



CITY OF SOLANA BEACH
SOLANA BEACH CITY COUNCIL, SUCCESSOR AGENCY TO THE REDEVELOPMENT
AGENCY, PUBLIC FINANCING AUTHORITY, & HOUSING AUTHORITY

AGENDA

Joint REGULAR Meeting

Wednesday, March 27, 2024 * 6:00 p.m.

City Hall / Council Chambers, 635 S. Highway 101, Solana Beach, California

- City Council meetings are video recorded and archived as a permanent record. The [video](#) recording captures the complete proceedings of the meeting and is available for viewing on the City's website.
- Posted Reports & Supplemental Docs contain records up to the cut off time prior to meetings for processing new submittals. Complete records containing meeting handouts, PowerPoints, etc. can be obtained through a [Records Request](#).



PUBLIC MEETING ACCESS

The Regular Meetings of the City Council are scheduled for the 2nd and 4th Wednesdays and are broadcast live. The video taping of meetings are maintained as a permanent record and contain a detailed account of the proceedings. Council meeting tapings are archived and available for viewing on the City's [Public Meetings](#) webpage.

WATCH THE MEETING

- Live web-streaming: Meetings web-stream live on the City's website on the City's [Public Meetings](#) webpage. Find the large Live Meeting button.
- Live Broadcast on Local Govt. Channel: Meetings are broadcast live on Cox Communications - Channel 19 / Spectrum (Time Warner)-Channel 24 / AT&T U-verse Channel 99.
- Archived videos online: The video taping of meetings are maintained as a permanent record and contain a detailed account of the proceedings. Council meeting tapings are archived and available for viewing on the City's [Public Meetings](#) webpage.

AGENDA MATERIALS

A full City Council agenda packet including relative supporting documentation is available at City Hall, the Solana Beach Branch [Library](#) (157 Stevens Ave.), La Colonia Community Ctr., and online www.cityofsolanabeach.org. Agendas are posted at least 72 hours prior to regular meetings and at least 24 hours prior to special meetings. Writings and documents regarding an agenda of an open session meeting, [received](#) after the official posting, and distributed to the Council for consideration, will be made available for public viewing at the same time. In addition, items received at least 1 hour 30 minutes prior to the meeting time will be uploaded online with the agenda posting. Materials submitted for consideration should be forwarded to the [City Clerk's department](#) 858-720-2400. The designated location for viewing of hard copies is the City Clerk's office at City Hall during normal business hours.

PUBLIC COMMENTS

Written correspondence (supplemental items) regarding an agenda item at an open session meeting should be submitted to the City Clerk's Office at clerkoffice@cosb.org with a) Subject line to include the meeting date b) Include the Agenda Item # as listed on the Agenda.

- Correspondence received after the official posting of the agenda, but two hours prior to the meeting start time, on the meeting day, will be distributed to Council and made available online along with the agenda posting. All submittals received before the start of the meeting will be made part of the record.
- Written submittals will be added to the record and not read out loud.

And/Or

Verbal Comment Participation:

Please submit a speaker slip to the City Clerk prior to the meeting, or the announcement of the Section/Item, to provide public comment. Allotted times for speaking are outlined on the speaker's slip for each agenda section: Oral Communications, Consent, Public Hearings and Staff Reports.

Public speakers have 3 minutes each to speak on each topic. Time may be donated by another individual

who is present at the meeting to allow an individual up to 6 minutes to speak. Group: Time may be donated by two individuals who are present at the meeting allowing an individual up to 10 minutes to speak. Group Hearings: For public hearings only, time may be donated by two individuals who are present at the meeting allowing an individual up to 15 minutes to speak.

SPECIAL ASSISTANCE NEEDED

In compliance with the Americans with Disabilities Act of 1990, persons with a disability may request an agenda in appropriate alternative formats as required by Section 202. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to the [City Clerk's office](#) (858) 720-2400 at least 72 hours prior to the meeting.

As a courtesy to all meeting attendees, please set all electronic devices to silent mode and engage in conversations outside the Council Chambers.

<u>CITY COUNCILMEMBERS</u>		
Lesa Heebner Mayor		
Jewel Edson Deputy Mayor / Councilmember District 3		Kristi Becker Councilmember District 2
Jill MacDonald Councilmember District 4		David A. Zito Councilmember District 1

Dan King
Interim City Manager

Johanna Canlas
City Attorney

Angela Ivey
City Clerk

SPEAKERS:

Please submit your speaker slip to the City Clerk prior to the meeting or the announcement of the Item. Allotted times for speaking are outlined on the speaker's slip for Oral Communications, Consent, Public Hearings and Staff Reports.

READING OF ORDINANCES AND RESOLUTIONS:

Pursuant to [Solana Beach Municipal Code](#) Section 2.04.460, at the time of introduction or adoption of an ordinance or adoption of a resolution, the same shall not be read in full unless after the reading of the title, further reading is requested by a member of the Council. If any Councilmember so requests, the ordinance or resolution shall be read in full. In the absence of such a request, this section shall constitute a waiver by the council of such reading.

CALL TO ORDER AND ROLL CALL:

CLOSED SESSION REPORT:

FLAG SALUTE:

APPROVAL OF AGENDA:

PROCLAMATIONS/CERTIFICATES: *Ceremonial*

None at the posting of this agenda

PRESENTATIONS: Ceremonial items that do not contain in-depth discussion and no action/direction.
None at the posting of this agenda

ORAL COMMUNICATIONS:

Comments relating to items on this evening's agenda are taken at the time the items are heard. This portion of the agenda provides an opportunity for members of the public to address the City Council on items relating to City business and not appearing on today's agenda by submitting a speaker slip (located on the back table) to the City Clerk. Pursuant to the Brown Act, no action shall be taken by the City Council on public comment items. Council may refer items to the City Manager for placement on a future agenda. The maximum time allotted for each presentation is THREE MINUTES. No donations of time are permitted (SBMC 2.04.190). Please be aware of the timer light on the Council Dais.

COUNCIL COMMUNITY ANNOUNCEMENTS / COMMENTARY:

An opportunity for City Council to make brief announcements or report on their activities. These items are not agendaized for official City business with no action or substantive discussion.

A. CONSENT CALENDAR: (Action Items) (A.1. - A.4.)

Items listed on the Consent Calendar are to be acted in a single action of the City Council unless pulled for discussion. Any member of the public may address the City Council on an item of concern by submitting to the City Clerk a speaker slip (located on the back table) before the Consent Calendar is addressed. Those items removed from the Consent Calendar by a member of the Council will be trailed to the end of the agenda, while Consent Calendar items removed by the public will be heard immediately after approval of the Consent Calendar to hear the public speaker.

All speakers should refer to the public comment section at the beginning of the agenda for details. Please be aware of the timer light on the Council Dais.

A.1. Register Of Demands. (File 0300-30)

Recommendation: That the City Council

1. Ratify the list of demands for February 24, 2024 – March 08, 2024.

[Item A.1. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

A.2. General Fund Adopted Budget for Fiscal Year 2023/2024 Changes. (File 0330-30)

Recommendation: That the City Council

1. Receive the report listing changes made to the Fiscal Year 2023-2024 General Fund Adopted Budget.

[Item A.2. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

A.3. Solana Beach Employees' Association – Marine Safety Unit (SBEA-MSU) Side Letter Agreement (Out of Class Assignment). (File 0530-30)

Recommendation: That the City Council

1. Approve **Resolution 2024-034** ratifying the Side Letter Agreement with SBEA-MSU employees.

[Item A.3. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

A.4. 2023 Housing Element Annual Progress Report & Housing Successor Annual Report – Fiscal Year (FY) 2022-23. (File 0630-10)

Recommendation: That the City Council

1. Adopt **Resolution 2023-039** approving the 2023 Housing Element Annual Progress Report and the 2022/23 Housing Successor Annual Report as submitted and direct City Staff to file the report with the California Department of Housing and Community Development and the Governor's Office of Planning and Research.

[Item A.4. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

NOTE: The City Council shall not begin a new agenda item after 10:30 p.m. unless approved by a unanimous vote of all members present. (SBMC 2.04.070)

B. PUBLIC HEARINGS: (B.1.)

This portion of the agenda provides citizens an opportunity to express their views on a specific issue as required by law after proper noticing by submitting a speaker slip (located on the back table) to the City Clerk. After considering all of the evidence, including written materials and oral testimony, the City Council must make a decision supported by findings and the findings must be supported by substantial evidence in the record. An applicant or designee(s) for a private development/business project, for which the public hearing is being held, is allotted a total of fifteen minutes to speak, as per SBMC 2.04.210. A portion of the fifteen minutes may be saved to respond to those who speak in opposition. *All other speakers should refer to the public comment section at the beginning of the agenda for time allotment.* Please be aware of the timer light on the Council Dais.

B.1. Public Hearing: 840 Hernandez St., Applicant: Noylan Dunn Pulaski, Case: TE23-003, APN: 298-134-14. (File 0600-40)

Recommendation: That the City Council

1. Conduct the Public Hearing: Open the Public Hearing, Report Council Disclosures, Receive Public Testimony, and Close the Public Hearing.
2. If the City Council can make the required findings, adopt **Resolution 2024-028**, approving the request for a Time Extension for approvals and entitlements in Case No. 17-18-13 DRP/SDP and setting the expiration date on January 13, 2025.

[Item B.1. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

C. STAFF REPORTS: (C.1. – C.2.)

Submit speaker slips to the City Clerk.

All speakers should refer to the public comment section at the beginning of the agenda for time allotments. Please be aware of the timer light on the Council Dais.

C.1. Fiscal Year 2023 Annual Comprehensive Financial Report (ACFR). (File 0310-22)

Recommendation: That the City Council

1. Accept and file the City of Solana Beach Annual Comprehensive Financial Report (ACFR) for the fiscal year July 1, 2022 – June 30, 2023.
2. Accept and file The Auditor’s Communication with Those Charged with Governance letter.

[Item C.1. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk’s Office.

C.2. La Colonia Master Plan. (File 0720-10)

Recommendation: That the City Council

1. Receive the La Colonia Master Plan update and provide direction as may be needed.
2. Adopt **Resolution 2024-015** authorizing the City Manager to execute an amendment to the Professional Services Agreement with Van Dyke Landscape Architects extending the Agreement for two additional years and increasing the compensation, in an amount not to exceed \$70,000, for the update the La Colonia Master Plan, which would incorporate the vacant City-owned lot north of the park.
3. Authorize an appropriation of \$70,000 from the General Fund – Undesignated Reserves into the project account for the La Colonia Master Plan Update.
4. Authorize the City Treasurer to amend the FY 2023/24 Adopted Budget accordingly.

[Item C.2. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk’s Office.

WORK PLAN COMMENTS:

Adopted June 28, 2023

COMPENSATION & REIMBURSEMENT DISCLOSURE:

GC: Article 2.3. Compensation: 53232.3. (a) Reimbursable expenses shall include, but not be limited to, meals, lodging, and travel. 53232.3 (d) Members of a legislative body shall provide brief reports on meetings attended at the expense of the local agency “City” at the next regular meeting of the legislative body.

COUNCIL COMMITTEE REPORTS: [Council Committees](#)

REGIONAL COMMITTEES: (outside agencies, appointed by this Council)

- a. City Selection Committee (meets twice a year) Primary-Heebner, Alternate-Edson
- b. Clean Energy Alliance (CEA) JPA: Primary-Becker, Alternate-Zito
- c. County Service Area 17: Primary-MacDonald, Alternate-Edson

- d. Escondido Creek Watershed Authority: Becker / Staff (no alternate).
- e. League of Ca. Cities' San Diego County Executive Committee: Primary-MacDonald, Alternate-Becker. Subcommittees determined by its members.
- f. League of Ca. Cities' Local Legislative Committee: Primary-MacDonald, Alternate-Becker
- g. League of Ca. Cities' Coastal Cities Issues Group (CCIG): Primary-MacDonald, Alternate-Becker
- h. North County Dispatch JPA: Primary-MacDonald, Alternate-Becker
- i. North County Transit District: Primary-Edson, Alternate-MacDonald
- j. Regional Solid Waste Association (RSWA): Primary-Zito, Alternate-MacDonald
- k. SANDAG: Primary-Heebner, 1st Alternate-Zito, 2nd Alternate-Edson. Subcommittees determined by its members.
- l. SANDAG Shoreline Preservation Committee: Primary-Becker, Alternate-Zito
- m. San Dieguito River Valley JPA: Primary-MacDonald, Alternate-Becker
- n. San Elijo JPA: Primary-Zito, Primary-Becker, Alternate-City Manager
- o. 22nd Agricultural District Association Community Relations Committee: Primary-Edson, Primary-Heebner

STANDING COMMITTEES: (All Primary Members) (Permanent Committees)

- a. Business Liaison Committee – Zito, Edson
- b. Fire Dept. Management Governance & Organizational Evaluation – Edson, MacDonald
- c. Highway 101 / Cedros Ave. Development Committee – Heebner, Edson
- d. Parks and Recreation Committee – Zito, Edson
- e. Public Arts Committee – Edson, Heebner
- f. School Relations Committee – Becker, MacDonald
- g. Solana Beach-Del Mar Relations Committee – Heebner, Edson

CITIZEN COMMISSION(S)

- a. Climate Action Commission – Zito, Becker

ADJOURN:

Next Regularly Scheduled Meeting is April 10, 2024

Always refer to the City's website Event Calendar for an updated schedule or contact City Hall. www.cityofsolanabeach.org 858-720-2400

AFFIDAVIT OF POSTING

STATE OF CALIFORNIA
 COUNTY OF SAN DIEGO } §
 CITY OF SOLANA BEACH }

I, Angela Ivey, City Clerk of the City of Solana Beach, do hereby certify that this Agenda for the March 27, 2024 Council Meeting was called by City Council, Successor Agency to the Redevelopment Agency, Public Financing Authority, and the Housing Authority of the City of Solana Beach, California, was provided and posted on March 20, 2024 at 2:45 p.m. on the City Bulletin Board at the entrance to the City Council Chambers. Said meeting is held at 6:00 p.m., March 27, 2024, in the Council Chambers, at City Hall, 635 S. Highway 101, Solana Beach, California.

Angela Ivey, City Clerk
 City of Solana Beach, CA

UPCOMING CITIZEN CITY COMMISSION AND COMMITTEE MEETINGS:

Regularly Scheduled, or Special Meetings that have been announced, are posted on each Citizen Commission's Agenda webpage. See the [Citizen Commission's Agenda webpages](#) or the City's Events [Calendar](#) for updates.

- **Budget & Finance Commission**
- **Climate Action Commission**
- **Parks & Recreation Commission**
- **Public Arts Commission**
- **View Assessment Commission**



STAFF REPORT CITY OF SOLANA BEACH

TO: Honorable Mayor and City Councilmembers
FROM: Daniel King, Interim City Manager
MEETING DATE: March 27, 2024
ORIGINATING DEPT: Finance
SUBJECT: Register of Demands

BACKGROUND:

Section 3.04.020 of the Solana Beach Municipal Code requires that the City Council ratify a register of demands which represents all financial demands made upon the City for the applicable period.

Register of Demands: 02/24/2024 through 03/08/2024

Check Register - Disbursement Fund (Attachment 1)		\$	646,105.16
Net Payroll Retiree Health	March 6, 2024		3,276.00
Net Payroll Staff O18	March 1, 2024		<u>247,984.70</u>
TOTAL		\$	<u>897,365.86</u>

DISCUSSION:

Staff certifies that the register of demands has been reviewed for accuracy, that funds are available to pay the above demands, and that the demands comply with the adopted budget.

CEQA COMPLIANCE STATEMENT:

Not a project as defined by CEQA.

FISCAL IMPACT:

The register of demands for February 24, 2024 through March 8, 2024 reflects total expenditures of \$897,365.86 from various City sources.

WORK PLAN:

N/A

CITY COUNCIL ACTION: _____

OPTIONS:

- Ratify the register of demands.
- Do not ratify and provide direction.

DEPARTMENT RECOMMENDATION:

Staff recommends that the City Council ratify the above register of demands.

CITY MANAGER'S RECOMMENDATION:

Approve Department Recommendation.

A handwritten signature in blue ink, appearing to read "Daniel King". The signature is fluid and cursive, with a large initial "D" and "K".

Daniel King, Interim City Manager

Attachments:

1. Check Register – Disbursement Fund



City of Solana Beach

Register of Demands

2/24/2024 - 3/8/2024

Department Vendor	Description	Date	Check/EFT Number	Amount
100 - GENERAL FUND				
MISSION SQUARE PLAN 302817	Payroll Run 1 - Warrant O18	02/28/2024	9001305	\$20,865.26
SOLANA BEACH FIREFIGHTERS ASSOC	Payroll Run 1 - Warrant O18	02/28/2024	9001308	\$900.00
CALPERS	OC8 02/08/24 PD (03/05/24 PERS)	03/05/2024	9030524	\$766.93
CALPERS	O17 PERS 02/16/24 PD (02/27/24 PERS)	02/27/2024	9022724	\$65,226.31
CALPERS	EE#78 ARREARS	02/28/2024	9022824	\$2,157.48
CALPERS	O18 PERS 03/01/24 PD (03/07/24 PERS)	03/07/2024	9030724	\$63,207.29
AFLAC	FEBRUARY 24	03/08/2024	106377	\$789.70
STERLING HEALTH SERVICES, INC.	O17 FSA/DCA CONTRIBUTIONS	02/28/2024	9001309	\$2,054.98
STERLING HEALTH SERVICES, INC.	O17 FSA/DCA CONTRIBUTIONS	02/28/2024	9001309	\$1,325.04
SELF INSURED SERVICES COMPANY	MAR 24-DENTAL	03/08/2024	9001314	\$2,940.80
SELF INSURED SERVICES COMPANY	JAN 24-LIFE&ADD INS	03/08/2024	9001314	\$1,229.73
SELF INSURED SERVICES COMPANY	JAN 24-SUPP LIFE INS	03/08/2024	9001314	\$291.25
SELF INSURED SERVICES COMPANY	JAN 24-LTD	03/08/2024	9001314	\$1,128.95
SELF INSURED SERVICES COMPANY	FEB 24-LIFE&ADD INS	03/08/2024	9001314	\$1,253.35
SELF INSURED SERVICES COMPANY	FEB 24-SUPP LIFE INS	03/08/2024	9001314	\$350.75
SELF INSURED SERVICES COMPANY	FEB 24-LTD	03/08/2024	9001314	\$1,158.84
SELF INSURED SERVICES COMPANY	MAR 24-LIFE&ADD INS/SUPP LIFE INS/LTD	03/08/2024	9001314	\$1,160.95
SELF INSURED SERVICES COMPANY	MAR 24-LIFE&ADD INS/SUPP LIFE INS/LTD	03/08/2024	9001314	\$350.75
SELF INSURED SERVICES COMPANY	MAR 24-LIFE&ADD INS/SUPP LIFE INS/LTD	03/08/2024	9001314	\$1,058.48
FIDELITY SECURITY LIFE INSURANCE COMPANY	MAR 24-VISION	03/08/2024	106384	\$471.38
ST. JAMES - ST. LEO CATHOLIC COMMUNITY	RFND-BC-011936 DUPLICATE APPLICATION	02/28/2024	106367	\$220.00
ST. JAMES - ST. LEO CATHOLIC COMMUNITY	RFND-BC-011936 DUPLICATE APPLICATION	02/28/2024	106367	\$4.00
POTENTIAL ELECTRIC DESIGN SERVICES	RFND-ENC 23-0038	03/08/2024	106392	\$813.00
TOTAL GENERAL FUND				\$169,725.22
1005150 - CITY CLERK				
CODE PUBLISHING COMPANY INC	MUNICIPAL CODE WEB UPDATE	03/08/2024	106380	\$940.00
IRON MOUNTAIN	MAR 24-OFFSITE STORAGE/SHREDDING	03/08/2024	106385	\$1,685.73
STAPLES CONTRACT & COMMERCIAL	TAPE/PENS/NOTARY SEAL LABELS	03/08/2024	106401	\$54.23
DFM ASSOCIATES INC	2024 CA ELECTION CODE BOOKS	03/08/2024	106382	\$225.23
TOTAL CITY CLERK				\$2,905.19
1005200 - CITY MANAGER				
ALLIANCE RESOURCE CONSULTING LLC	CITY MANAGER RECRUITMENT	02/29/2024	106374	\$16,000.00
TOTAL CITY MANAGER				\$16,000.00
1005250 - LEGAL SERVICES				
LOUNSBERY FERGUSON ALTON & PEAK LLP	SB PART OF PROF SVC-STRMWTR MANDATE-OCT 21- JUL 23	02/28/2024	106363	\$322.00
TOTAL LEGAL SERVICES				\$322.00
1005300 - FINANCE				
CALIFORNIA MUNICIPAL STATISTICS INC	FY 23 CAFR DEBT STATEMENT	02/28/2024	106356	\$550.00
DAVIS FARR, LLP	FY23-24 AUDIT SERVICES	03/08/2024	106381	\$22,850.00
TOTAL FINANCE				\$23,400.00
1005400 - HUMAN RESOURCES				

