisor ***Certified Public Accountant***

Professional Experience

Mr. De Simoni joined Rogers, Anderson, Malody & Scott, LLP in January 2009. He works primarily on audits of governmental agencies, small to mid-sized businesses, and nonprofit organizations. Prior to joining our firm, he began his career with Jasper Engines, where he was the assistant operations manager.

Education

Bachelor of Science in Business Administration from CSUSB in 2008
Certified Public Accountant – State of California

Related Professional Experience

Governmental agencies that Mr. De Simoni has served include the following (*includes enterprise fund accounting):

City of Norco*	City of Chino*
City of Capitola*	City of Redondo Beach*
Town of Yucca Valley*	City of San Bernardino*
City of Moorpark*	East Valley Water Agency*
Helendale Community Services District*	City of Fillmore*
City of Grand Terrace*	City of Rosemead

Continuing Professional Education

Mr. De Simoni has completed 80 hours of continuing professional education courses in the past two years of which the following select courses are relevant to this engagement:

- ◆ California Society of CPAs Education Foundation, *Update on Clarified Standards*
- ◆ American Institute of Certified Public Accountants, *Annual Update for Accountants and Auditors*
- ◆ California Society of CPAs Education Foundation, *Fraud Found In Governments and Non-For-Profits*
- ◆ American Institute of Certified Public Accountants, *Clarified Auditing*

Professional Affiliations

Mr. De Simoni is a member of the following professional organizations:

- ◆ American Institute of Certified Public Accountants (AICPA)
- ◆ California Society of Certified Public Accountants (CSCPA)
- ◆ California Society of Municipal Finance Officers (CSMFO)
- ◆ Government Finance Officers Association (GFOA)

TOWN OF YUCCA VALLEY
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Resumes of key engagement personnel (continued)

Nathan Statham, MBA, Senior Accountant
Certified Public Accountant

Professional Experience

Mr. Statham joined Rogers, Anderson, Malody & Scott, LLP in January 2012. He works primarily on audits of governmental agencies, small to mid-sized businesses, and nonprofit organizations. Prior to joining our firm, he began his career in the real estate finance industry.

Education

Masters of Business Administration – Finance Emphasis from California State University, San Bernardino December 2011
Bachelor of Arts in Business Administration from California State University, San Bernardino December 2009
Certified Public Accountant – State of California

Related Professional Experience

Governmental agencies that Mr. Statham has served include the following (*includes enterprise fund accounting):

- | | |
|--|--|
| City of San Juan Capistrano | City of Poway* |
| City of Sierra Madre* | City of El Cajon* |
| City Rosemead* | City of Fillmore* |
| Western Municipal Water District* | Ventura County Public Finance Authority* |
| Inland Empire Resource Conservation District | Crestline Village Water District* |
| California State University San Bernardino Foundation* | Santa Ana Watershed Association* |

Continuing Professional Education

Mr. Statham has completed 30 hours of continuing professional education courses in the past two years of which the following select courses are relevant to this engagement:

- ◆ California Society of CPAs Education Foundation, *Governmental Accounting and Auditing Update*
- ◆ American Institute of Certified Public Accountants, *Single Audit Advanced Concepts*
- ◆ Governmental Accounting Standards Board, *Other Postemployment Benefits*

Professional Affiliations

Mr. Statham is a member of the following professional organizations:

- ◆ American Institute of Certified Public Accountants (AICPA)
- ◆ California Society of Certified Public Accountants (CSCPA)

FOUNDERS
Lawrence S. Timpson, CPA (1991-1971)
LeVonne W. Garcia, CPA (1983-1983)

PARTNERS
Dennis S. Kaneshiro, CPA
Hime Lee Kawasaki, CPA
William E. Moy, CPA

FIRM ADMINISTRATOR
Liz Davis

System Review Report

May 31, 2012

To the Owners of
Rogers, Anderson, Malody & Scott, LLP
and the Peer Review Committee of the
California Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of **Rogers, Anderson, Malody & Scott, LLP** (the firm) in effect for the year ended November 30, 2011. 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. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a *System Review* are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of **Rogers, Anderson, Malody & Scott, LLP** in effect for the year ended November 30, 2011, 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*. **Rogers, Anderson, Malody & Scott, LLP** has received a peer review rating of *pass*.

Timpson Garcia, LLP

CURRENT CLIENTS

<u>Government Client</u>	<u>Years Served</u>		<u>CSMFO/ GFOA</u>	<u>Successor</u>	<u>Housing</u>
			<u>Awards</u>	<u>Agency</u>	<u>Authority</u>
City of Norco	06/30/04	to 06/30/14	Yes	Yes	No
City of Grand Terrace	06/30/04	to 06/30/13		Yes	Yes
City of El Cajon	06/30/07	to 06/30/14	Yes	Yes	Yes
City of Fillmore	06/30/08	to 06/30/14		Yes	Yes
Town of Yucca Valley	06/30/08	to 06/30/14	Yes	Yes	Yes
City of San Juan Capistrano	06/30/11	to 06/30/14	Yes	Yes	Yes
City of La Verne	06/30/11	to 06/30/14	Yes	Yes	Yes
City of San Jacinto	06/30/11	to 06/30/14		Yes	Yes
City of Twentynine Palms	06/30/11	to 06/30/14	Yes	Yes	Yes
City of Chino	06/30/11	to 06/30/14	Yes	Yes	Yes
City of La Mesa	06/30/11	to 06/30/14		Yes	Yes
City of Rosemead	06/30/11	to 06/30/14	Yes	Yes	Yes
City of Moorpark	06/30/12	to 06/30/14	Yes	Yes	Yes
City of Mission Viejo	06/30/12	to 06/30/14	Yes	Yes	Yes
City of Capitola	06/30/12	to 06/30/14	Yes	Yes	Yes
City of Redondo Beach	06/30/12	to 06/30/14	Yes	Yes	Yes
City of Loma Linda	06/30/13	to 06/30/14	Yes	Yes	Yes
City of Sierra Madre	06/30/12	to 06/30/14		Yes	Yes
Crestline Village Water District	04/30/96	to 04/30/14			
Crestline-Lake Arrowhead Water	06/30/98	to 06/30/14			
San Bdn Valley Muni Water Dist	06/30/04	to 06/30/14			
Ventura Regional Sanitation District	06/30/07	to 06/30/14	Yes		
Saticoy Sanitary District	06/30/07	to 06/30/14			
Helendale CSD	06/30/10	to 06/30/14			
Pine Cove Water District	06/30/10	to 06/30/14			
Western Municipal Water District	06/30/11	to 06/30/14	Yes		
WRCRWA	06/30/11	to 06/30/14			
Vista Irrigation District	06/30/11	to 06/30/14	Yes		
Idyllwild Water District	06/30/11	to 06/30/14			
Helix Water District	06/30/12	to 06/30/14	Yes		
29 Palms Water District	06/30/12	to 06/30/14			
Big Bear Area Regional Wastewater	06/30/12	to 06/30/14	Yes		
Inland Empire Resource Cons Dist	06/30/04	to 06/30/14			
Rossmoor CSD	06/30/05	to 06/30/14			
Rim of the World Park & Rec Dist	06/30/06	to 06/30/14			
Ventura County Regional Energy	06/30/07	to 06/30/14			
Heartlands Communications Fac Auth	06/30/07	to 06/30/14			
Heartlands Fire Training Auth	06/30/07	to 06/30/14			
Santa Ana Watershed Assoc	12/31/09	to 12/31/13			

SB Fire Training	06/30/10	to	06/30/14
Capistrano Bay CSD	06/30/13	to	06/30/14
Ventura County Public Fin Auth	06/30/12	to	06/30/14
CSUSB - Student Union	06/30/05	to	06/30/14
CSUSB - Associated Students Incorp	06/30/10	to	06/30/14
CSUSB - Philanthropic Foundation	06/30/11	to	06/30/14
CSUSB - University Enterprise Corp	06/30/11	to	06/30/14

Independent Auditor's Report

The Honorable Town Council
City of Example, California

Report on the financial statements

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

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinions

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

Other matters*Required supplementary information*

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

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements, the budgetary comparison schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2014, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

San Bernardino, CA
October 30, 2015

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

The Honorable Town Council
Town of Example, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Town of Example (the Town), California, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated October 30, 2014.

Internal control over financial reporting

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

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

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

Compliance and other matters

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

Purpose of this Report

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

San Bernardino, CA
October 30, 2015

May 15, 2015

Town Council
Town of Example
Town of Example, California

We are engaged to audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Example (the Town) for the year ended June 30, 2014. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter dated April XX, 2014, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we will consider the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We will also consider internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we will perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also in accordance with OMB Circular A-133, we will examine, on a test basis, evidence about the Town's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the Town's compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on the Town's compliance with those requirements.

1. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.
2. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Other Information in Documents Containing Audited Financial Statements

The Town currently issues a Comprehensive Annual Financial Report (CAFR) which contains certain required supplementary information such as *Management's Discussion and Analysis*, the *PERS/OPEB schedule of funding progress* and budget vs. actual comparisons for the general fund and each major special revenue fund. Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. The CAFR will also include various budget vs. actual comparison schedules. This information will be subjected to the auditing procedures applied in the audit of the basic financial statements.

Also included in the CAFR will be an introductory section and a statistical section which will contain certain statistical data as required by the Government Finance Officers Association. The above mentioned introductory and statistical information will not be subjected to the auditing procedures applied in our audit of the financial statements and our audit report will disclaim our opinion on the data.