CALPERS	EE#78 ARREARS	02/28/2024	9022824	\$500.00
RYAN PESTER	REIMB-BS FIRE ADMIN/POLTCL & LEGAL FOUNDTNS	03/08/2024	106395	\$845.00
TOTAL HUMAN RESOURCES				\$1,345.00
1005450 - INFORMATION SERVICES				
MANAGED SOLUTION	FEB 24-IT PROF SVC MANAGED SOLUTIONS	02/28/2024	9001307	\$450.00
MANAGED SOLUTION	FEB 24-IT PROF SVC MANAGED SOLUTIONS	02/28/2024	9001307	\$2,263.70
FISHER INTEGRATED, INC.	JAN 24-WEB STREAMING SVC	02/28/2024	9001303	\$800.00
TING FIBER INC.	FEB 24-Fiber Optic-CITY FACILITIES	02/28/2024	9001310	\$3,249.00
KNOWBE4,INC.	TRAINING SUBSCRIPTION-05/2024-05/2025	02/28/2024	106361	\$1,583.84
TOTAL INFORMATION SERVICES				\$8,346.54
1005590 - CODE ENFORCEMENT				
DATATICKET INC.	JAN 24-PARKING CITATION SERVICES	02/28/2024	106358	\$480.00
DATATICKET INC.	JAN 24-PARKING CITATION SERVICES	02/28/2024	106358	\$866.20
TOTAL CODE ENFORCEMENT				\$1,346.20
1006120 - FIRE DEPARTMENT				
NORTH COUNTY EVS, INC	FIRE APPARATUS MAINT/REPAIR	02/28/2024	106365	\$730.00
CULLIGAN OF SAN DIEGO	FEB-MAR 24-CULLIGAN REVERSE OSMOSIS-FS	02/28/2024	106357	\$99.07
ACE UNIFORMS LLC	BOOTS	03/08/2024	9001312	\$357.21
ACE UNIFORMS LLC	BELT/BOOTS	03/08/2024	9001312	\$378.85
ACE UNIFORMS LLC	PATCH/SEWING	03/08/2024	9001312	\$74.69
ACE UNIFORMS LLC	PANTS	03/08/2024	9001312	\$313.90
ACE UNIFORMS LLC	BOOTS	03/08/2024	9001312	\$378.86
ACE UNIFORMS LLC	PANTS	03/08/2024	9001312	\$346.38
ACE UNIFORMS LLC	RFND-182327 - 10/25/22	03/08/2024	9001312	(\$658.35)
ACE UNIFORMS LLC	BADGE	03/08/2024	9001312	\$205.66
AT&T CALNET 3	9391012280-11/24/21-12/23/21	02/28/2024	106355	\$1,084.91
AT&T CALNET 3	9391012280-12/24/21-01/23/22	02/28/2024	106355	\$1,093.21
AT&T CALNET 3	9391012280-01/24/22-02/23/22	02/28/2024	106355	\$1,330.07
AT&T CALNET 3	9391012280-02/24/22-03/23/22	02/28/2024	106355	\$1,276.84
AT&T CALNET 3	9391012280-03/24/22-04/23/22	02/28/2024	106355	\$1,276.48
AT&T CALNET 3	9391012280-04/24/22-05/23/22	02/28/2024	106355	\$1,276.56
AT&T CALNET 3	9391012280-05/24/22-06/23/22	02/28/2024	106355	\$1,276.54
AT&T CALNET 3	9391012280-10/24/22-11/23/22	02/28/2024	106355	\$1,494.82
AT&T CALNET 3	9391012280-11/24/22-12/23/22	02/28/2024	106355	\$1,496.75
AT&T CALNET 3	9391012280-12/24/22-01/23/23	02/28/2024	106355	\$1,501.36
AT&T CALNET 3	9391012280-01/24/23-02/23/23	02/28/2024	106355	\$1,771.86
AT&T CALNET 3	9391012280-02/24/23-03/23/23	02/28/2024	106355	\$1,709.81
AT&T CALNET 3	9391012280-03/24/23-04/23/23	02/28/2024	106355	\$1,582.18
AT&T CALNET 3	9391012280-04/24/23-05/23/23	02/28/2024	106355	\$1,588.20
AT&T CALNET 3	9391012280-05/24/23-06/23/23	02/28/2024	106355	\$1,588.19
AT&T CALNET 3	9391012280-06/24/23-07/23/23	02/28/2024	106355	\$1,588.53
AT&T CALNET 3	9391012280-07/24/23-08/23/23	02/28/2024	106355	\$1,599.53
AT&T CALNET 3	9391012280-08/24/23-09/23/23	02/28/2024	106355	\$1,592.15
AT&T CALNET 3	9391012280-09/24/23-10/23/23	02/28/2024	106355	\$2,407.95
AT&T CALNET 3	9391012280-10/24/23-11/23/23	02/28/2024	106355	\$1,834.28
AT&T CALNET 3	9391012280-01/24/24-02/23/24	02/28/2024	106355	\$1,834.58
TOTAL FIRE DEPARTMENT				\$34,431.07
1006150 - CIVIL DEFENSE				
AT&T CALNET 3	9391012275-06/24/23-07/23/23	02/28/2024	106355	\$154.88
AT&T CALNET 3	9391012275-07/24/23-08/23/23	02/28/2024	106355	\$154.88
AT&T CALNET 3	9391012275-08/24/23-09/23/23	02/28/2024	106355	\$154.88

AT&T CALNET 3	9391012275-09/24/23-10/23/23	02/28/2024	106355	\$154.88
AT&T CALNET 3	9391012275-10/24/23-11/23/23	02/28/2024	106355	\$154.88
AT&T CALNET 3	9391012275-11/24/23-12/23/23	02/28/2024	106355	\$154.88
AT&T CALNET 3	9391012275-12/24/23-01/23/24	02/28/2024	106355	\$155.55
AT&T CALNET 3	9391012275-01/24/24-02/23/24	02/28/2024	106355	\$155.55

TOTAL CIVIL DEFENSE**\$1,240.38****1006170 - MARINE SAFETY**

CAMEO PAPER & JANITORIAL SUPPLY INC	TOWELS/LINERS	03/08/2024	106379	\$122.51
STEVE SHERMAN	LIFEGUARD PHOTO SHOOT	03/08/2024	106403	\$300.00

TOTAL MARINE SAFETY**\$422.51****1006510 - ENGINEERING**

VERIZON WIRELESS-SD	362455526-01/02/24-02/01/24	02/28/2024	106371	\$53.19
STATE CONTROLLER'S OFFICE	FY23/24-ANNUAL STREET REPORT	03/08/2024	106402	\$1,245.44

TOTAL ENGINEERING**\$1,298.63****1006520 - ENVIRONMENTAL SERVICES**

VERIZON WIRELESS-SD	362455526-01/02/24-02/01/24	02/28/2024	106371	\$53.18
MISSION LINEN & UNIFORM INC	UNIFORM SERVICES FOR PUBLIC WORKS	02/28/2024	106364	\$14.80
MISSION LINEN & UNIFORM INC	UNIFORM SERVICES FOR PUBLIC WORKS	02/28/2024	106364	\$14.81
MISSION LINEN & UNIFORM INC	LAUNDRY-PW	03/08/2024	106388	\$14.80
DIXIELINE LUMBER CO INC	SANDBAGS/PALLET DEPOSIT	02/28/2024	106360	\$359.13
DIXIELINE LUMBER CO INC	RFND-PALLET DEPOSIT	02/28/2024	106360	(\$36.96)
DIXIELINE LUMBER CO INC	SANDBAG FILLED	03/08/2024	106383	\$322.16
DIXIELINE LUMBER CO INC	STRAW WATTLE ROLL	03/08/2024	106383	\$31.31
MIKHAIL OGAWA ENGINEERING, INC.	NOV 23-MANAGING STORMWATER	03/08/2024	9001320	\$12,748.99
MIKHAIL OGAWA ENGINEERING, INC.	DEC 23- MANAGING STORMWATER	03/08/2024	9001320	\$7,013.95
MIKHAIL OGAWA ENGINEERING, INC.	JAN 24-MANAGING STORMWATER	03/08/2024	9001320	\$8,005.22
IDRAINS LLC	O-STORM MAINT	03/08/2024	106376	\$1,340.00
IDRAINS LLC	O-STORM CLEANING	03/08/2024	106376	\$2,010.00
IDRAINS LLC	O-SEWER CLEANING	03/08/2024	106376	\$1,340.00
IDRAINS LLC	FY24 SEWER-STORMDRAIN MAINT	02/28/2024	106354	\$500.00
IDRAINS LLC	H-STORMDRAIN MAINT	02/28/2024	106354	\$1,700.00

TOTAL ENVIRONMENTAL SERVICES**\$35,431.39****1006530 - STREET MAINTENANCE**

VERIZON WIRELESS-SD	362455526-01/02/24-02/01/24	02/28/2024	106371	\$53.18
MISSION LINEN & UNIFORM INC	UNIFORM SERVICES FOR PUBLIC WORKS	02/28/2024	106364	\$24.07
MISSION LINEN & UNIFORM INC	UNIFORM SERVICES FOR PUBLIC WORKS	02/28/2024	106364	\$24.07
MISSION LINEN & UNIFORM INC	LAUNDRY-PW	03/08/2024	106388	\$24.07
DIXIELINE LUMBER CO INC	SNIP SET/ZIP TIES	02/28/2024	106360	\$73.07
DIXIELINE LUMBER CO INC	GLOVES/DUST OFF	03/08/2024	106383	\$62.60
DIXIELINE LUMBER CO INC	BARK	03/08/2024	106383	\$78.20
DIXIELINE LUMBER CO INC	O-RINGS	03/08/2024	106383	\$3.90
SDG&E CO INC	01/06/24-02/06/24-UTILITIES	03/08/2024	106399	\$951.40
SDG&E CO INC	01/01/24-02/06/24-UTILITIES	03/08/2024	106399	\$473.56
NISSHO OF CALIFORNIA	JAN 24- LANDSCAPE MAINTENANCE SERVICES	03/08/2024	9001321	\$2,268.41
TRAFFIC SUPPLY, INC	RUBBER CAR STOPS/SPEED BUMPS/ASPHALT PATCH	02/28/2024	9001311	\$630.07
TRAFFIC SUPPLY, INC	ASPHALT COLD PATCH	02/28/2024	9001311	\$275.41
TRAFFIC SUPPLY, INC	ASPHALT COLD PATCH	02/28/2024	9001311	\$275.41

TOTAL STREET MAINTENANCE**\$5,217.42****1006540 - TRAFFIC SAFETY**

VERIZON WIRELESS-SD	362455526-01/02/24-02/01/24	02/28/2024	106371	\$37.98
SDG&E CO INC	01/06/24-02/06/24-UTILITIES	03/08/2024	106399	\$1,233.57

SDG&E CO INC	01/01/24-02/06/24-UTILITIES	03/08/2024	106399	\$603.94
ALL CITY MANAGEMENT SERVICES, INC	02/04/24-02/17/24- CROSSING GUARD SERVICES	03/08/2024	9001313	\$11,718.38
YUNEX LLC	JAN 24- TRAFFIC SIGNAL AND SAFETY	03/08/2024	9001323	\$1,120.00
TOTAL TRAFFIC SAFETY				\$14,713.87
1006560 - PARK MAINTENANCE				
VERIZON WIRELESS-SD	362455526-01/02/24-02/01/24	02/28/2024	106371	\$75.97
MISSION LINEN & UNIFORM INC	UNIFORM SERVICES FOR PUBLIC WORKS	02/28/2024	106364	\$17.59
MISSION LINEN & UNIFORM INC	UNIFORM SERVICES FOR PUBLIC WORKS	02/28/2024	106364	\$17.58
MISSION LINEN & UNIFORM INC	LAUNDRY-PW	03/08/2024	106388	\$17.59
DIXIELINE LUMBER CO INC	DRILL BIT SET/ANCHOR KIT/PLUG KIT	03/08/2024	106383	\$65.05
NAPA AUTO PARTS INC	WIPERS/10W40/MAGNETIC TOOL BAR	03/08/2024	106389	\$119.76
RANCHO SANTA FE SECURITY SYS INC	MAR 24-ALARM MONITORING	03/08/2024	106393	\$331.20
NISSHO OF CALIFORNIA	JAN 24- LANDSCAPE MAINTENANCE SERVICES	03/08/2024	9001321	\$11,069.73
THE HOME DEPOT PRO	LINERS/BLEACH	03/08/2024	106404	\$1,190.32
TOTAL PARK MAINTENANCE				\$12,904.79
1006570 - PUBLIC FACILITIES				
DIXIELINE LUMBER CO INC	PRUNING LOOPER	02/28/2024	106360	\$37.18
DIXIELINE LUMBER CO INC	SEALANT/TEFLON TAPE	02/28/2024	106360	\$11.52
DIXIELINE LUMBER CO INC	RESPIRATOR MASK/SILICONE SEALANT	02/28/2024	106360	\$90.24
DIXIELINE LUMBER CO INC	WIRE BRUSHES/SAND CLOTH/PIPE WRENCH	02/28/2024	106360	\$39.20
DIXIELINE LUMBER CO INC	PLIERS/GRIT DISC	02/28/2024	106360	\$22.05
DIXIELINE LUMBER CO INC	CABLE STAPLE	02/28/2024	106360	\$6.83
DIXIELINE LUMBER CO INC	OUTLET SWITCH BOX/RECEPTACLE/CONNECTOR	02/28/2024	106360	\$18.66
SDG&E CO INC	01/06/24-02/06/24-UTILITIES	03/08/2024	106399	\$6,919.86
SDG&E CO INC	01/01/24-02/06/24-UTILITIES	03/08/2024	106399	\$1,655.11
LEE'S LOCK & SAFE INC	REPAIR HARDWARE/TRIP	02/28/2024	106362	\$180.50
CONSOLIDATED ELECTRICAL DIST INC	LIGHT BULBS	03/08/2024	9001317	\$229.13
SYMONS FIRE PROTECTION	FY24 FIRE SUPPRESSION EQUIPMENT	02/28/2024	106369	\$2,216.00
NISSHO OF CALIFORNIA	JAN 24- LANDSCAPE MAINTENANCE SERVICES	03/08/2024	9001321	\$3,371.18
HABITAT PROTECTION, INC	FEB 24- PEST/RODENT CONTROL-LC	02/28/2024	9001304	\$64.00
HABITAT PROTECTION, INC	FEB 24- PEST/RODENT CONTROL-CH	02/28/2024	9001304	\$52.00
HABITAT PROTECTION, INC	FEB 24-PEST/RODENT CONTROL-MS	02/28/2024	9001304	\$35.00
HABITAT PROTECTION, INC	FEB 24-PEST/RODENT CONTROL-FC	02/28/2024	9001304	\$39.00
HABITAT PROTECTION, INC	FEB 24- PEST/RODENT CONTROL-FCCC	02/28/2024	9001304	\$35.00
HABITAT PROTECTION, INC	FEB 24-PEST/RODENT CONTROL-FS	02/28/2024	9001304	\$38.00
STANDARD PLUMBING SUPPLY COMPANY	CLOSET SPUD/VACUUM BREAKER/REPAIR KIT	03/08/2024	106400	\$95.37
STANDARD PLUMBING SUPPLY COMPANY	URINAL FLUSH VALVE/SPUD	03/08/2024	106400	\$181.91
STANDARD PLUMBING SUPPLY COMPANY	HANDLE REPLCMNT CRTRDG/BALL VALVE/HOSE FITTING	02/28/2024	106368	\$68.01
STANDARD PLUMBING SUPPLY COMPANY	CLOSET SPUD	02/28/2024	106368	\$14.13
STANDARD PLUMBING SUPPLY COMPANY	URINAL REB KIT/VACUUM BREAKER/CLOSET SPUD	02/28/2024	106368	\$70.72
STANDARD PLUMBING SUPPLY COMPANY	URINAL REBUILD KIT/TAIL PIECE/COUPLIN	02/28/2024	106368	\$100.34
STANDARD PLUMBING SUPPLY COMPANY	COVER REPAIR KIT/INSIDE COVERS	02/28/2024	106368	\$37.91
STANDARD PLUMBING SUPPLY COMPANY	RFND-COUPLIN/TAIL PIECE	02/28/2024	106368	(\$8.71)
CALIFORNIA OFFICE CLEANING, INC	HAND SOAP	03/08/2024	9001315	\$125.00
TOTAL PUBLIC FACILITIES				\$15,745.14
1205460 - SELF INSURANCE RETENTION				
DEAN GAZZO ROISTACHER LLP	JAN 24-2308.MACDONALD PROF SVC	02/28/2024	106359	\$7,028.05
TOTAL SELF INSURANCE RETENTION				\$7,028.05
1255465 - WORKERS COMPENSATION				
VENDOR	GENERAL WC EXPENSES	02/29/2024	1000290	\$224.10

VENDOR	GENERAL WC EXPENSES	02/29/2024	1000288	\$119.67
VENDOR	GENERAL WC EXPENSES	02/29/2024	1000291	\$12.15
VENDOR	GENERAL WC EXPENSES	02/29/2024	1000289	\$24.09
TOTAL WORKERS COMPENSATION				\$380.01
1356170 - ASSET REPLACEMENT-MARN SFTY				
TRAILERS PLUS	TRAILER	02/29/2024	106373	\$7,674.63
SAN DIEGO HOUSE OF MOTORCYCLES LLC	UTV	02/28/2024	106366	\$13,402.19
TOTAL ASSET REPLACEMENT-MARN SFTY				\$21,076.82
1605360 - OPEB OBLIGATION				
MIDAMERICA	MARCH 24	03/08/2024	9001319	\$7,610.00
TOTAL OPEB OBLIGATION				\$7,610.00
2026510 - GAS TAX-ENGINEERING				
MICHAEL BAKER INTERNATIONAL, INC	JAN 24-LSF CORRIDOR III DESIGN	03/08/2024	9001318	\$2,370.55
TOTAL GAS TAX-ENGINEERING				\$2,370.55
2037510 - HIGHWAY 101 LANDSC #33				
SDG&E CO INC	01/06/24-02/06/24-UTILITIES	03/08/2024	106399	\$3,104.94
NISSHO OF CALIFORNIA	JAN 24- LANDSCAPE MAINTENANCE SERVICES	03/08/2024	9001321	\$1,803.79
TOTAL HIGHWAY 101 LANDSC #33				\$4,908.73
2047520 - MID 9C SANTA FE HILLS				
SANTA FE HILLS HOA	FEB 24-SANTA FE HILLS HOA	03/08/2024	106397	\$18,250.00
SANTA FE HILLS HOA	JAN 24-SANTA FE HILLS HOA	03/08/2024	106397	\$18,250.00
SANTA FE IRRIGATION DISTRICT	005979-029-12/16/23-02/15/24	03/08/2024	106398	\$290.20
TOTAL MID 9C SANTA FE HILLS				\$36,790.20
2057530 - MID 9E ISLA VERDE				
ISLA VERDE HOA	FEB 24-ISLA VERDE HOA	03/08/2024	106386	\$433.33
ISLA VERDE HOA	JAN 24-ISLA VERDE HOA	03/08/2024	106386	\$433.33
TOTAL MID 9E ISLA VERDE				\$866.66
2077550 - MID 9H SAN ELIJO #2				
SAN ELIJO HILLS II HOA	JAN 24-SAN ELIJO HILLS HOA	03/08/2024	106396	\$10,850.00
SAN ELIJO HILLS II HOA	FEB 24-SAN ELIJO HILLS HOA	03/08/2024	106396	\$10,850.00
TOTAL MID 9H SAN ELIJO #2				\$21,700.00
2087580 - COASTAL RAIL TRAIL MAINT				
NISSHO OF CALIFORNIA	JAN 24- LANDSCAPE MAINTENANCE SERVICES	03/08/2024	9001321	\$7,240.51
TOTAL COASTAL RAIL TRAIL MAINT				\$7,240.51
2117600 - STREET LIGHTING DISTRICT				
VERIZON WIRELESS-SD	362455526-01/02/24-02/01/24	02/28/2024	106371	\$15.19
SDG&E CO INC	01/01/24-02/06/24-UTILITIES	03/08/2024	106399	\$8,690.72
TOTAL STREET LIGHTING DISTRICT				\$8,705.91
2505570 - COASTAL BUSINESS/VISITORS				
ACTION BOUNCE COMPANY	INFLATABLE FOR EGG HUNT	03/08/2024	106375	\$485.00
LINDA M SINNACHCHARIGE	FACE PAING-EASTER EVENT	03/08/2024	106387	\$350.00
DANNY J DECOSMO	TRAIN RIDE -EGG HUNT	03/08/2024	106394	\$1,210.00
TOTAL COASTAL BUSINESS/VISITORS				\$2,045.00
2556180 - CAMP PROGRAMS				
BOARDRIDERS WHOLESAL, LLC	JG UNIFORMS	03/08/2024	106378	\$101.80
BOARDRIDERS WHOLESAL, LLC	JG UNIFORMS	03/08/2024	106378	\$1,527.00
BOARDRIDERS WHOLESAL, LLC	JG UNIFORMS	03/08/2024	106378	\$339.45
BOARDRIDERS WHOLESAL, LLC	JG UNIFORMS	03/08/2024	106378	\$1,293.00
TOTAL CAMP PROGRAMS				\$3,261.25

4506190 - SAND REPLNSHMNT/RETENTION

TING FIBER INC.	FEB 24-Fiber Optic-DEL MAR SHORES LG TOWER	02/28/2024	9001310	\$450.00
TING FIBER INC.	FEB 24-Fiber Optic-TIDE BEACH PARK LG TOWER	02/28/2024	9001310	\$450.00

TOTAL SAND REPLNSHMNT/RETENTION**\$900.00****459 - MISC. CAPITAL PROJECTS**

JT LEWIS INC.	FIRESTATION GARAGE DOOR	03/08/2024	106390	(\$4,972.50)
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TOTAL MISC. CAPITAL PROJECTS**(\$4,972.50)****4595450 - MISC.CAPITALPROJECTS-IS**

WESTERN AUDIO VISUAL	9408.00-CEILING PROJECTOR MOUNT	02/28/2024	106372	\$239.74
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TOTAL MISC.CAPITALPROJECTS-IS**\$239.74****4596510 - MISC.CAPITALPROJECTS-ENG**

JT LEWIS INC.	FIRESTATION GARAGE DOOR REPLAC	03/08/2024	106390	\$83,000.00
JT LEWIS INC.	FIRESTATION GARAGE DOOR REPLAC	03/08/2024	106390	\$16,450.00

TOTAL MISC.CAPITALPROJECTS-ENG**\$99,450.00****4728520 - PACIFIC UNDERGROUNDNG-CIP**

NV5, INC.	JAN 24-PROF SVC	03/08/2024	106391	\$1,000.00
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TOTAL PACIFIC UNDERGROUNDNG-CIP**\$1,000.00****5097700 - SANITATION**

VERIZON WIRELESS-SD	362455526-01/02/24-02/01/24	02/28/2024	106371	\$15.19
MISSION LINEN & UNIFORM INC	UNIFORM SERVICES FOR PUBLIC WORKS	02/28/2024	106364	\$9.26
MISSION LINEN & UNIFORM INC	UNIFORM SERVICES FOR PUBLIC WORKS	02/28/2024	106364	\$9.26
MISSION LINEN & UNIFORM INC	LAUNDRY-PW	03/08/2024	106388	\$9.26
AUTO TRUCK GROUP, LLC.	TRAILER HITCH/HITCH WIRING CONNECTOR ADAPTER	02/28/2024	106370	\$650.72
IDRAINS LLC	C-SEWER CLEANING-60,689	03/08/2024	106376	\$38,234.07
IDRAINS LLC	E-SEWER-10,024	03/08/2024	106376	\$6,315.12
IDRAINS LLC	H-STORM CLEANING	03/08/2024	106376	\$1,700.00
IDRAINS LLC	J-SEWER CLEANING	03/08/2024	106376	\$675.00
IDRAINS LLC	J- SEWER CLEANING	02/28/2024	106354	\$675.00

TOTAL SANITATION**\$48,292.88****6527820 - SUCCESSOR AGENCY**

COMPUTERSHARE CORPORATE TRUST	TAR BOND 2017 ADMIN FEE-11/22/23-11/21/24	03/08/2024	9001316	\$4,000.00
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TOTAL SUCCESSOR AGENCY**\$4,000.00****6718510 - BARBARA UNDERGROUNDING-DS**

COMPUTERSHARE CORPORATE TRUST	BARBARA BOND INTEREST 03/02/24	02/28/2024	9001302	\$20,308.00
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TOTAL BARBARA UNDERGROUNDING-DS**\$20,308.00****6728520 - PACIFIC UNDERGROUNDING-DS**

COMPUTERSHARE CORPORATE TRUST	PACIFIC BOND INT 03/02/24	02/28/2024	9001302	\$8,108.00
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TOTAL PACIFIC UNDERGROUNDING-DS**\$8,108.00****REPORT TOTAL:****\$646,105.16**



STAFF REPORT CITY OF SOLANA BEACH

TO: Honorable Mayor and City Councilmembers
FROM: Daniel King, Interim City Manager
MEETING DATE: March 27, 2024
ORIGINATING DEPT: Finance
SUBJECT: **Report on Changes Made to the General Fund Adopted Budget for Fiscal Year 2023-24**

BACKGROUND:

Staff provides a report at each Council meeting that lists changes made to the current Fiscal Year (FY) General Fund Adopted Budget. The information provided in this Staff Report lists the changes made through March 13, 2024.

DISCUSSION:

The following table reports the revenue, expenditures, and transfers for 1) the Adopted General Fund Budget approved by Council on June 28, 2023 (Resolution 2023-089) and 2) any resolutions passed by Council that amended the Adopted General Fund Budget.

GENERAL FUND - ADOPTED BUDGET PLUS CHANGES						
As of 03/13/2024						
General Fund - Operations						
Date	Action	Description	Revenues	Expenditures	Transfers from GF	Net Surplus
06/28/2023	Reso 2023-089	Adopted Budget	24,472,918	(23,078,124)	(980,000)	\$ 414,794
11/29/2023	Reso 2023-128	Engineering Survey Services		(100,000)		\$ 314,794
03/13/2024	Reso 2024-027	STC Traffic Inc (Pedestrian Crossing)		(20,000)		294,794
						294,794
General Fund - Measure S						
Date	Action	Description	Revenues	Expenditures	Transfers from GF	Net Surplus
06/28/2023	Reso 2023-089	Adopted Budget	4,400,000	(1,124,000)	(733,400)	\$ 2,542,600
						2,542,600
Combined General Fund Net Surplus						\$ 2,837,394

CEQA COMPLIANCE STATEMENT:

Not a project as defined by CEQA.

COUNCIL ACTION:

FISCAL IMPACT:

N/A

WORK PLAN:

N/A

OPTIONS:

- Receive the report.
- Do not accept the report.

DEPARTMENT RECOMMENDATION:

Staff recommends that the City Council receive the report listing changes made to the FY 2023-2024 General Fund Adopted Budget.

CITY MANAGER'S RECOMMENDATION:

Approve Department Recommendation

A handwritten signature in blue ink, appearing to read 'Daniel King', written over a horizontal line.

Daniel King, Interim City Manager



STAFF REPORT CITY OF SOLANA BEACH

TO: Honorable Mayor and City Councilmembers
FROM: Daniel King, Interim City Manager
MEETING DATE: March 27, 2024
ORIGINATING DEPT: Human Resources Department
SUBJECT: **City Council Consideration of Resolution 2024-034 to Ratify a Side Letter for Out of Class Assignments Between the City and the Solana Beach Marine Safety Employee Group**

BACKGROUND:

On July 12, 2023, the City Council approved and ratified a Memorandum of Understanding (MOU) with a term beginning on July 1, 2023, and terminating on June 30, 2027 with the Solana Beach Employees' Association - Marine Safety Unit (SBEA-MSU) (Attachment 1).

Due to the upcoming retirement of the Marine Safety Captain, the City has identified a need to enter into a Side Letter Agreement with the SBEA-MSU regarding Out of Class Assignments.

This item is before the City Council to consider approving Resolution 2024-034 (Attachment 2) to approve the Side Letter Agreement (Attachment 3) with the SBEA-MSU.

DISCUSSION:

On February 5, 2024, the City's current Marine Safety Captain announced his plans to retire before the new Fiscal Year. Given the impending retirement, both the City and the Marine Safety Department are actively assessing the forthcoming vacancy and initiating preparations for the recruitment of a new Marine Safety Captain.

To optimize and expedite this transitional phase with the goal of minimizing service disruptions, it will be necessary to train and to assign additional responsibilities to the current Marine Safety Lieutenant in order to enhance the capabilities of the Lieutenant position and to back fill the Lieutenant position with a current Marine Safety Sergeant. Since the MOU does not address out of class assignments and for CalPERS reporting purposes (CalPERS requires the terms of such assignments to be in writing), the City

COUNCIL ACTION:

negotiated the terms of out of class assignments with SBEA-MSU.

The City and members of SBEA-MSU met on February 28, 2024, to engage in discussions regarding the City's proposal, with a particular focus on out-of-class assignments during the transitional period. After these discussions, the City and SBEA-MSU have agreed to the following terms:

1. The employee must meet the minimum qualifications of the higher classification.
2. The employee will have full authority and responsibility of the higher classification assignment, must assume 100% of the higher-level duties, and will not continue to perform their current duties in addition to the duties of the out of class assignment classification.
3. Out of class assignment pay will apply to an assignment lasting 80 hours or longer. The employee shall begin to receive the higher pay on the 81st hour worked in the higher classification.
4. Employees in an out of class assignment shall earn 5% above the employee's regular rate of pay for work performed in the out of class assignment. Out-of-class pay of more than 5% must be authorized by the City Manager.
5. Benefits of the higher classification are not available, and the employee will continue to receive the benefits of the employee's regular position.
6. Employees who are assigned to an exempt classification will not be eligible to earn overtime.
7. Paid leave while in an out of class assignment shall be paid at the rate established for the out of class assignment.
8. CalPERS Reporting
 - a. To the extent permitted by law, out of class assignment pay is special compensation and shall be reported to CalPERS as such pursuant to Title 2 CCR Section 571(a)(3) Temporary Upgrade Pay only if the employee is a Classic CalPERS Member. However, it is ultimately CalPERS who determines whether any form of pay is reportable special compensation.
 - b. Regardless of whether the employee is a Classic or PEPRA CalPERS Member, an employee's hours worked in out of class assignment for a position that is vacant during recruitment for a permanent appointment shall not exceed 960 hours per fiscal year and will be reported to CalPERS pursuant to Government Code section 20480.

If approved, the effective date of the above-mentioned Side Letter would be March 25, 2024.

CEQA COMPLIANCE STATEMENT:

Not a project as defined by CEQA

FISCAL IMPACT:

The fiscal impact of the Side Letter Agreement with SBEA-MSU will be approximately \$3,556 based on 17 weeks at 40 hours per week. It is anticipated that a new Marine Safety Captain will be hired by the end of summer.

WORK PLAN:

N/A

OPTIONS:

- Approve Staff's recommendation.
- Deny Staff's recommendation.
- Provide Staff alternative direction.

DEPARTMENT RECOMMENDATION:

Staff recommends that the City Council approve Resolution 2024-034 ratifying the Side Letter Agreement with SBEA-MSU employees.

CITY MANAGER'S RECOMMENDATION:

Approve Department Recommendation



Daniel King, Interim City Manager

Attachments:

1. SBEA-MSU MOU (July 1, 2023 to June 30, 2027)
2. Resolution 2024-034
3. SBEA-MSU Side Letter

**MEMORANDUM OF
UNDERSTANDING BETWEEN
THE CITY OF SOLANA BEACH
&
THE SOLANA BEACH
EMPLOYEES' ASSOCIATION
MARINE SAFETY UNIT**

July 1, 2023, to June 30, 2027



**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF SOLANA BEACH
AND
THE SOLANA BEACH EMPLOYEES' ASSOCIATION MARINE SAFETY UNIT
JULY 1, 2023, to JUNE 30, 2027**

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**MEMORANDUM OF UNDERSTANDING BETWEEN
THE CITY OF SOLANA BEACH AND
THE SOLANA BEACH EMPLOYEES' ASSOCIATION
MARINE SAFETY UNIT
July 1, 2023, to June 30, 2027**

SECTION 1. PREAMBLE

This Memorandum of Understanding (MOU) is made and entered into pursuant to Solana Beach Resolution No. 92-52 (Employer-Employee Relations Resolution), and applicable State law between the designated management representatives of the City of Solana Beach (CITY), and the Solana Beach Employees' Association (SBEA/MSU), the Recognized Employee Organization (under Solana Beach Resolution No. 92-52) for full-time regular Marine Safety Unit employees represented herein.

This MOU is the result of good faith negotiations regarding wages, hours and other terms and conditions of employment under the provisions of the California Meyers-Milias-Brown Act. The parties to this MOU hereto have met and conferred in good faith exchanging various proposals in an attempt to reach agreement. The parties affirm their mutual commitment to the goals of effective and efficient public service, high employee morale, sound and responsible management of CITY business, and amicable employer-employee relations. The parties encourage the highest possible degree of friendly cooperative relationships between their respective representatives at all levels and with and between all employees.

SECTION 2. RECOGNITION

Pursuant to Solana Beach Resolution No. 92-52 (Employer-Employee Relations Resolution), and applicable State law, the CITY acknowledges SBEA MARINE SAFETY UNIT as the Recognized Employee Organization for Marine Safety Unit employees for purposes of employer-employee relations.

Nothing in this Article is intended to amend, alter, modify, or supersede the provisions of Resolution No. 92-52, or the rights of employees thereunder, or the rights of individual employees under the provisions of the Meyers-Milias-Brown Act.

SECTION 3. APPROVAL BY THE CITY COUNCIL

This MOU constitutes a mutual recommendation to be jointly submitted to the City Council for its consideration and action. It is agreed that if this memorandum is approved by the City Council, the CITY will act in a timely manner to make the changes in City ordinances, resolutions, rules, policies, and procedures necessary to implement this MOU.

Upon approval by the City Council, this MOU, along with the Solana Beach Personnel Rules and Regulations (as existing on the date of this MOU or as modified by or pursuant to this MOU), and other Policies or Directives established by the CITY (as existing on the date of this MOU or as modified by or pursuant to this MOU) will govern the wages, hours and terms and conditions of employment of the employees represented by the SBEA/MSU, subject to the provisions and limitations

of Chapter 2.44 (Personnel System) of the Solana Beach Municipal Code.

SECTION 4. AUTHORIZED AGENTS/REPRESENTATIVES

CITY's principal authorized agent shall be the City Manager or the Manager's authorized designee; unless a particular officer or employee is specifically designated in connection with the performance of a specific function or obligation set forth in the MOU.

The SBEA/MSU's principal authorized agent shall be its president or a duly authorized designee of the president.

SECTION 5. CITY MANAGEMENT RIGHTS

The CITY retains and has the exclusive decision-making authority to manage municipal services and the work force performing those services so long as the CITY exercises such exclusive authority in conformance with the express specific terms of this MOU.

The CITY has, except as expressly and lawfully restricted by specific provisions of this MOU, the exclusive decision-making authority to:

- a. Determine and modify the organization of City government and its constituent work units.
- b. Determine the nature, standards, levels, and mode of delivery of services to be offered to the public, provided, however, should the CITY determine to change the mode of delivery of services to be offered to the public, it shall first notify SBEA/MSU and if an effect on represented employees is identified, shall meet and confer with SBEA/MSU regarding the effect of such decision on represented employees.
- c. Determine the budget, to allocate funds and resources and determine revenue sources.
- d. Determine methods, means, and the numbers and kinds of personnel by which services are to be provided.
- e. determine whether goods or services shall be made, purchased, or contracted for, provided, however, should the CITY determine to contract out bargaining unit work, it shall first meet and confer with SBEA/MSU regarding the effect of such decision on represented employees.
- f. Determine employees, including scheduling and assignment of work and overtime.
- g. Establish employee performance standards and require compliance therewith.
- h. Promote or hire employees and establish job qualifications, descriptions, and requirements.
- i. Discharge, suspend, demote, reduce in pay, reprimand, withhold salary increases and benefits, or otherwise discipline employees subject to the requirements of applicable law.
- j. Relieve employees from duty because of lack of work or lack of funds or for other legitimate

reasons.

- k. Implement rules, regulations, and directives consistent with law and the specific provisions of this MOU.
- l. Take all necessary actions to protect the public and carry out its mission in emergencies.

SECTION 6. EMPLOYEE RIGHTS

Non-discrimination: As a result of this MOU, no person shall be favored or discriminated against, by either the CITY or the SBEA/MSU, to the extent provided by law because of political or religious opinions or affiliations, or because of racial or national origin, or because of age, sex, sexual orientation, or disability.

Neither CITY nor SBEA/MSU shall interfere with, intimidate, restrain, coerce, or discriminate against employees covered by this MOU because of the exercise of rights to engage or not engage in SBEA/MSU activity or because of the exercise of any right provided to the employees by this MOU or the Meyers-Milias-Brown Act.

Individual Rights: Nothing in this MOU shall be construed as a waiver of any of the following rights of individual employees which may be exercised in compliance with applicable laws, ordinances, and rules and regulations.