Planned Scope and Timing of the Audit

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

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We expect to begin our year-end audit on approximately September 1, 2015 and issue our report on approximately October 31, 2015.

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

San Bernardino, CA
October 30, 2015

The Honorable Town Council
Town of Example
Example, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Example (the Town) for the year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 5, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town are described in Note A to the financial statements. The Town adopted Governmental Accounting Standards Board Statements 63 and 65 during the year. The application of existing policies was not changed during the year to June 30, 2014. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Town's financial statements were:

The estimate of the asset for the other post employment benefits is based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the fair value of investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Depreciation expense is the allocation of capital asset costs over the estimated useful life of a particular asset. The actual life of any single asset may vary significantly based on a variety of unknown factors, such as defects in the quality of manufacturing or materials used in the asset. Assets may last longer or shorter than anticipated resulting in disproportionate allocation of expense to various accounting periods. We evaluated the useful lives employed by the Town to determine if the lives utilized appeared reasonable based on the asset classes in service.

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

The disclosure of fair value of investments in the notes to the financial statements represents amounts susceptible to market fluctuations.

The disclosure of accumulated depreciation in the notes to the financial statements is based on estimated useful lives which could differ from actual useful lives of each capitalized item.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 30, 2014.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

San Bernardino, CA
October 30, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Report on Compliance for Each Major Federal Program

We have audited the Town of Yucca Valley's (the Town) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2014. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town's internal control over compliance.

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

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Yucca Valley as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report October 30, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

San Bernardino, CA
October 30, 2015

The Honorable Town Council
Town of Yucca Valley, California

**INDEPENDENT ACCOUNTANT'S REPORT ON
AGREED-UPON PROCEDURES APPLIED TO
APPROPRIATIONS LIMIT WORKSHEETS**

We have performed the procedures enumerated below to the accompanying Appropriations Limit worksheet of the Town of Yucca Valley, California, for the year ended June 30, 2014. These procedures, which were agreed to by the Town of Yucca Valley, California and the League of California Cities (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution*), were performed solely to assist the Town in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The Town of Yucca Valley's management is responsible for the Appropriations Limit worksheet. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the completed worksheets and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the Town Council. We also compared the population and inflation options included in the aforementioned documents to those that were selected by a recorded vote of the Town Council.

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

2. For the accompanying Appropriations Limit worksheet, we added last year's limit to total adjustments and agreed the resulting amount to this year's limit.

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

3. We agreed the current year information presented in the accompanying Appropriations Limit worksheet to the other documents referenced in #1 above.

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

4. We agreed the prior year appropriations limit presented in the accompanying Appropriations Limit worksheet to the prior year appropriations limit adopted by the Town Council during the prior year.

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

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit worksheet. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by the League publication entitled *Article XIII-B of the California Constitution*.

This report is intended solely for the information and use of the Town Council and management of the Town of Yucca Valley, California and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

San Bernardino, CA
October 30, 2015

***Cost Proposal for Professional
Auditing Services to***

TOWN OF YUCCA VALLEY

***For the fiscal years ending June 30, 2015, 2016 and 2017
(with the option for an additional three year period)***

Submitted by:

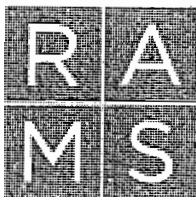
ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS

735 E. CARNEGIE DRIVE, SUITE 100
SAN BERNARDINO, CALIFORNIA 92408
PHONE: (909) 889-0871
FAX: (909) 889-5361

January 27, 2015

CONTACT: SCOTT MANNO, PARTNER
smanno@ramscpa.net

ALTERNATE CONTACT PERSON: TERRY SHEA, PARTNER
tshea@ramscpa.net



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

TOWN OF YUCCA VALLEY

Cost Proposal

Certification: Scott W. Manno is authorized to represent the firm, empowered to submit the bid, and authorized to sign a contract with the Town of Yucca Valley.

The total all-inclusive maximum price for the fiscal year 2015, 2016 and 2017 audits shall not exceed the following:

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total all inclusive maximum fees	<u>\$ 37,540</u>	<u>\$ 37,540</u>	<u>\$ 37,540</u>

Billing rate and estimated time to be dedicated per staffing level

<u>Staff level</u>	<u>Rate</u>	<u>Time</u>	<u>Time</u>	<u>Time</u>
Partner	\$ 240	14	14	14
Technical partner	240	2	2	2
Supervisory staff	135	140	140	140
Senior accountant	100	24	24	24
Staff accountant	80	130	130	130

Scott W. Manno, CPA, CGMA

Partner

The fees for the 2015, 2016 and 2017 fiscal years have been reduced by 12% from the 2014 fees in an effort to continue our valued relationship with the Town and to reflect changes from the dissolution of the Town's redevelopment agency. In addition, if you feel our firm fits your needs, we are willing to negotiate to a mutually acceptable fee.