- a. The right to form, join, and participate in the activities of employee organizations of the employees own choosing for the purpose of representation on matters of employer/employee relations or not to join or participate in the activities of any organization as provided in Solana Beach Resolution No. 92-52. All employees have a right to be free from interference, intimidation, restraint, coercion, discrimination, or reprisal on the part of the management representatives, the supervisor, other employees, or employee organizations, with respect to his or her membership or non-membership in any employee organization.
- b. Pursuant to the Meyers-Milias-Brown Act, the right to represent himself or herself individually in employer/ employee relations with the CITY or to be represented through a representative designated by the employee.
- c. The right to review his or her individual personnel file at times convenient to the employee and the City.

SBEA/MSU Rights:

- a. CITY recognizes the right of SBEA/MSU to govern its internal affairs.
- b. The CITY shall provide bulletin boards to be placed in CITY offices at a place convenient to SBEA/MSU and approved by the City Manager for the use of SBEA/MSU. Material placed on the bulletin board shall be at the discretion of SBEA/MSU. SBEA/MSU agrees not to post any literature that is offensive,

defamatory or violates the rights of employees to a workplace free of discrimination or harassment.

- c. SBEA/MSU may, with the prior approval of the City Manager, use CITY facilities for off-duty meetings of SBEA/MSU members. Use by SBEA/MSU of CITY equipment and supplies other than items normally used in business meetings such as desks, chairs, blackboards, and dry boards, despite the presence of such equipment and supplies, is prohibited.
- d. The representatives of SBEA/MSU shall have reasonable access to the members of SBEA/MSU for the purposes of providing representation and consultation. The access shall be subject to approval by the City Manager and shall not interfere with the convenient operation of the CITY's Departments. Access by personal visit to CITY offices shall be subject to reasonable prior notice to the City Manager.
- e. A representative of SBEA/MSU shall be allowed to be present at the request of any employee, at any meeting with management involving a grievance, at appeals of employee performance evaluations, and at any pre-disciplinary or disciplinary meetings.
- f. The CITY agrees to provide reasonable time off without loss of pay, during scheduled work hours, for up to two (2) representatives of SBEA/MSU when said representatives are meeting and conferring on matters within the scope of representation.
- g. SBEA/MSU may designate one employee representative to assist an employee in preparing and presenting materials for disciplinary or grievance procedures. The employee's representative so designated shall be allowed reasonable release time from regularly scheduled duties for the purpose of investigating and preparing materials for such procedures. Supervisors shall be given at least one day prior written notice in the event release time is requested unless the supervisor agrees otherwise. Employee representatives, who investigate, prepare, or present materials during off-duty time shall do so on their own time. Employee representatives and employees who attend personnel hearings during the off-duty time shall do so on their time; providing, however, that off-duty employees who are ordered or subpoenaed to attend such hearings shall be compensated in accordance with the overtime provisions of this MOU.
- h. A designated employee representative requesting time off under this Article shall direct such request to the City Manager in writing within a reasonable time prior to the date requested, in order to assure that the department meets its staff needs and to assure sufficient coverage of departmental assignments. The City Manager shall respond to the request as soon as feasible, but not later than the end of business on the next business day following the request. If the City Manager does not respond to the request, the Department Head of the affected department may grant the release time. If the City Manager or Department Head cannot grant the release time because of workload or other scheduling reasons, the City Manager or Department Head shall give notice to the employee of a date or dates when the release time will be provided.

SECTION 7. EMPLOYER-EMPLOYEE RELATIONS COMMITTEE

An Employer-Employee Relations Consultation Committee shall be established by the City Manager for the purpose of discussing between representatives of management and employees, employment related issues of common concern to Marine Safety Unit members represented by SBEA.

The committee shall be composed of two employees represented by SBEA/MSU and two representatives from management. Non-employee consultants may attend and participate in committee meetings.

Meetings shall be scheduled by mutual agreement between the management and employee representatives as the need arises to discuss various issues. The committee shall meet every three months unless the management and employee representatives agree that a meeting is not needed.

Meetings shall be informal and shall be scheduled at times which do not interfere with the business of the CITY. Meetings may be scheduled after working hours, in which event the employee representatives shall not receive compensation for attendance.

SECTION 8. FULL UNDERSTANDING, MODIFICATION, WAIVER

It is the intent of the parties that this MOU set forth the full and entire understanding of matters agreed to upon conclusion of meet and confer sessions which resulted in this MOU. Any other matters, not contained herein, which were addressed during the course of the meet and confer process resulting in this MOU, are superseded, and terminated in their entirety. Any understanding or agreement not contained herein, whether formal or informal, which occurred during the course of meet and confer sessions, resulting in this MOU, are terminated, or superseded in their entirety. Any amendment to the provisions of this MOU shall not be effective unless made in writing executed by the parties.

It is the intent of the parties that this MOU be administered in its entirety in good faith during its full term. It is recognized that if during such term it is necessary for the CITY to propose changes in matters within the scope of representation not contained in this memorandum, the CITY shall notify SBEA/MSU, indicating the proposed change prior to its implementation. If SBEA/MSU wishes to consult or meet and confer with the CITY regarding the matter, SBEA/MSU shall notify the CITY within ten (10) working days from the receipt of such notice. Upon receipt of such notice, the parties shall meet promptly in an earnest effort to reach a mutually satisfactory resolution of any problem arising as a result of the change instituted by the CITY.

Nothing herein shall limit the authority to the CITY to make changes required during emergencies. However, the CITY shall notify SBEA/MSU of such changes as soon as practicable. Such emergency assignments shall not extend beyond the period of emergency. "Emergency" shall be defined as an unforeseen circumstance requiring immediate implementation of the change.

Failure by the SBEA/MSU to request consultation or negotiations pursuant to this Article shall not be deemed as approval of any action taken by the CITY, but only as a waiver of the right to consult and meet and confer.

The consent to, or waiver of, any breach, provision, or condition of this MOU by either party shall not constitute a precedent in the future enforcement of all the provisions of this MOU, nor a consent, or waiver of, any future breach, provision, or condition, unless otherwise expressly stated to the contrary in writing.

SECTION 9. PEACEFUL PERFORMANCE OF CITY SERVICES

No Strike. During the life of this MOU, neither the employees nor any employees, agents or representatives will instigate, promote, sponsor, engage in, or condone any strike (including sympathy strike), slowdown, concerted stoppage of work, sickouts, or any other intentional disruption of the operations of the CITY, regardless of the reason for so doing.

Penalty. Any employee engaging in activity prohibited by "No Strike" under this Article, or who instigates or gives leadership to such activity, shall be subject to disciplinary action.

No Lockout. During the term of this MOU, the CITY will not instigate a lockout over a dispute with the employees so long as there is no breach of "No Strike" under this Article.

Association Official Responsibility. Each employee or other person who holds the position of officer of the Recognized Employee Organization occupies a position of special trust and responsibility in maintaining and bringing about compliance with the provisions of this Article; therefore, such employees or other persons agree to inform its members of their obligations under "No Strike" of this Article, and to inform them of the penalty for failure to comply.

Enforcement. In the event the CITY is required to enforce the provisions of the Article "Peaceful Performance of CITY Services" by court action, or in the event that SBEA/MSU is required to enforce the provisions of said Article by court action, an injunction may be issued.

SECTION 10. PRIOR AGREEMENTS

The provisions of this MOU shall supersede and replace the provisions of the Memorandum of Understanding last executed between SBEA/MSU and the CITY. The benefits and other terms and conditions of employment provided pursuant to the CITY's Personnel Rules and Regulations shall continue to apply except to the extent modified by this MOU.

SECTION 11. NEGOTIATIONS FOR A SUCCESSOR AGREEMENT

The parties agree that negotiations for a successor Memorandum of Understanding shall begin by the submission by either party of a proposal or a written request to meet and confer not later than February 1, 2027. If a proposal or request is submitted, meeting and conferring sessions shall begin by February 15, 2027, and shall continue until agreement is reached or until an inability to reach agreement (impasse) is declared. The parties agree to use their best efforts to conclude meet and confer sessions before May 31, 2027. If neither party submits a proposal or request, all conditions of this MOU shall continue in full force and effect for one year from the date it otherwise would have terminated.

SECTION 12. RULES AND REGULATIONS

The City of Solana Beach Personnel Rules and Regulations shall remain in full force and effect during the term of this MOU subject only to the provisions of this MOU and to the amendments necessary to implement the terms of this MOU. During the term of this MOU, any amendments proposed by City Management to the Rules and Regulations pursuant to the rights reserved to the CITY under this memorandum shall be made only after providing notice and an opportunity for input to the designated representatives of SBEA/MSU.

SECTION 13. HOURS OF WORK

Hours of work and work schedules shall be determined according to Section 9.01 of the City Personnel Rules and Regulations.

Employees are required to accurately report all time worked on their timesheets. Only under an emergency situation, may an employee work any time in addition to their regular work hours, whether before or after work or during an unpaid meal break, without first receiving approval in advance from their supervisor.

SECTION 14. SALARY ADJUSTMENT

The parties jointly agree that the following salary increases shall be applicable for the term of this MOU for all SBEA/MSU classifications as specified on the salary schedule in Appendix B:

- a. Effective the first full pay period after July 1, 2023: seven percent (7%) salary increase for employees represented by SBEA/MSU.
- b. Effective the first full pay period in July 2023, SBEA/MSU will receive a one-time, non-PERSable stipend in the amount of \$1,000.
- c. Effective the first full pay period after July 1, 2024: three percent (3%) salary increase for employees represented by SBEA/MSU.
- d. Effective the first full pay period after July 1, 2025: three percent (3%) salary increase for employees represented by SBEA/MSU.
- e. Effective the first full pay period after July 1, 2026: three percent (3%) salary increase for employees represented by SBEA/MSU.

Pay increases resulting from employee-employer negotiations will become effective on the specific date negotiated between the CITY and SBEA/MSU. Increases in salary resulting from merit increases will become effective on the employee's anniversary date, as approved by the City Manager in accordance with the City of Solana Beach Personnel Rules and Regulations.

The proposed salary schedule implementing this Article is attached as Appendix B to this MOU.

SECTION 15. CAFETERIA BENEFIT PLAN

All regular employees in the SBEA/MSU shall be entitled to receive health, dental and vision insurance in accordance with the group insurance policies acquired by the CITY.

The CITY will contribute the following to each full-time employee for the purchase of medical, dental and vision insurance options offered through the City's Flexible Benefit Cafeteria Plan:

- a) Effective July 1, 2023, through June 30, 2024, the CITY will contribute a monthly health insurance allowance up to a maximum of \$1,571.85 per month, per full-time employee, toward the medical, dental, and vision insurance options offered through the CITY's Flexible Benefit Plan.
- b) Effective July 1, 2024, through June 30, 2025, the City will increase the maximum monthly health insurance allowance by 5% to a maximum of up to \$1,650.44 per month, per full-time employee, toward the medical, dental, and vision insurance options offered through the CITY's Flexible Benefit Plan.
- c) Effective July 1, 2025, through June 30, 2026, the City will increase the maximum monthly health insurance allowance by 5% to a maximum of up to \$1,732.96 per month, per full-time employee, toward the medical, dental, and vision insurance options offered through the CITY's Flexible Benefit Plan.
- d) Effective July 1, 2026, through June 30, 2027, the City will increase the maximum monthly health insurance allowance by 5% to a maximum of up to \$1,819.61 per month, per full-time employee, toward the medical, dental, and vision insurance options offered through the CITY's Flexible Benefit Plan.
- e) All previous terms apply.
- f) Contributions for regular Part-Time SBEA/MSU Employees will be prorated at a rate that is representative of their part-time status (e.g., 50% or 75%)

Opt-Out/Cash Back Provisions:

Employees hired prior to July 1, 2021:

- 1) Employees who do not enroll in the medical, dental or vision insurance plans provided by the City ("optout") will receive \$1,358 cash back per month. Employees who opt-out of plans provided by the City must provide proof of other "minimum essential group medical insurance coverage" to the Human Resources Department, as set forth below.
- 2) Employees who either: a) Do not enroll in the medical insurance plan provided by the City and enroll in either the dental or vision plans provided by the City; or b) Enroll in medical and dental or vision plans provided by the City where the total monthly health insurance premiums cost less than \$1,358 will receive the difference between \$1,358 and their total monthly insurance premiums for medical,

dental, and vision plans provided by the City.

- 3) No cash back will be provided to employees whose total monthly insurance premiums for medical, dental, and vision plans provided by the City exceed \$1,358.

Employees hired on or after July 1, 2021:

- 1) Employees who do not enroll in the medical, dental or vision insurance plans provided by the City (“optout”) will receive \$475 cash back per month. Employees who opt-out of plans provided by the City must provide proof of other “minimum essential group medical insurance coverage” to the Human Resources Department, as set forth below.
- 2) Employees who either: a) Do not enroll in the medical insurance plan provided by the City and enroll in either the dental or vision plans provided by the City; or b) Enroll in medical and dental or vision plans provided by the City where the total monthly health insurance premiums cost less than \$475 will receive the difference between \$475 and their total monthly insurance premiums for medical, dental, and vision plans provided by the City.
- 3) No cash back will be provided to employees whose total monthly insurance premiums for medical, dental, and vision plans provided by the City exceed \$475.

The CITY will make available medical, dental, and vision insurance plans for SBEA/MSU employees. The City also provides for employee participation in Health Care and Dependent Care Flexible Spending Accounts. The Flexible Spending Accounts are established under Section 125 of the Internal Revenue Code and will be administered by a third-party administrator (TPA).

All employees must either elect medical insurance for employee only or provide satisfactory proof of other minimum essential group medical insurance coverage through a non-CITY plan. The CITY’s Human Resources Department will be responsible for approving an employee’s proof of health coverage. After the CITY’s initial verification of employee coverage under another non-CITY medical plan, the Human Resources Department will request proof of coverage as often as deemed necessary to ensure an employee’s continued medical insurance coverage. All costs of insurance coverage for the employee or dependents in excess of the CITY contribution shall be borne by the employee. All Cafeteria Plan elections must be made on forms approved by the Human Resources Department. Elections must be made prior to the beginning of the Plan year and must remain in effect unless there is a qualifying event as defined under IRS regulations and the City of Solana Beach Flexible Benefit Plan and approved by the Human Resources Department.

SECTION 16. RETIREMENT SYSTEM CONTRIBUTIONS

Retirement benefits are subject to the Public Employees’ Pension Reform Act (PEPRA) and related Public Employees’ Retirement Law (PERL). If there is a conflict between this MOU and requirements pursuant to PEPRA and/or PERL, PEPRA and PERL shall prevail.

- a. For SBEA-MSU employees hired prior to January 1, 2011, the CITY will continue to provide a 3% @ 50 retirement benefit with the use of the employee’s single highest year salary from the California Public Employee Retirement System (CalPERS). The SBEA/MSU employees will continue to pay the entire 9% employee share cost of their benefit.

1. Cost Sharing of Employer Contribution: Employees defined as “classic members” per CalPERS and PEPRA/PERL agree to pay a portion of the employer’s contribution costs as follows:
 - a. Per the CalPERS contract amendment which went into effect on October 29, 2016, S B E A / M S U employees will continue to pay an additional 2% of pay towards the cost of the CalPERS retirement benefit. This 2% is in addition to the employees paying their entire employee portion of the CalPERS retirement contribution. (11% of pay total)
 - b. Employees hired on or after January 1, 2011, will receive a 2% @50 retirement benefit with the use of the average of the employee’s highest-three-year-salary. These employees will continue to pay the entire 9% employee share cost of their benefit.
 1. Cost Sharing of Employer Contribution: Employees defined as “classic members” per CalPERS and PEPRA/PERL agree to pay a portion of the employer’s contribution costs as follows:
 - a. Per the CalPERS contract amendment which went into effect on October 29, 2016, S B E A / M S U employees will continue to pay an additional 2% of pay towards the cost of the CalPERS retirement benefit. This 2% is in addition to the employees paying their entire employee portion of the CalPERS retirement contribution. (11% of pay total)
 - c. Pursuant to the PEPRA and PERL, new employees (as defined by PEPRA) hired on or after January 1, 2013, will receive the 2.7% @ 57 retirement formula with the use of the average of the employee’s highest three-year salary. All new employees/members hired on or after January 1, 2013, will pay the required amount as determined by CalPERS.
 - d. Mission Square Retirement
The City will contribute \$1 for each \$1 contributed to a Mission Square Retirement 457 Savings Plan by each SBEA/MSU employee, with an annual cap of \$2,000 per year.

SBEA/MSU employees must have an active account with Mission Square Retirement.

SECTION 17. RETIREE HEALTH BENEFITS

During the term of this MOU, the City agrees to remain in CalPERS in order to provide healthcare coverage to active employees and retiree healthcare benefits to retired employees. The City agrees to pay Retiree Health Benefits as follows:

SBEA/MSU members currently employed who retire from the City at a future date, shall receive the following Retiree Health benefits in recognition of their vested rights and service to the City:

- a) Staff members hired prior to January 1, 2007, shall receive maximum of \$290.00 per month. If the retired employee elects to enroll in the CalPERS Retiree Health Plan, the City will subtract the required minimum PEMHCA contribution amount and pay that amount to CalPERS directly. Any left-over balance will be provided to the retired employee.

If the retired employee does not elect to enroll in the CalPERS Retiree Health Plan, the \$290 monthly allowance will be deposited in a Health Reimbursement Arrangement Account (HRA), which can be used towards reimbursement of eligible health/medical expenses.

- b) Staff members hired on or after January 1, 2007, who subsequently retire from the City AND enroll in the CalPERS Retiree Health Plan, will only receive the “minimum” retirement benefit contribution amount required under PEMHCA to offset their CalPERS Retiree Health Plan costs.

If the retired employee does not enroll in the CalPERS Retiree Health Plan, no Retiree Health Benefit payments will be made to the retiree by the City.

SECTION 18. LIFE INSURANCE

All employees of the CITY governed by this MOU shall be entitled to receive life insurance. The CITY shall pay the cost of the basic coverage for the employee. The life insurance policy shall continue to provide basic coverage at an amount equal to one times the employee's annual salary.

SECTION 19. LONG TERM DISABILITY INSURANCE (LTD)

Employees are eligible to participate in the City’s LTD Plan. LTD premiums will be paid by the City on behalf of all Marine Safety employees.

SECTION 20. LEAVE PROVISIONS

Employees shall be entitled to leaves of absence as provided in Section 10 of the City Personnel Rules and Regulations.

(a) Vacation

Vacation Leave shall be determined according to Section 10.01 of the City Personnel Rules and Regulations, all full-time regular/permanent SBEA/MSU employees shall be entitled to vacation based upon the following schedule:

Completed Months of Employment	Accrual Rate	Maximum Accrual Rate
a. 0-35 months (1-3 years)	3.08 hours per pay period	160.16 hours
b. 36- 59 months (3-5 years)	4.62 hours per pay period	240.24 hours
c. 60-119 months (5-10 years)	6.461 hours per pay period	335.97 hours
d. 120-179 months (10-15 years)	7.38 hours per pay period	383.76 hours
e. 180+ months (15+ years)	8.31 hours per pay period	432.12 hours

Regular/permanent part-time SBEA/MSU employees shall accrue vacation on a prorated basis based on their work schedule (i.e. 50% or 75%).

Vacation accrual, usage and pay-off shall be subject to the provisions of Section 10.01 of the City Personnel Rules and Regulations.

(b) Holiday

In recognition that full-time regular/permanent employees of the SBEA/MSU may be scheduled to work on City holidays as part of the regular scheduling process in order to provide full-time lifeguard protection services, the City agrees to pay each full-time regular/permanent employee of the SBEA/MSU an annual total of 152 hours of holiday-in-lieu pay payable in equal installments each two-week pay period. Holiday-in-Lieu pay is considered "Special Compensation" by CalPERS and California Code of Regulations (CCR).

Holiday-in-Lieu pay is considered "Special Compensation" by CalPERS and California Code of Regulations (CCR). Page 12 of 18 CCR 571 (5) defines "Holiday Pay" as additional compensation for employees who are normally required to work on an approved holiday because they work in positions that require staffing without regards to holidays. For this reason, CalPERS considers Holiday Pay as pensionable compensation.

(b-1) Holiday-in-Lieu and Regular Rate of Pay

Pays under this section will be based on regulations set forth by CalPERS and FLSA.

(c) Bereavement

Section 10.03 A. of the City Personnel Rules shall be amended to provide, with respect to SBEA/MSU employees, as follows:

- a. Bereavement Leave is generally granted so an employee does not have the shock of a death in the immediate family compounded by the loss of pay.
- b. Members of the immediate family are defined as an employee's spouse, registered domestic partner, children, father, mother, brothers, sisters, father-in-law, mother-in-law, brothers-in-law, sisters-in-law, fiancés, grandparents, and grandchildren.
- c. When a death occurs in an employees' immediate family, the employee shall be granted bereavement leave, without loss of pay, for up to five (5) working days per occurrence.
- d. The first three (3) working days of an employee's bereavement leave will be granted without any loss of pay.
- e. If additional bereavement leave is necessary, the employee may take up to two (2) additional working days of leave. This additional leave time can be taken at the option of the employee, as either without pay or as a charge against the employee's accrued sick leave balance.

- f. If additional bereavement leave is necessary (more than 5 workdays), the employee may use accrued vacation, compensating time off, or take an authorized leave without pay, subject to the approval of the department head.
- g. Bereavement leave does not need to be taken consecutively, but must be completed within 3 months of the date of the family member's death.
- h. The City may request documentation of the family member's death in the form of a death certificate, a published obituary, or a written verification of death, burial, or memorial services from a mortuary, funeral home, burial society, crematorium, religious institution, or government agency. The employee must provide the requested documentation within 30 days of the first day of leave.
- i. All hours of paid Bereavement Leave will count as hours worked for the purposes of FLSA overtime calculations. Unpaid Bereavement Leave will not count as hours worked for purposes of overtime calculations.

(d) Jury Duty/Witness Duty

- a. Employees shall be compensated for jury duty according to Section 10.04 of the City Personnel Rules and Regulations.
- b. While on jury duty, SBEA/MS members will be granted leave without any loss in pay.
- c. Time spent on jury duty is not considered hours worked. As such, it is not eligible for overtime, mileage reimbursement, expenses reimbursements, or Workers Compensation.
- d. Employees shall be compensated for court time according to Section 10.05 (Witness Duty) of the City Personnel Rules and Regulations.

(e) Special Leaves of Absence without Pay

An employee who has been employed by the CITY for at least 12 months and who has been employed for at least 1250 hours of service during the 12-month period immediately preceding the commencement of leave shall be entitled to a leave or leaves of absence, without pay, with right to return to the position, as specified by the Family Leave and Medical Act of 1993 (California Government Code 12945.2).

(f) Sick Leave

- a. SBEA/MSU employee members will accrue sick leave at the rate of 5.542 hours per pay period.
- b. All hours of sick leave will count as hours worked for the purposes of overtime calculations.

The CITY will provide sick leave payoff at retirement as follows:

(f-1) Sick Leave Payoff

Sick leave payoff will occur for normal (non- disability) retirements only. Payoff would be in cash at the rate of ten percent (10%) of the sick leave balance at the time of retirement up to a maximum payoff of ninety-six (96) hours. To qualify for payoff, an employee would be required to have a minimum of ten (10) years of service with the CITY. There will be no payoff at termination.

The provisions of the City of Solana Beach Personnel Rules and Regulations shall govern all other terms and conditions of employment.

(f-2) Sick Leave Conversion

SBEA/MSU Employee members shall be entitled to convert sick leave to vacation leave according to the provisions of the City's Personnel Rules and Regulations. The Personnel Rules and Regulations Section 10.02 (E) regarding Sick Leave Conversion will be updated to reflect that employees will be permitted to convert up to 40 hours of accumulated sick leave to vacation leave if no more than 40 hours of sick leave has been used by the employee during the prior year, and all other terms and conditions in the Personnel Rules regarding Sick Leave are met. All other terms and conditions in the Personnel Rules related to Sick Leave remain the same.

(g) Paid Leave Considered Time Worked

- a. All paid leave hours will be considered hours worked (with the exception of worker's compensation and leave without pay) for the purposes of MOU overtime calculations.
- b. MOU overtime will be paid at 1.5x the base rate of pay. If the additional work results in actual hours worked in excess of forty (40) hours in the employee's designated workweek, the employee shall be compensated for these excess hours at 1.5x the FLSA regular rate of pay.

SECTION 21. OVERTIME/COMP TIME

Employees shall be entitled to overtime pay or compensatory time (comp time) off in lieu of overtime pay as provided in Section 9.02 of the City Personnel Rules and Regulations.

SBEA/MSU employees may accrue and have a maximum current credit of 120 hours of comp time. Overtime work shall first be offered on a rotating basis to qualified employees in a department who desire overtime work and have notified the Marine Safety Captain in writing of their desire.

Marine Safety Captain Scheduling Authority Provision:

Per the discretion and approval of the Marine Safety Captain, SBEA-MSU members can use up to 40 hours per year per SBEA-MSU member for coverage using lifeguard personnel at the same rank to backfill in the event of an absence or vacancy.

Nothing in this MOU or the Personnel Rules shall be construed as guaranteeing that overtime work will be available.

SECTION 22. CALL BACK

Call Back Pay for SBEA/MSU employees shall be a minimum of four (4) hours.

SECTION 23. STANDBY-TIME

Standby pay will be compensated at a minimum of four (4) hours, for each day the employee is on “stand-by” status for represented Marine Safety Employees.

SECTION 24. MILEAGE ALLOWANCE

Employees shall receive a mileage allowance as provided in Section 9.05 of the City Personnel Rules and Regulations.

SECTION 25. UNIFORM ALLOWANCE

Employees represented by SBEA/MSU, shall receive uniform allowance in the amount of \$1,000 annually. The uniform allowance payment is to compensate for all costs associated with uniform purchase, replacement, maintenance, etc. Effective the first full pay period in July 2023, the \$1,000 uniform allowance will be spread evenly over 26 pay periods.

SECTION 26. CONTINUING LICENSURE INCENTIVE (CLI)

The City will provide Continuing Licensure Incentive (CLI) pay for all SBEA-MSU members who maintain an active Emergency Medical Technicians (EMT) license as listed below.

Eligible Employees:

- Marine Safety Lieutenant: \$1,200 per year (\$100 per month)
- Marine Safety Sergeant: \$1,200 per year (\$100 per month)
- Temporary/Seasonal Senior Lifeguard + EMT: \$1,200 per year (\$100 per month)
 - a. CLI Pay will be paid based on 26 pay periods per year.
 - b. Eligible employees must provide the Human Resources Department with evidence of their up to date license each year on July 1 (beginning of Fiscal Year).
 - c. CLI for permanent part-time SBEA/MSU employees shall be prorated based on work schedule (i.e. 50% or 75%). CLI Pay will not accrue during any leave (paid or unpaid) of more than thirty (30) days.
 - d. Temporary/seasonal employees must have paid hours during a pay period in order to receive their CLI pay. If there are no reportable work hours (i.e. no earnings), the temporary/seasonal employee will not be eligible for CLI Pay during that pay period.
 - e. Pays under this section will be paid and reported as set forth by CalPERS and its Special Compensation regulations.

SECTION 27. BILINGUAL PAY

The City agrees to provide Bilingual Pay in the amount of \$100 per month, to those employees who regularly use their bilingual skills in the performance of their duties. The employee must successfully pass a Bilingual Performance Examination as determined appropriate by the Human Resources Department.

- a. All SBEA/MSU employees, including temporary/seasonal employees, are eligible to participate in the Bilingual Pay Program.
- b. Bilingual Pay will be paid based on 26 pay periods per year.
- c. Eligible employees must successfully pass a Bilingual Performance Examination every three (3) years, as determined appropriate by the Human Resources Manager.
- d. Eligible languages are Spanish and American Sign Language.
- e. Bilingual Pay for permanent part-time SBEA/MSU employees shall be prorated based on work schedule (i.e. 50% or 75%).
- f. Bilingual Pay will not accrue during any leave (paid or unpaid) of more than thirty (30) days.
- g. Temporary/seasonal employees must have paid hours during a pay period in order to receive their bilingual pay. If there are no reportable work hours (i.e. no earnings), the temporary/seasonal employee will not be eligible for Bilingual Pay during that pay period.
- h. During the term of this MOU, the City will continue to use Alta Language Services for Spanish bilingual testing services. Eligible employees will be scored based on the criteria listed below:

ALTA Speaking/Listening

- 10 -12 Superior= Fluent
- 06 - 09 Conversational = Basic
- 05 and below= Fail

SECTION 28. SEVERANCE PAY

The CITY shall provide severance pay for SBEA/MSU employees with five or more years of CITY service who are laid off from employment pursuant to Section 11 of the City Personnel Rules and Regulations as follows:

- a. Employees with five or more years of CITY service who are laid off from employment pursuant to Section 11 of the City Personnel Rules and Regulations shall receive a severance pay in an amount of the employee's base salary for a period of forty-five days after the date of the employees termination; provided, however, in the event the period from the date of giving notice of proposed layoff to the date of termination pursuant to that notice is greater than thirty days then the days for which severance pay is received shall be reduced by one day for each day the notice period exceeds

thirty days, and further provided that the minimum amount of severance pay shall be equivalent to thirty days base salary. Severance pay shall cease if the employee obtains employment prior to the expiration of the severance pay period. If the employee obtains unemployment insurance benefits, the amount of severance pay shall be limited to the difference between the employee's base salary and the amount of the unemployment insurance benefit payment.

- b. Severance pay shall be payable in installments. The first installment shall be made on a regularly scheduled pay day following the date of termination. Subsequent payments shall be made on a biweekly basis, thereafter on regularly scheduled pay days.
- c. An employee shall provide the CITY with a certification of continuing eligibility to receive severance pay and receipt or non-receipt of unemployment insurance benefits prior to each severance pay installment. The certification shall be under penalty of perjury.
- d. In addition to the severance pay, the CITY will continue to pay the monthly premium for health, dental and vision insurance paid by the CITY on the date of termination in order to continue coverage for a period of 90 days from the date of termination.
- e. An employee receiving severance pay shall not be considered to be an employee of the CITY after the date of termination. Severance pay shall not be considered salary for the purposes of the Public Employees Retirement System.
- f. Employees who are subject to layoff because the exercise of "bumping" or "retreat" rights by another employee pursuant to Section 11 of the Personnel Rules and Regulations shall receive the same notice of layoff and shall have the same rights to bump less senior employees as the employee originally receiving the notice of proposed layoff.

SECTION 29. SAFETY PROVISIONS

a. Sunglasses

The CITY shall provide one pair of sunglasses to each Marine Safety represented employee or will reimburse said employees an amount not to exceed one hundred fifty dollars (\$150.00) per year, for the employee's purchase of one pair of sunglasses.

b. Sunscreen

The CITY will purchase, in bulk, sunscreen and provide such sunscreen on an as needed basis to all CITY employees who perform work outdoors.

SECTION 30. TUITION REIMBURSEMENT

Each full-time permanent SBEA-MSU member who has completed the probationary period shall be eligible for tuition reimbursement up to \$2,000 per fiscal year in tuition reimbursement for college level courses or additional training, or when such courses or training are required to obtain or maintain a job-related certificate, or any other course previously approved by the Marine Safety Captain. All classes would require prior approval from the Marine Safety Captain and as authorized by the City Manager for the employee to receive any reimbursement. The employee shall be reimbursed for fees and/or tuition only upon

conclusion of each individual course with a grade of “C” or better or successful completion of courses that do not assign grades. Proof of satisfactory completion and payment must be provided.

SECTION 31. EDUCATION INCENTIVE PAY

The City will provide Educational Incentive Pay (EIP) to all SBEA-MSU members who currently possesses or during the term of this MOU acquire an Associate’s (AA/AS) degree or a Bachelor’s (BA/BS) degree from an accredited college or university. SBEA-MSU eligible members must provide the City (Human Resources Department) with evidence of their AA/AS or BA/BS degree in order to qualify for this pay. EIP shall begin at the beginning of a pay period following when such evidence is received by the Human Resources Department and shall not be retroactive. SBEA-MSU eligible members, who provide the appropriate documentation, will receive EIP in equal installments each two-week pay period in conjunction with their Holiday-in-Lieu pay.

- Associate’s degree: \$960 per year (\$80 per month)
- Bachelor’s degree: \$1,800 per year (\$150 per month)

EIP is not cumulative and the maximum EIP a SBEA-MSU member may receive is \$1,800 per fiscal year (\$150 per month).

Pays under this section will be paid and reported as set forth by CalPERS and its Special Compensation regulations.

SECTION 32. LONGEVITY INCENTIVE PAY

The City will provide a one-time lump sum Longevity Incentive Pay (LIP) to all SBEA-MSU on their milestone anniversary (based on permanent hire date) with the City as listed below. LIP shall be paid on the pay date which includes the SBEA-MSU member's anniversary date within the pay period. LIP is not retroactive.

Pays under this section will be paid and reported as set forth by CalPERS and its Special Compensation regulations.

- 10-year anniversary - \$500
- 15-year anniversary - \$1,000
- 20-year anniversary - \$1,500
- 25-year anniversary - \$1,750
- 30-year anniversary - \$2,000

SECTION 33. REOPENER

During the duration of this MOU the City will reopen negotiations to discuss the following items for citywide implementation:

- a. New City Personnel Rules & Regulations
- b. Establishment of a Retiree Health Savings Account (RHSA)

SECTION 34. SAVINGS CLAUSE

If any provisions of this MOU should be found invalid, unlawful, or unenforceable by reason of any existing or subsequent enacted legislation or by judicial authority, all other provisions of this MOU shall remain in full force and effect for the duration of this MOU.

In the event of invalidation of any provisions, the CITY and the Association agree to meet within thirty (30) days of notice by either to the other for the purpose of renegotiating said provision.

SECTION 35. SEVERABILITY

It is understood and agreed that this MOU is subject to all current and future applicable federal and state laws, or federal and state regulations. If any part or provision of this MOU is in conflict or inconsistent with such laws, rules, and regulations, or is otherwise held to be invalid or unenforceable by a tribunal or competent jurisdiction, such part or provision shall be suspended and superseded by such applicable law or regulations, and the remainder of this MOU shall not be affected.

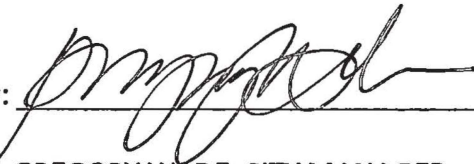
SECTION 36. TERM

The term of this agreement shall commence on July 1, 2023, subject to formal approval by the City Council, and shall expire at 12:00 a.m. (midnight) on June 30, 2027.

APPENDIX A


SBEA/MSU represents that this Memorandum of Understanding has been duly ratified by its membership. Following approval by the City Council, its terms and conditions shall be implemented by appropriate ordinance, resolution, or other appropriate lawful action.

CITY:

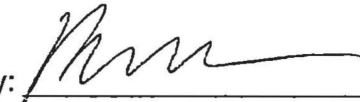
By: 
GREGORY WADE, CITY MANAGER

Date: 7-17-23

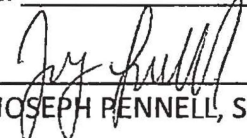
SBEA/MARINE SAFETY UNIT:

By: 
GREG URUBURU, SBEA-MSU

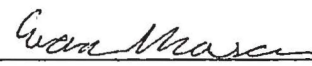
Date: 7.5.23

By: 
ROB MCPHEE, SBEA/MSU

Date: 7.5.23

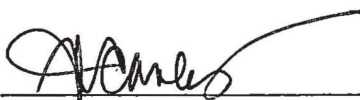
By: 
JOSEPH PENNELL, SBEA/MSU

Date: 07-05-2023

By: 
EVAN MASON, SBEA/MSU

Date: 7/5/2023

APPROVED AS TO LEGAL FORM:

By: 
JOHANA N. CANLAS
CITY ATTORNEY

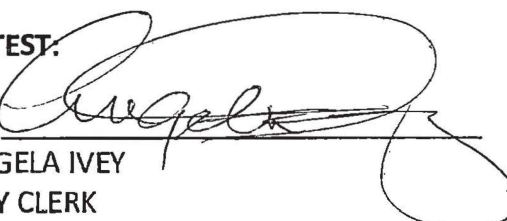
Date: 07/18/2023

CITY COUNCIL:

By: 
LESA HEEBNER
MAYOR

Date: _____

ATTEST:

By: 
ANGELA IVEY
CITY CLERK

Date: _____

APPENDIX B

**SALARY SCHEDULE EFFECTIVE FIRST FULL PAY PERIOD IN JULY 2023 SOLANA
 BEACH EMPLOYEES' ASSOCIATION,
 MARINE SAFETY UNIT**

FY 2023/2024

**MARINE SAFETY EMPLOYEES
 SALARY SCHEDULE 4
 JULY 1, 2023**

Pay Grade	Job Classification	Hourly						Monthly					
		Step A	Step B	Step C	Step D	Step E	Step F	Step A	Step B	Step C	Step D	Step E	Step F
Marine Safety 7101	Marine Safety Sergeant	\$ 32.82	\$ 34.45	\$ 36.18	\$ 38.00	\$ 39.89	\$ 41.89	\$ 5,688.80	\$ 5,971.33	\$ 6,271.20	\$ 6,586.67	\$ 6,914.27	\$ 7,260.93
Marine Safety 7201	Marine Safety Lieutenant	\$ 39.65	\$ 41.64	\$ 43.72	\$ 45.90	\$ 48.19	N/A	\$ 6,872.67	\$ 7,217.60	\$ 7,578.13	\$ 7,956.00	\$ 8,352.93	N/A

SALARY SCHEDULE EFFECTIVE FIRST FULL PAY PERIOD IN JULY 2024

FY 2024/2025

**MARINE SAFETY EMPLOYEES
 SALARY SCHEDULE 4
 JULY 13, 2024**

Pay Grade	Job Classification	Hourly						Monthly					
		Step A	Step B	Step C	Step D	Step E	Step F	Step A	Step B	Step C	Step D	Step E	Step F
Marine Safety 7101	Marine Safety Sergeant	\$ 33.80	\$ 35.48	\$ 37.27	\$ 39.14	\$ 41.09	\$ 43.15	\$ 5,858.67	\$ 6,149.87	\$ 6,460.13	\$ 6,784.27	\$ 7,122.27	\$ 7,479.33
Marine Safety 7201	Marine Safety Lieutenant	\$ 40.84	\$ 42.89	\$ 45.03	\$ 47.28	\$ 49.64	N/A	\$ 7,078.93	\$ 7,434.27	\$ 7,805.20	\$ 8,195.20	\$ 8,604.27	N/A

SALARY SCHEDULE EFFECTIVE FIRST FULL PAY PERIOD IN JULY 2025

FY 2025/2026

**MARINE SAFETY EMPLOYEES
 SALARY SCHEDULE 4
 JULY 12, 2025**

Pay Grade	Job Classification	Hourly						Monthly					
		Step A	Step B	Step C	Step D	Step E	Step F	Step A	Step B	Step C	Step D	Step E	Step F
Marine Safety 7101	Marine Safety Sergeant	\$ 34.81	\$ 36.54	\$ 38.39	\$ 40.31	\$ 42.32	\$ 44.44	\$ 6,033.73	\$ 6,333.60	\$ 6,654.27	\$ 6,987.07	\$ 7,335.47	\$ 7,702.93
Marine Safety 7201	Marine Safety Lieutenant	\$ 42.07	\$ 44.18	\$ 46.38	\$ 48.70	\$ 51.13	N/A	\$ 7,292.13	\$ 7,657.87	\$ 8,039.20	\$ 8,441.33	\$ 8,862.53	N/A

SALARY SCHEDULE EFFECTIVE FIRST FULL PAY PERIOD IN JULY 2026

FY 2026/2027

**MARINE SAFETY EMPLOYEES
 SALARY SCHEDULE 4
 JULY 11, 2026**

Pay Grade	Job Classification	Hourly						Monthly					
		Step A	Step B	Step C	Step D	Step E	Step F	Step A	Step B	Step C	Step D	Step E	Step F
Marine Safety 7101	Marine Safety Sergeant	\$ 35.85	\$ 37.64	\$ 39.54	\$ 41.52	\$ 43.59	\$ 45.77	\$ 6,214.00	\$ 6,524.27	\$ 6,853.60	\$ 7,196.80	\$ 7,555.60	\$ 7,933.47
Marine Safety 7201	Marine Safety Lieutenant	\$ 43.33	\$ 45.51	\$ 47.77	\$ 50.16	\$ 52.66	N/A	\$ 7,510.53	\$ 7,888.40	\$ 8,280.13	\$ 8,694.40	\$ 9,127.73	N/A

RESOLUTION 2024-034

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOLANA BEACH, CALIFORNIA, APPROVING THE SIDE LETTER BETWEEN THE CITY AND THE SOLANA BEACH MARINE SAFETY EMPLOYEE GROUP FOR OUT OF CLASS ASSIGNMENTS.

WHEREAS, Employer-Employee Relations for the City of Solana Beach (hereinafter, "City") are governed by California Government Code section 3500 through 3511, known as the Meyers-Milias-Brown Act, and

WHEREAS, the Solana Beach Employees' Association-Marine Safety Unit (SBEA-MSU) is the recognized bargaining unit for the Marine Safety employees of the City of Solana Beach; and

WHEREAS, the City SBEA-MSU met and conferred in good faith regarding Out of Class Assignments; and

WHEREAS, the parties reached agreement to the terms and memorialized the agreed upon terms in a Side Letter Agreement for Out of Class Assignments ("Side Letter Agreement"); and

WHEREAS, the City Council approved the Side Letter Agreement at a regular Council Meeting on March 27, 2024; and

WHEREAS, the attached Side Letter Agreement has been ratified and approved by the membership of SBEA-MSU; and

WHEREAS, the City Council has considered the Interim City Manager's recommendations and is prepared to approve the terms of the Side Letter Agreement for employees represented by the above-mentioned group.

NOW, THEREFORE, the City Council of the City of Solana Beach, California, does resolve as follows:

1. That the foregoing recitations are true and correct.
2. The attached Side Letter Agreement between the City and employees represented by SBEA-MSU is hereby approved, effective March 25, 2024.

PASSED AND ADOPTED this 27th day of March 2024 at a regular meeting of the City Council of the City of Solana Beach, California, by the following vote:

AYES: Councilmembers –
NOES: Councilmembers –
ABSENT: Councilmembers –
ABSTAIN: Councilmembers –

LESA HEEBNER, Mayor

APPROVED AS TO FORM:

ATTEST:

JOHANNA N. CANLAS, City Attorney

ANGELA IVEY, City Clerk

**SIDE LETTER AGREEMENT
BETWEEN
THE CITY OF SOLANA BEACH
AND THE
SOLANA BEACH EMPLOYEES' ASSOCIATION - MARINE SAFETY UNIT**

RELATING TO OUT OF CLASS ASSIGNMENTS

The City of Solana Beach (hereinafter referred to as "City") and the Solana Beach Employees' Association - Marine Safety Unit ("SBEA-MS") entered into a Memorandum of Understanding ("MOU") with a term beginning on July 1, 2023, and terminating on June 30, 2027. The City and SBEA-MS are collectively referred to herein as the "Parties." The Parties now enter into this Side Letter of Agreement ("Agreement") as an amendment to the MOU.

The specific provisions contained in this Agreement shall supersede any conflicting prior oral or written agreements, including the MOU, regarding the matters contained in this Agreement. Except as otherwise provided in this Agreement, the remainder of the MOU and other terms and conditions of employment, including agreements regarding wages and hours, shall remain in full force and effect.

The Parties have satisfied their obligations to meet and confer in good faith in accordance with the Meyers-Milias-Brown Act ("MMBA") concerning the terms and conditions of this Agreement and its implementation.

Thus, the Parties mutually agree to modify the MOU as follows: Section 37 of the MOU, entitled, "Out of Class Assignments" shall be added to the MOU as follows:

SECTION 37. OUT OF CLASS ASSIGNMENTS

An employee who is temporarily assigned to perform the full range of duties of a higher classification due to a vacancy or temporary absence of the employee regularly employed in the higher classification, shall receive out of class assignment as set forth in this section.

- i. The employee must meet the minimum qualifications of the higher classification.
- ii. The employee will have full authority and responsibility of the higher classification assignment, must assume 100% of the higher-level duties, and will not continue to perform their current duties in addition to the duties of the out of class assignment classification.
- iii. Out of class assignment pay will apply to an assignment lasting 80 hours or longer. The employee shall begin to receive the higher pay on the 81st hour worked in the higher classification.

- iv. Employees in an out of class assignment shall earn 5% above the employee’s regular rate of pay for work performed in the out of class assignment. Out-of-class pay of more than 5% must be authorized by the City Manager.
- v. Benefits of the higher classification are not available, and the employee will continue to receive the benefits of the employee's regular position.
- vi. Employees who are assigned to an exempt classification will not be eligible to earn overtime.
- vii. Paid leave while in an out of class assignment shall be paid at the rate established for the out of class assignment.
- viii. CalPERS Reporting
 - To the extent permitted by law, out of class assignment pay is special compensation and shall be reported to CalPERS as such pursuant to Title 2 CCR Section 571(a)(3) Temporary Upgrade Pay only if the employee is a Classic CalPERS Member. However, it is ultimately CalPERS who determines whether any form of pay is reportable special compensation.
 - Regardless of whether the employee is a Classic or PEPRa CalPERS Member, an employee’s hours worked in out of class assignment for a position that is vacant during recruitment for a permanent appointment shall not exceed 960 hours per fiscal year and will be reported to CalPERS pursuant to Government Code section 20480.

The City and SBEA-MS agree that this Side Letter Agreement will be presented to the City of Solana Beach City Council for its determination prior to implementation and shall not be effective until or unless the City Council renders its approval.

Date: 18/03/2024


Robert McPhee (Mar 18, 2024 13:31 PDT)
 SOLANA BEACH EMPLOYEE'S ASSOCIATION - MARINE SAFETY
 Rob McPhee

Date: 19/03/2024


Joseph Pennell (Mar 19, 2024 07:51 PDT)
 SOLANA BEACH EMPLOYEES' ASSOCIATION - MARINE SAFETY
 Joseph Pennell

Date: _____

 CITY OF SOLANA BEACH



STAFF REPORT CITY OF SOLANA BEACH

TO: Honorable Mayor and City Councilmembers
FROM: Dan King, Interim City Manager
MEETING DATE: March 27, 2024
ORIGINATING DEPT: Community Development Department
SUBJECT: **City Council Consideration of Resolution 2024-032 Approving the Housing Element Annual Progress Report and Housing Successor Annual Report for Fiscal Year 2022/23 and Directing Submittal to the California Department of Housing and Community Development and the Governor’s Office of Planning and Research**

BACKGROUND:

Government Code¹ Section 65400 requires that each city and county planning agency prepare an annual progress report (APR) on the status of the Housing Element of its General Plan and report on the progress of the implementation of the policies in the Housing Element, using the forms and definitions adopted by the California Department of Housing and Community Development (HCD). A required part of the report is the Housing Successor Annual Report (Housing Successor Report).

The item before City Council (Council) is to consider adoption of Resolution 2024-032 (Attachment 1) ratifying the Housing Element APR (Attachment 2) and Housing Successor Annual Report for Fiscal Year (FY) 2022/23 (Attachment 3) pursuant to California Health and Safety Code Section 34176.1(f). If approved, Staff will submit the final reports to HCD and the Governor’s Office of Planning and Research.

DISCUSSION:

The Housing Element is an important planning policy document. It is used to identify the projected housing needs of the community and establish policies to support the further development of all types of housing, including affordable housing, within the City.

¹ All references are to the California Government Code unless specified otherwise.

COUNCIL ACTION:

All California municipalities are required to adopt a Housing Element as part of their General Plan. Distinct from the other General Plan elements, the Housing Element is subject to detailed statutory requirements and mandatory review by HCD.

The Council adopted the City of Solana Beach Housing Element 2021-2029 and Negative Declaration by Resolution 2023-058 on May 10, 2023. The document was certified by HCD on June 8th, 2023.

This progress report spans from January 1, 2023 through December 31, 2023 and includes statistics on the production of all housing types, including affordable housing, during the sixth cycle of the Regional Housing Needs Assessment (RHNA) for the San Diego Association of Governments (SANDAG), which began on April 15, 2021 and ends on April 15, 2029. The 2021 Housing Element APR (Attachment 2) contains the information required by state law. The data included in the APR is further described below.

Table A - Housing Development Applications Submitted

As part of the reporting requirements, cities are required to provide data on housing developments for which an application was submitted (and deemed complete) between January 1, 2023 and December 31, 2023. Housing development applications include an application for a discretionary entitlement, which results in a newly constructed housing unit, or a building permit application when only a ministerial process is required. Only newly constructed housing units are reported. For example, an application for an addition to an existing residence would not be counted; however, an application for a demolition and replacement of a residential structure would be counted. Furthermore, only applications which were “deemed complete” in 2023 were included. Attachment 2, Table A, includes all housing applications deemed complete in 2023, the number of proposed units by affordability level, and the number of units that have been approved by affordability level. In 2023, 34 housing development applications were deemed complete for a combined total of 34 units.

Table A-2 - Annual Building Activity Report Summary

Another reporting requirement includes the requirement for data on net new housing units and developments that have received any one of the following: an entitlement, a building permit or a certificate of occupancy. The data is included in Attachment 2, Table A2. Only developments that resulted in net new housing units are included in Table A2. For example, an application that included the demolition and replacement of a residential structure would not be counted in this table; however, a new housing application proposed on a vacant lot would be counted.

It is expected that the same projects will be reported in multiple years of APRs. For example, a project will be listed in three separate APRs if it is entitled in one year, receives a building permit next year, and the certificate of occupancy in the following year.

In 2023, 3 development projects that result in net new housing units received entitlements, for a combined total of 3 net new units; 18 development projects received

building permits for a combined total of 18 net new units; and 20 development projects were finalized for a combined total of 46 net new units.

Table B - Regional Housing Needs Assessment (RHNA) Progress Report

On July 10, 2020, SANDAG adopted the RHNA allocations for each jurisdiction within the region for an 8-year cycle, beginning on April 15, 2021 and ending April 15, 2029. The RHNA allocation for all income categories for the City of Solana Beach is 875 units over this 8-year projection period.

Attachment 2, Table B identifies the number of net new dwelling units that were issued building permits from January 1, 2023, through December 31, 2023, based on income category.

As of December 31, 2023, a net total of 96 housing units were issued building permits, leaving a remainder of 779 units in the total RHNA allocation of 875 units for all income types. Of those 96 housing units, 18 were permitted during the 2023 reporting period. A breakdown of the housing units by year is depicted in Attachment 2, Table B.

For the current RHNA cycle, the number of permitted housing units by affordable category is as follows:

- The City's total RHNA allocation for above moderate income units is 240 and 36 units in this category have been permitted.
- The total RHNA allocation for moderate income units is 160 and 60 moderate income units, which are Accessory Dwelling Units, have been permitted.
- The total RHNA allocation for low income units is 159 and 0 units have been permitted.
- The total RHNA allocation for very low income units is 316 and 0 units have been permitted.

Table C –Sites Identified or Rezoned to Accommodate Shortfall Housing Need

Attachment 2, Table C is used to report rezoned or identified sites required by no net loss pursuant to Government Code Section 65863. When a city permits or causes its housing element sites inventory site capacity to be insufficient to meet its remaining unmet RHNA, they are required to identify additional sites to meet the RHNA or if needed, rezone sites to accommodate the unmet RHNA. There were no development projects approved in 2023 that resulted in the City's inability to meet its unmet RHNA; therefore, these reporting requirements do not apply to the City and were left unreported.

Table D – Housing Element Cycle and Implementation Progress Report

Attachment 2, Table D provides an itemized status report on the 2021-2029 Housing Element Implementation for 37 programs, which were adopted with the City's Housing Element. These programs establish the policies of the City Council to encourage the construction of new affordable housing in Solana Beach, additional affordable housing opportunities using existing housing, and new housing in all income categories as identified in the RHNA and the Housing Element itself.

Information on other City regulations, which serve to facilitate affordable housing in the community, is located at the public counter in City Hall. This includes information on the City's density bonus and the City's Affordable Housing and Accessory Dwelling Unit Ordinances.

Table E – Commercial Development Bonus

Attachment 2, Table E is used to report information on commercial development bonuses approved during the reporting period. When an applicant for approval of a commercial development has entered into an agreement for partnered housing to contribute affordable housing through a joint project or two separate projects encompassing affordable housing, the city, county, or city and county shall grant to the commercial developer a development bonus as prescribed in Government Code Section 65915.7. No commercial development bonuses were requested or approved; therefore, these reporting requirements do not apply and were left unreported.

Housing Successor Annual Report

Senate Bill 341 (SB 341), which is codified in Health and Safety Code Section 34176.1 (Section 34176.1) and became effective on January 1, 2014, requires each housing successor that assumed the housing functions of a former redevelopment agency to post a report on its website that contains information regarding the low- and moderate-income housing asset fund (Fund) of the former redevelopment agency for the previous fiscal year. In this case, the City, as the housing successor (Housing Successor), is required to prepare and post the report.

In addition, the Housing Successor is required to conduct and provide to the Council an independent financial audit (Audit) of the Fund within six months of the end of the fiscal year. The Audit may be included as part of the City's independent financial audit.

The Housing Successor assumed the housing functions of the former Solana Beach Redevelopment Agency (RDA) on January 11, 2012. The transfer of the functions included the transfer of formerly designated RDA low- and moderate-income housing funds together with any funds generated by former RDA housing assets. The funds must be maintained by the City in the separate Fund and expended in accordance with Section 34176.1. Allowable expenditures include the development of affordable housing, monitoring and preservation of housing subject to affordability restrictions and covenants, and homelessness prevention and rapid rehousing services for homeless individuals.

To ensure that the monies in the Fund are expended in accordance with the law, Section 34176.1(f) requires an independent financial audit of the Fund within six months of the end of the fiscal year. The Fund has maintained a zero balance for the entirety of the fiscal year. As a result, no audit report was prepared for the fiscal year.

SB 341 also requires annual reporting and website posting of a Housing Successor Report for the fiscal year related to the Fund. The Housing Successor Report for FY 2021/22 includes the following information:

- The Fund's balance for the fiscal year ending June 30, 2022 was \$0 and there was no financial activity for the fiscal year ending June 30, 2023 resulting in a \$0 fund balance for fiscal year ending June 30, 2023.
- The statutory value of assets owned by the Housing Successor was \$0.
- The Fund does not have an "excess surplus" (the aggregate of unencumbered funds deposited into the Fund during the preceding four fiscal years).

After Council approval, the Housing Successor Report (Attachment 3) will be posted on the City's website and submitted to HCD.

In conclusion, Staff recommends that the Council consider approval of Resolution 2024-032 as contained in Attachment 1. Should the Council approve and adopt Resolution 2024-032, it is further recommended that the Council direct City Staff to submit the 2023 Housing Element APR and the 2022/23 Housing Successor Annual Report to HCD as required by state law.

CEQA COMPLIANCE STATEMENT:

Not a project as defined by CEQA.

FISCAL IMPACT:

N/A

WORK PLAN:

Community Character – Land Use & Planning – Housing Element

OPTIONS:

- Approve Staff's recommendation to adopt the 2023 Annual Housing Element Progress Report and the 2022/23 Housing Successor Annual Report and adopt Resolution 2024-032 directing that the reports be submitted to HCD and the Governor's Office of Planning and Research.

- Approve the reports with modifications and adopt Resolution 2024-032 directing Staff to submit the report to HCD and the Governor's Office of Planning and Research.
- Provide other direction to Staff.

DEPARTMENT RECOMMENDATION:

Staff recommends that the City Council adopt Resolution 2023-039 approving the 2023 Housing Element Annual Progress Report and the 2022/23 Housing Successor Annual Report as submitted and directing City Staff to file the report with the California Department of Housing and Community Development and the Governor's Office of Planning and Research.

CITY MANAGER'S RECOMMENDATION:

Approve Department Recommendation



Dan King, Interim City Manager

Attachments:

1. Resolution 2024-032
2. 2023 Annual Housing Element Progress Report
3. 2022/23 Housing Successor Annual Report

RESOLUTION 2024-032

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOLANA BEACH, CALIFORNIA, APPROVING THE 2023 HOUSING ELEMENT PROGRESS REPORT AND THE HOUSING SUCCESSOR ANNUAL REPORT FOR FISCAL YEAR 2022/23 AND DIRECTING SUBMITTAL TO THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

WHEREAS, on May 10, 2023, the City Council adopted the City of Solana Beach 2021-2029 Housing Element by Resolution 2023-058; and

WHEREAS, the Housing Element is an important planning tool for the City of Solana Beach in meeting the housing needs of the community. It establishes an action plan to meet these needs pursuant to Government Code Section 65302(c) which sets forth the specific components to be contained in a community's housing element; and

WHEREAS, on July 10, 2020, the San Diego Association of Governments adopted a plan for the Regional Housing Needs Assessment (RHNA) allocating regional housing needs for the sixth RHNA cycle beginning April 15, 2021 and extending to April 15, 2029 to include adoption of Table B located within Attachment 1; and

WHEREAS, the City is required to submit to the California Department of Housing and Community Development (HCD) by April 1, 2024, the 2023 Annual Housing Element Progress Report (Housing Element Report); and

WHEREAS, the Housing Successor Annual Report for Fiscal Year 2022/23 is required by Health & Safety Code Section 34176.1(f) to be submitted to HCD with the Housing Element Report; and

WHEREAS, on March 27, 2024, the City Council adopted the 2023 Annual Housing Element Progress Report and the Housing Successor Annual Report as required under Government Code Section 65400(a)(2)(B).

NOW, THEREFORE, the City Council of the City of Solana Beach, California, does resolve as follows:

1. That the above recitations are true and correct.
2. The 2023 Annual Housing Element Progress Report and the 2022/23 Housing Successor Annual Report are approved.
3. City Staff is directed to submit and file the 2023 Annual Housing

Element Progress Report and the 2022/23 Housing Successor Annual Report with the State Department of Housing and Community Development Department, and also the Governor's Office of Planning and Research.

PASSED AND ADOPTED this 27th day of March, 2024, at a regular meeting of the City Council of the City of Solana Beach, California by the following vote:

AYES: Councilmembers –
NOES: Councilmembers –
ABSTAIN: Councilmembers –
ABSENT: Councilmembers –

LESA HEEBNER, Mayor

APPROVED AS TO FORM:

ATTEST:

JOHANNA N. CANLAS, City Attorney

ANGELA IVEY, City Clerk

Jurisdiction	Solana Beach	
Reporting Year	2023	(Jan. 1 - Dec. 31)
Housing Element Planning Period	6th Cycle	04/30/2021 - 04/30/2029

Building Permits Issued by Affordability Summary		
Income Level		Current Year
Very Low	Deed Restricted	0
	Non-Deed Restricted	0
Low	Deed Restricted	0
	Non-Deed Restricted	0
Moderate	Deed Restricted	2
	Non-Deed Restricted	16
Above Moderate		0
Total Units		18

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

Units by Structure Type	Entitled	Permitted	Completed
Single-family Attached	0	0	0
Single-family Detached	1	2	0
2 to 4 units per structure	1	1	0
5+ units per structure	0	0	25
Accessory Dwelling Unit	1	15	21
Mobile/Manufactured Home	0	0	0
Total	3	18	46

Infill Housing Developments and Infill Units Permitted	# of Projects	Units
Indicated as Infill	18	18
Not Indicated as Infill	0	0

Housing Applications Summary	
Total Housing Applications Submitted:	34
Number of Proposed Units in All Applications Received:	34
Total Housing Units Approved:	25
Total Housing Units Disapproved:	0

Use of SB 35 Streamlining Provisions - Applications	
Number of SB 35 Streamlining Applications	0
Number of SB 35 Streamlining Applications Approved	0

Units Constructed - SB 35 Streamlining Permits			
Income	Rental	Ownership	Total
Very Low	0	0	0

Low	0	0	0
Moderate	0	0	0
Above Moderate	0	0	0
Total	0	0	0

Streamlining Provisions Used - Permitted Units	# of Projects	Units
SB 9 (2021) - Duplex in SF Zone	0	0
SB 9 (2021) - Residential Lot Split	0	0
AB 2011 (2022)	0	0
SB 6 (2022)	0	0
SB 35 (2017)	0	0

Ministerial and Discretionary Applications	# of Applications	Units
Ministerial	24	24
Discretionary	10	10

Density Bonus Applications and Units Permitted	
Number of Applications Submitted Requesting a Density Bonus	0
Number of Units in Applications Submitted Requesting a Density Bonus	0
Number of Projects Permitted with a Density Bonus	0
Number of Units in Projects Permitted with a Density Bonus	0

Housing Element Programs Implemented and Sites Rezoned	Count
Programs Implemented	37
Sites Rezoned to Accommodate the RHNA	0

Jurisdiction	Solana Beach	
Reporting Year	2023	(Jan. 1 - Dec. 31)
Planning Period	6th Cycle	04/30/2021 - 04/30/2029

**ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation**

Note: "+" indicates an optional field

Cells in grey contain auto-calculation formulas

**Table A
Housing Development Applications Submitted**

Project Identifier					Unit Types		Date Application Submitted	Proposed Units - Affordability by Household Incomes							Total Approved Units by Project	Total Disapproved Units by Project	Streamlining	Density Bonus Law Applications		Application Status	Project Type	Notes		
1					2	3	4	5							6	7	8	9	10		11	12	13	
Prior APN*	Current APN	Street Address	Project Name*	Local Jurisdiction Tracking ID	Unit Category (SFA,SFD,2 to 4,5+,ADU,MH)	Tenure R=Renter O=Owner	Date Application Submitted (see instructions)	Very Low-Income Deed Restricted	Very Low-Income Non Deed Restricted	Low-Income Deed Restricted	Low-Income Non Deed Restricted	Moderate-Income Deed Restricted	Moderate-Income Non Deed Restricted	Above Moderate-Income	Total PROPOSED Units by Project	Total APPROVED Units by project	Total DISAPPROVED Units by Project	Please select streamlining provision/s the application was submitted pursuant to.	Did the housing development application seek incentives or concessions pursuant to Government Code section 65915?	Were incentives or concessions requested pursuant to Government Code section 65915 approved?	Please indicate the status of the application.	Is the project considered a ministerial project or discretionary project?	Notes*	
Summary Row: Start Data Entry Below								0	0	0	0	1	23	10	34	25	0							
	298-121-26	504 S Nardo Ave	Nicholas	DRP22-025	SFD	O	10/12/2023							1	1	1		NONE	No	No	Approved	Discretionary		
	263-052-07	411 N Acacia Ave	Lenihan	DRP22-019	SFD	O	12/4/2023							1	1	1		NONE	No	No	Approved	Discretionary		
	298-270-12	959 Highland Dr	Setinadi	DRP22-026	SFD	O	11/9/2023							1	1	1		NONE	No	No	Approved	Discretionary		
	263-095-17	654 Glenmont Dr	Saik	DRP22-024	SFD	O	11/9/2023							1	1	1		NONE	No	No	Approved	Discretionary		
	263-362-14	312 N Rios Ave	Wadley	DRP23-004	SFD	O	6/30/2023							1	1	1		NONE	No	No	Approved	Discretionary		
	263-061-14	446 Seabright Ln	Levitt	DRP23-003	SFD	O	9/22/2023							1	1	1		NONE	No	No	Approved	Discretionary		
	263-311-13	256 Pacific Ave	Hester	DRP22-018	SFD	O	3/27/2023							1	1	1		NONE	No	No	Approved	Discretionary		
	263-321-21	228 N Helix Ave	Bowers	DRP22-013	SFD	O	3/16/2023							1	1	1		NONE	No	No	Approved	Discretionary		
	298-320-17	722 W Solan Cir	Kenyon	DRP22-004	SFD	O	3/15/2023							1	1	1		NONE	No	No	Approved	Discretionary		
	298-073-13	147 S Rios Ave	Von Summer	DRP22-007	SFD	O	1/3/2023							1	1	1		NONE	No	No	Approved	Discretionary		
	2630724900	423 N GRANADOS AVE	Joyce ADU	B23-0735	ADU	R	10/26/2023						1	1	1	1		NONE	No	No	Pending	Ministerial		
	2633212400	223 N SIERRA AVE	Major ADU	B23-0825	ADU	R	11/17/2023						1	1	1	1		NONE	No	No	Pending	Ministerial		
	2630610800	511 N RIOS AVE	Limmer ADU	B23-0894	ADU	R	12/18/2023						1	1	1	1		NONE	No	No	Pending	Ministerial		
	263-403-02-00	135 S NARDO AVE	Anthony ADU	B22-0297	ADU	R							1	1	1	1		NONE	No	No	Withdrawn	Ministerial		
	298-094-02-00	418 S GRANADOS AVE	Kruger ADU	B22-0730	ADU	R	8/14/2023						1	1	1	1		NONE	No	No	Approved	Ministerial		
	263-362-20-00	348 N RIOS AVE	Wakeham ADU	B22-0733	ADU	R	3/2/2023						1	1	1	1		NONE	No	No	Approved	Ministerial		
	263-500-27-00	402 SANTA DOMINGA	Lamantia ADU	B22-0749	ADU	R	2/8/2023						1	1	1	1		NONE	No	No	Approved	Ministerial		
	298-510-06-00	1512 UNO VERDE CT	Hsueh JADU	B22-0784	ADU	R	1/5/2023					1		1	1	1		NONE	No	No	Pending	Ministerial		
	263-331-26	150 N ACACIA AVE	ADU	B22-0740	ADU	R	3/16/2023						1	1	1	1		NONE	No	No	Approved	Ministerial		
	2630820100	626 BARBARA AVE	Barbara ADU	B23-0075	ADU	R	2/7/2023						1	1	1	1		NONE	No	No	Approved	Ministerial		
	2630820300	614 BARBARA AVE	Howden ADU	B23-0100	ADU	R	2/28/2023						1	1	1	1		NONE	No	No	Approved	Ministerial		
	2980731300	149 S RIOS AVE	Von Summer ADU	B23-0117	ADU	R	2/10/2023						1	1	1	1		NONE	No	No	Approved	Ministerial		
	2636522800	1128 SAN RICARDO CT	Johnson ADU	B23-0749	ADU	R	11/2/2023						1	1	1	1		NONE	No	No	Approved	Ministerial		
	2633031200	329 N ACACIA AVE	Hart ADU	B23-0134	ADU	R	2/27/2023						1	1	1	1		NONE	No	No	Approved	Ministerial		
	2633321000	203 N ACACIA AVE	Acacia ADU	B23-0164	ADU	R	3/19/2023						1	1	1	1		NONE	No	No	Approved	Ministerial		
	2982831000	860 VALLEY AVE	Kirk ADU	B23-0264	ADU	R	5/2/2023						1	1	1	1		NONE	No	No	Pending	Ministerial		
	2983802300	1106 HIGHLAND DR	Braun ADU	B23-0345	ADU	R	6/1/2023						1	1	1	1		NONE	No	No	Approved	Ministerial		
	2980751100	347 S GRANADOS AVE	Held ADU	B23-0395	ADU	R	5/23/2023						1	1	1	1		NONE	No	No	Approved	Ministerial		
	2983910400	1005 HIGHLAND DR	Novak ADU	B23-0415	ADU	R	12/19/2023						1	1	1	1		NONE	No	No	Withdrawn	Ministerial		
	2983220200	608 MARSOLAN AVE	Groezinger ADU	B23-0578	ADU	R	11/22/2023						1	1	1	1		NONE	No	No	Pending	Ministerial		
	2634030200	137 S NARDO AVE	Anthony ADU	B23-0622	ADU	R	8/22/2023						1	1	1	1		NONE	No	No	Pending	Ministerial		
	2633710100	234 N RIOS AVE	Carter ADU	B23-0697	ADU	R	12/12/2023						1	1	1	1		NONE	No	No	Pending	Ministerial		
	2980510300	305 S SIERRA AVE	Gobar ADU	B23-0721	ADU	R	11/9/2023						1	1	1	1		NONE	No	No	Pending	Ministerial		
	2980510300	305 S SIERRA AVE	Gobar ADU	B23-0722	ADU	R	11/9/2023						1	1	1	1		NONE	No	No	Pending	Ministerial		

Jurisdiction	Solana Beach	
Reporting Year	2023	(Jan. 1 - Dec. 31)
Planning Period	6th Cycle	04/30/2021 - 04/30/2029

ANNUAL ELEMENT PROGRESS REPORT Housing Element Implementation

This table is auto-populated once you enter your jurisdiction name and current year data. Past year information comes from previous APRs.
Please contact HCD if your data is different than the material supplied here

Table B													
Regional Housing Needs Allocation Progress													
Permitted Units Issued by Affordability													
Income Level		1 RHNA Allocation by Income Level	Projection Period - 06/30/2020- 04/29/2021	2								3 Total Units to Date (all years)	4 Total Remaining RHNA by Income Level
				2021	2022	2023	2024	2025	2026	2027	2028		
Very Low	Deed Restricted	316	-	-	-	-	-	-	-	-	-	-	-
	Non-Deed Restricted		-	-	-	-	-	-	-	-	-	-	316
Low	Deed Restricted	159	-	-	-	-	-	-	-	-	-	-	-
	Non-Deed Restricted		-	-	-	-	-	-	-	-	-	-	159
Moderate	Deed Restricted	160	-	-	2	-	-	-	-	-	-	-	-
	Non-Deed Restricted		15	13	14	16	-	-	-	-	-	60	100
Above Moderate		240	3	30	3	-	-	-	-	-	-	36	204
Total RHNA		875											
Total Units			18	43	17	18	-	-	-	-	-	96	779
Progress toward extremely low-income housing need, as determined pursuant to Government Code 65583(a)(1).													
		5 Extremely low-income Need		6								7 Total Units Remaining	
				2021	2022	2023	2024	2025	2026	2027	2028		2029
Extremely Low-Income Units*		158		-	-	-	-	-	-	-	-	-	158

*Extremely low-income housing need determined pursuant to Government Code 65583(a)(1). Value in Section 5 is default value, assumed to be half of the very low-income RHNA. May be overwritten.

Please Note: Table B does not currently contain data from Table F or Table F2 for prior years. You may login to the APR system to see Table B that contains this data.

Note: units serving extremely low-income households are included in the very low-income RHNA progress and must be reported as very low-income units in section 7 of Table A2. They must also be reported in the extremely low-income category (section 13) in Table A2 to be counted as progress toward meeting the extremely low-income housing need determined pursuant to Government Code 65583(a)(1).

Please note: For the last year of the 5th cycle, Table B will only include units that were permitted during the portion of the year that was in the 5th cycle. For the first year of the 6th cycle, Table B will only include units that were permitted since the start of the planning period. Projection Period units are in a separate column.

Please note: The APR form can only display data for one planning period. To view progress for a different planning period, you may login to HCD's online APR system, or contact HCD staff at apr@hcd.ca.gov.

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

Jurisdiction	Solana Beach		
Reporting Year	2023	(Jan. 1 - Dec. 31)	
Table D			
Program Implementation Status pursuant to GC Section 65583			
Housing Programs Progress Report			
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.			
1	2	3	4
Name of Program	Objective	Timeframe in H.E	Status of Program Implementation
Mixed-Use Development on Commercially-Zoned Sites	Program 1A: Inventory sites and initiate planning, encourage mixed use, look for funding.	12/1/2024	A mixed use development, including office, commercial, and 25 multi-family residential units was finalized on 08/07/2023. The City has also met with housing developers regarding potential development on commercial sites.
Promotion of Accessory Dwelling Unit (ADU) and Junior Accessory Dwelling Unit (JADU) Development	Program 1B: Distribute information, evaluate progress, monitor standards and process.	As identified within the program objectives	Ordinance 525 was adopted on December 13, 2023 which was intended to promote the construction of ADUs, specifically in sensitive areas. The ordinance 525 was submitted to HCD on December 21, 2023 for review, no comments have been received from HCD. The City is currently working on the permit ready ADU program.
Create ADU Monitoring Program	Program 1C: Track ADU/JADU creation and affordability levels	12/1/2024	Monitoring in progress. During this reporting period, the City has issued 19 building permits for ADUs. A report function has been added to the City's permit tracking system to easily monitor ADU/JADU development.
Conversion Program of Existing, Non-Permitted Accessory Dwelling Units	Program 1D: Provide a process for converting non-permitted structures into ADUs	ongoing	The City has historically permitted one illegal ADU per year during the 5th cycle and anticipates that they will continue at this pace. 8 ADU conversions are listed in the City's quantified objectives for the 2021-2029 planning period. The City has issued 7 building permits for legalizing unpermitted dwelling units this planning period.
Affordable Housing Program	Program 1E: Continue to implement its affordable housing ordinance	ongoing	Staff continues to discuss the inclusionary housing program with all applicants proposing 5 or more units and any interested parties; Staff has recently deemed an application complete that includes 2 affordable housing units within a proposed 13 unit development located on Steven's Avenue.

Candidate Sites Used in Previous Housing Elements	Program 1F: Promote affordable housing development	12/1/2025	Discussed City's Inclusionary requirements with housing developers interested in infill/redevelopment. An application pending hearing for multi-family housing project on Stevens Avenue will result in a net increase of 5 additional units. This site was not included in the City's candidate sites list.
Federal and State Funding Programs	Program 1G: Identify housing financing subsidy programs for their potential availability to Solana Beach	Annually	Monitoring on-going. Will continue to participate in SANDAG meetings to identify funding opportunities to develop affordable housing.
Manufactured Housing	Program 1H: Promote manufactured housing development	12/1/2024	Anticipated draft ordinance for council consideration in Spring of 2024.
Density Bonus Ordinance	Program 1I: Update Density Bonus Ordinance to be consistent with State Law	12/1/2024	Anticipated draft ordinance for council consideration in Spring of 2024.
Update Solana Beach Municipal Code to be Consistent with Ordinance 508 (Accessory Dwelling Units)	Program 1J: Update Solana Beach Municipal Code	4/1/2024	Ordinance 525 was adopted on December 13, 2023. The ordinance 525 was submitted to HCD on December 21, 2023 for review, no comments were received from HCD.
Amend Table 17.12.020-A of the Solana Beach Municipal Code Regarding Transitional and Supportive Housing	Program 1K: Update Solana Beach Municipal Code	4/1/2024	Staff will amend Table 17.12.020-A of the Solana Beach Municipal Code Regarding Transitional and Supportive Housing. Anticipated draft ordinance for council consideration in Spring of 2024.
Amend the Solana Beach Municipal Code to define Employee Housing so that it is Compliant with Sections 17021.5 and 17021.6 of the Employee Housing Act	Program 1L: Amend the Solana Beach Municipal Code to define Employee Housing so that it is compliant with Sections 17021.5 and 17021.6 of the Employee Housing Act	4/1/2024	Anticipated draft ordinance for council consideration in Spring of 2024.

<p>Amend the City's Development Process to Assist in Development of Housing for Extremely Low-Income Households and Individuals with Special Needs Individuals with Special Needs</p>	<p>Program 1M: Amend the City's development process</p>	<p>12/1/2025</p>	<p>The City will take the following actions to amend the development process to include the following guaranteed incentives that apply solely to development projects that specifically accommodate housing at the extremely low-income level or that accommodate households for individuals with special needs:</p> <ul style="list-style-type: none"> • Adopt a priority processing procedure • Waive city-controlled development impact fees until certificate of occupancy (COA)
<p>Pursue outside funding opportunities for the development of lower and moderate income households.</p>	<p>Program 1N:. Pursue outside funding opportunities</p>	<p>Review Annually</p>	<p>As opportunities arise, the City will pursue new funding sources for lower and moderate income multi-family housing from available non-profit, local, state, and federal programs. The City will also seek to partner with local agencies that may provide funding opportunities or other resources that can assist in the development of housing affordable at the lower and moderate income levels.</p>
<p>Promote Affordable Housing Production on City-Owned Land</p>	<p>Program 1O: Promote Affordable Housing</p>	<p>The City shall issue the 1st RFP by April 2024 The 2nd RFP by April 2025 The 3rd RFP by April 2026</p>	<p>The City will work directly with interested affordable housing developers who respond to the RFPs to facilitate the development of future affordable housing. The City will use a variety of tools to facilitate affordable housing development, including but not limited to: Providing financial support through the local housing impact fee fund and/or below-market rate land lease or transfer, Providing funding through local housing trust fund, Support applications for other funding sources for affordable housing (e.g. low-income housing tax credits, grants, State funding, Federal funding)</p>

<p>Promotion of ADU Development East of I-5</p>	<p>Program 1P: Bring awareness to new ADU regulations to encourage ADU Development</p>	<p>As identified within the program objectives</p>	<p>The City will develop a permit ready ADU program for property owners to have pre-approved ADU plans by December 2024. The City will create a program to streamline ADU permit processing for ADUs that will provide a covenant of affordability. The City will determine the objective criteria needed for qualification for streamlining by December 2024. The City will develop outreach collateral for public dissemination, including updates to the City’s website, information at City Hall and via other appropriate print and digital media. In addition to Citywide distribution, the City held a workshop in the northeast quadrant of the City focused on ADU education on February 6th 2024. The City adopted Ordinance 525 which made ADU development possible in sensitive areas of the City provided that criteria is met that shows the creation of an ADU will not be a detriment to sensitive habitat or other similar areas. The City will research regional and State funding sources that may be available to assist property owners in building ADUs. The City 's target is to have 20% of all ADU development to occur in the northeast quadrant of the City, east of I-5 and north of Lomas Santa Fe Drive. This City has issued 6 building permits for ADUs east of the I-5 this planning period.</p>
<p>Preservation of At-Risk Housing</p>	<p>Program 2A: Preserve Existing Affordable Housing</p>	<p>Annually</p>	<p>The City has reviewed the existing affordable housing developments and determined that no units are currently at risk of converting to market-rate during the planning period. Should this change and existing affordable units become at-risk of converting to market-rate, the City will contact the owners of these properties to explore preservation opportunities such as extending affordability covenants, sale/purchasing these developments, non-profit housing organizations assistance, and applying for financial assistance to preserve these affordable units.</p>
<p>Replacement Housing</p>	<p>Program 2B: Promote Replacement Housing for Demolished or Vacant Residential Units that were Occupied by Lower Income Households</p>	<p>The replacement requirement will be implemented upon adoption of the Housing Element and applied as applications on identified sites are received and processed, and local policy shall be adopted by April 2024</p>	<p>No affordable units lost during this reporting period.</p>
<p>Rehabilitation Opportunities for Existing Housing Stock</p>	<p>Program 2C: Provide Rehabilitation Opportunities for Existing Housing Stock</p>	<p>12/1/2024</p>	<p>A building permit has been issued to rehabilitate 4 units at 305 S Sierra.</p>

Compliance with SB 35 Provisions	Program 3A: SB 35	ongoing	No change to SB-35, the City is not subject to the provisions. Monitoring ongoing.
Public Education	Program 3B: The City shall continue to monitor, and update information related to the development of housing through the continued promotion of public educational materials. The information describes the benefits of affordable housing and the myths and realities of affordable housing through such means as public presentations, newspaper articles, and information posted on the City's website.	Ongoing	Monitoring ongoing.
Water and Sewer Resources	Program 3C: Reporting the housing element to local water and sewer service providers.	Annually	The certified Housing Element was made available to local water and sewer providers.
Safety Element Update and Adoption of an Environmental Justice Element	Program 3D: SB 1035 requires that the City, after the initial revision of the safety element to identify flood hazards and address the risk of fire in certain lands upon each revision of the housing element, review and, if necessary, revise the safety element to identify new information relating to flood and fire hazards that was not previously available during the previous revision of the safety element	4/1/2024	A draft of the City's Safety and Environmentally element is being reviewed and will be adopted pursuant to State Law.
Amend Parking Requirements for Emergency Shelters	Program 3E: Amend the Municipal Code to be consistent with State law regarding parking requirements for emergency shelters	4/1/2024	Anticipated draft ordinance for council consideration in Spring of 2024.
Group Home Definition/Requirements within Municipal Code	Program 3F: Amend the Municipal Code regarding group homes.	4/1/2024	Anticipated draft ordinance for council consideration in Spring of 2024.

<p>Definition of Density</p>	<p>Program 3G: The City of Solana Beach will amend the definition of “density” within its Municipal Code to base future density calculations on the “gross acreage” of a parcel instead of the “net acreage”. Currently the City defines density as the number of dwelling units per net acre, which excludes land area which will be required for public streets, easements or other areas to be dedicated or reserved for public use or open space (including undevelopable slopes, bluffs, and sensitive lands). Amending the definition to base the calculation on gross acreage would include all those items described above and largely consist of the entire area within the lot lines of a lot or parcel.</p>	<p>4/1/2024</p>	<p>Anticipated draft ordinance for council consideration in Spring of 2024.</p>
<p>Development Standards Update - Building Height</p>	<p>Program 3H: Increase Building Height Limit in C and SC zones</p>	<p>4/1/2024</p>	<p>Anticipated draft ordinance for council consideration in Spring of 2024.</p>
<p>Objective Design Standards for Group Homes CUP Requirement</p>	<p>Program 3I Promote Group Home Development</p>	<p>4/1/2024</p>	<p>The City of Solana Beach’s Municipal Code currently requires a conditional use permit for group homes of seven (7) or more people. The City Council and the Director of Community Development are authorized to grant conditional use permits in accordance with the procedures of this section and to impose reasonable conditions. The City of Solana Beach will replace the requirement for a CUP with objective standards that permit group homes administratively and treat parking requirements similar to other residential uses of the same form. The City conducts preliminary discussions with applicants and will make these standards clear as a way to promote approval certainty in the development process.</p>

Affirmatively Further Fair Housing	Program 4A: Take meaningful actions in addition to resisting discrimination, that overcomes patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristic, as defined by California law.	Ongoing	Continue to assess and make modifications to the City's code enforcement process as determined by evaluation of annual code enforcement reports.
Emergency, Transitional and Supportive Housing and Lower Barrier Navigation Centers	Program 4B: Permit Low Barrier Navigation Center development as a matter of right in appropriate zoning districts, subject to requirements of state law.	12/1/2024	Preparing update to Municipal Code for City Council consideration as outlined in Program. Draft ordinance for Council consideration anticipated in Winter 2024.
Persons with Physical and Developmental Disabilities	Program 4C: Accommodate the approval of group homes, ADA retrofit efforts, ADA compliance and/or other measures through the implementation of Title 24 as well as amend its procedures to provide more flexibility in the development of accommodations for persons with physical and developmental disabilities by eliminating the need for a variance.	Review Annually	Review Annually.
Section 8 Rental Assistance	Program 4D: Administer the Section 8 Rental Assistance Program, and will continue support the County's application for additional Section 8 allocations.	Annually	Participated in County efforts regarding Section 8 Rental Assistance. Received about 1-2 phone calls each week from interested parties that wished to obtain Section 8 Rental Assistance. Referred to County Housing & Community Development Services and HUD.
Mortgage Credit Certificate (MCC)	Program 4E: Assist low and moderate income first time home buyers	ongoing	Preparing information/handout regarding Mortgage Credit Certificate Program.
Amend the Reasonable Accommodation criteria within the City's Municipal Code	Program 4F: Reasonable Accommodation	4/1/2024	Draft ordinance for Council consideration in Spring of 2024. The City has created a reasonable accommodation application that is reviewed with the ministerial building permit. The reasonable accommodation application is consistent with the City's ordinance and State law. The City has approved a reasonable accommodation request at 620 E Cirle Drive.

Jurisdiction	Solana Beach	
Reporting Period	2023	(Jan. 1 - Dec. 31)
Planning Period	6th Cycle	04/30/2021 - 04/30/2029

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

Note: "+" indicates an optional field
Cells in grey contain auto-calculation formulas

Table F

Units Rehabilitated, Preserved and Acquired for Alternative Adequate Sites pursuant to Government Code section 65583.1(c)

Please note this table is optional: The jurisdiction can use this table to report units that have been substantially rehabilitated, converted from non-affordable to affordable by acquisition, and preserved, including mobilehome park preservation, consistent with the standards set forth in Government Code section 65583.1, subdivision (c). Please note, motel, hotel, hostel rooms or other structures that are converted from non-residential to residential units pursuant to Government Code section 65583.1(c)(1)(D) are considered net-new housing units and must be reported in Table A2 and not reported in Table F.

Activity Type	Units that Do Not Count Towards RHNA ⁺ Listed for Informational Purposes Only				Units that Count Towards RHNA ⁺ Note - Because the statutory requirements severely limit what can be counted, please contact HCD at apr@hcd.ca.gov and we will unlock the form which enable you to populate these fields.				The description should adequately document how each unit complies with subsection (c) of Government Code Section 65583.1 ⁺ . For detailed reporting requirements, see the checklist here: https://www.hcd.ca.gov/community-development/docs/adequate-sites-checklist.pdf
	Extremely Low-Income ⁺	Very Low-Income ⁺	Low-Income ⁺	TOTAL UNITS ⁺	Extremely Low-Income ⁺	Very Low-Income ⁺	Low-Income ⁺	TOTAL UNITS ⁺	
Rehabilitation Activity									
Preservation of Units At-Risk									
Acquisition of Residential Units			1	1					827 Del mar Downs Unit D. Existing unit deed restricted for low income consistent with affordable housing plan for
Mobilehome Park Preservation									
Total Units by Income			1	1					

ANNUAL ELEMENT PROGRESS REPORT

Jurisdiction	Solana Beach	
Reporting Period	2023	(Jan. 1 - Dec. 31)
Planning Period	6th Cycle	04/30/2021 - 04/30/2029

Table K
Tenant Preference Policy

Local governments are required to inform HCD about any local tenant preference ordinance the local government maintains when the jurisdiction submits their annual progress report on housing approvals and production, per Government Code 7061 (SB 649, 2022, Cortese). Effective January 1, 2023, local governments adopting a tenant preference are required to create a webpage on their internet website containing authorizing local ordinance and supporting materials, no more than 90 days after the ordinance becomes operational.

Does the Jurisdiction have a local tenant preference policy?	No	
If the jurisdiction has a local tenant preference policy, provide a link to the jurisdiction's webpage on their internet website containing authorizing local ordinance and supporting materials.		
Notes		

Jurisdiction	Solana Beach	
Reporting Year	2023	(Jan. 1 - Dec. 31)

ANNUAL ELEMENT PROGRESS REPORT
Local Early Action Planning (LEAP) Reporting
 (CCR Title 25 §6202)

Please update the status of the proposed uses listed in the entity's application for funding and the corresponding impact on housing within the region or jurisdiction, as applicable, categorized based on the eligible uses specified in Section 50515.02 or 50515.03, as applicable.

Total Award Amount	\$ 65,000.00	<small>Total award amount is auto-populated based on amounts entered in rows 15-26.</small>
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Task	\$ Amount Awarded	\$ Cumulative Reimbursement Requested	Task Status	Other Funding	Notes
Environmental Justice Policies	\$7,000.00	\$7,000.00	Completed	Other	Pending Reimbursement
Safety Element	\$15,000.00	\$15,000.00	Completed	Other	Pending Reimbursement
Affirmatively Furthering Fair Housing	\$8,000.00	\$8,000.00	Completed	Other	Pending Reimbursement
Housing Element Policy Program	\$20,000.00	\$20,000.00	Completed	Other	Pending Reimbursement
CEQA Analysis	\$15,000.00	\$15,000.00	Completed	Other	Pending Reimbursement

Summary of entitlements, building permits, and certificates of occupancy (auto-populated from Table A2)

Completed Entitlement Issued by Affordability Summary		
Income Level		Current Year
Very Low	Deed Restricted	0
	Non-Deed Restricted	0
Low	Deed Restricted	0
	Non-Deed Restricted	0
Moderate	Deed Restricted	0
	Non-Deed Restricted	2
Above Moderate		1
Total Units		3

Building Permits Issued by Affordability Summary		
Income Level		Current Year
Very Low	Deed Restricted	0
	Non-Deed Restricted	0
Low	Deed Restricted	0
	Non-Deed Restricted	0
Moderate	Deed Restricted	2
	Non-Deed Restricted	16
Above Moderate		0
Total Units		18

Certificate of Occupancy Issued by Affordability Summary		
Income Level		Current Year
Very Low	Deed Restricted	0
	Non-Deed Restricted	0
Low	Deed Restricted	0
	Non-Deed Restricted	0
Moderate	Deed Restricted	1
	Non-Deed Restricted	16
Above Moderate		29
Total Units		46

**HOUSING SUCCESSOR ANNUAL REPORT
REGARDING THE LOW AND MODERATE INCOME HOUSING ASSET FUND
FOR FISCAL YEAR 2022-23 PURSUANT TO
CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f) FOR THE
CITY OF SOLANA BEACH, HOUSING SUCCESSOR TO THE FORMER SOLANA BEACH
REDEVELOPMENT AGENCY**

This Housing Successor Annual Report (Report) regarding the Low and Moderate Income Housing Asset Fund (LMIHAF) has been prepared pursuant to California Health and Safety Code Section 34176.1(f). This Report sets forth certain details of the activities of the City of Solana Beach, acting in its capacity as housing successor to the former Solana Beach Redevelopment Agency (Housing Successor), during Fiscal Year 2022-23 (Fiscal Year). The purpose of this Report is to provide the governing body of the Housing Successor an annual report on the housing assets and activities of the Housing Successor under Part 1.85, Division 24 of the California Health and Safety Code, in particular sections 34176 and 34176.1 (Dissolution Law).

The following Report is based upon information prepared by Housing Successor staff and information contained within the independent financial audit of the Low and Moderate Income Housing Asset Fund for Fiscal Year 2022-23 (Fiscal Year). The LMIHAF has maintained a zero balance for the entirety of the Fiscal Year. As a result, no audit report was prepared for the Fiscal Year. Further, this Report conforms with and is organized into sections I. through XI., inclusive, pursuant to Section 34176.1(f) of the Dissolution Law:

I. Amount Deposited into LMIHAF: This section provides the total amount of funds deposited into the LMIHAF during the Fiscal Year. Any amounts deposited for items listed on the Recognized Obligation Payment Schedule (ROPS) must be distinguished from the other amounts deposited.

II. Ending Balance of LMIHAF: This section provides a statement of the balance in the LMIHAF as of the close of the Fiscal Year. Any amounts deposited for items listed on the ROPS must be distinguished from the other amounts deposited.

III. Description of Expenditures from LMIHAF: This section provides a description of the expenditures made from the LMIHAF during the Fiscal Year. The expenditures are to be categorized.

IV. Statutory Value of Assets Owned by Housing Successor: This section provides the statutory value of real property owned by the Housing Successor, the value of loans and grants receivables, and the sum of these two amounts.

V. Description of Transfers: This section describes transfers, if any, to another housing successor agency made in previous Fiscal Year(s), including whether the funds are unencumbered and the status of projects, if any, for which the transferred LMIHAF will be used. The sole purpose of the transfers must be for the development of transit priority projects, permanent supportive housing, housing for agricultural employees or special needs housing.

VI. Project Descriptions: This section describes any project for which the Housing Successor receives or holds property tax revenue pursuant to the ROPS and the status of that project.

VII. Status of Compliance with Section 33334.16: This section provides a status update on compliance with Section 33334.16 for interests in real property acquired by the Former Agency prior to February 1, 2012. For interests in real property acquired on or after February 1, 2012, provide a status update on the project.

VIII. Description of Outstanding Obligations under Section 33413: This section describes the outstanding inclusionary and replacement housing obligations, if any, under Section 33413 that remained outstanding prior to dissolution of the former Solana Beach Redevelopment Agency (Former Agency) as of February 1, 2012 along with the Housing Successor's progress in meeting those prior obligations, if any, of the Former Agency and how the Housing Successor plans to meet unmet obligations, if any.

IX. Income Test: This section provides the information required by Section 34176.1(a)(3)(B), or a description of expenditures by income restriction for five year period, with the time period beginning January 1, 2019 and whether the statutory thresholds have been met. However, reporting of the Income Test is not required until 2024.

X. Senior Housing Test: This section provides the percentage of units of deed-restricted rental housing restricted to seniors and assisted individually or jointly by the Housing Successor, the Former Agency, and the City of Solana Beach 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, the Former Agency, and the City of Solana Beach within the same time period. For this Report the ten-year period reviewed is January 1, 2017 to January 1, 2027.

XI. Excess Surplus Test: This section provides the amount of excess surplus in the LMIHAF, if any, and the length of time that the Housing Successor has had excess surplus, and the Housing Successor's plan for eliminating the excess surplus.

REPORT

This Report and the former Solana Beach Redevelopment Agency's pre-dissolution Implementation Plan are to be made available to the public on the City's website http://www.ci.solana-beach.ca.us/index.asp?SEC=4459C1D7-9FF7-4988-92FF-D6EC8A2F593E&Type=B_BASIC.

I. AMOUNT DEPOSITED INTO LMIHAF. A total of \$0 was deposited into the LMIHAF during the Fiscal Year. Of the total funds deposited into the LMIHAF, no funds were held for items listed on the ROPS.

II. ENDING BALANCE OF LMIHAF. At the close of the Fiscal Year, the ending balance in the LMIHAF was \$0, of which no funds are held for items listed on the ROPS.

III. DESCRIPTION OF EXPENDITURES FROM LMIHAF. The following is a description of expenditures from the LMIHAF by category

Fiscal Year	
Monitoring & Administration Expenditures	None
Homeless Prevention and Rapid Rehousing Services Expenditures	None
Housing Development Expenditures ➤ Expenditures on Low Income Units ➤ Expenditures on Very-Low Income Units ➤ Expenditures on Extremely-Low Income Units ➤ Total Housing Development Expenditures	None
Total LMIHAF Expenditures in Fiscal Year	None

IV. STATUTORY VALUE OF ASSETS OWNED BY HOUSING SUCCESSOR IN LMIHAF. Under the Dissolution Law and for purposes of this Report, the “statutory value of real property” means the value of properties formerly held by the Former Agency as listed on the housing asset transfer schedule approved by the Department of Finance as listed in such schedule under Section 34176(a)(2), the value of the properties transferred to the Housing Successor pursuant to Section 34181(f), and the purchase price of property(ies) purchased by the Housing Successor. Further, the value of loans and grants receivable is included in these reported assets held in the LMIHAF.

The following provides the statutory value of assets owned by the Housing Successor.

As of End of Fiscal Year	
Statutory Value of Real Property Owned by Housing Authority	\$0
Value of Loans and Grants Receivable	\$0
Total Value of Housing Successor Assets	\$0

V. DESCRIPTION OF TRANSFERS. The Housing Successor did not make any LMIHAF transfers to other Housing Successor(s) under Section 34176.1(c)(2) during the Fiscal Year.

VI. PROJECT DESCRIPTIONS. The Housing Successor does not receive or hold property tax revenue pursuant to the ROPS.

VII. STATUS OF COMPLIANCE WITH SECTION 33334.16. The Housing Successor has no interests in real property.

VIII. DESCRIPTION OF OUTSTANDING OBLIGATIONS PURSUANT TO SECTION 33413

Replacement Housing: According to the 2009-2014 Implementation Plan for the Former Agency, no Section 33413(a) replacement housing obligations were transferred to the Housing Successor. The Former Agency’s Implementation Plan is posted on the City’s website at http://www.ci.solana-beach.ca.us/index.asp?SEC=4459C1D7-9FF7-4988-92FF-D6EC8A2F593E&Type=B_BASIC

Inclusionary/Production Housing. According to the 2009-2014 Implementation Plan for the Former Agency, the Former Agency was required to construct 2.1 units of very low income housing to meet its inclusionary requirement. The project proposed by the Hitzke Development Corporation and funded in part by the Housing Successor will provide 10 very low income housing units.

IX. EXTREMELY-LOW INCOME TEST. Section 34176.1(a)(3)(B) requires that the Housing Successor must require at least 30% of the LMIHAF to be expended for development of rental housing affordable to and occupied by households earning 30% or less of the AMI. If the Housing Successor fails to comply with the Extremely-Low Income requirement in any five-year report, then the Housing Successor must ensure that at least 50% of the funds remaining in the LMIHAF be expended in each fiscal year following the latest fiscal year following the report on households earning 30% or less of the AMI until the Housing Successor demonstrates compliance with the Extremely-Low Income requirement. This information is not required to be reported until 2024 for the 2019 – 2024 period.

All of the funds in the LMIHAF are committed under an enforceable obligation to the Hitzke Obligation, which will provide ten units of very low income housing. Because the Housing Successor receives minimal interest income, the extremely low-income test does not apply.

X. SENIOR HOUSING TEST. Neither the Housing Successor, the Former Agency nor the City provided funding to deed-restricted rental housing limited to seniors within the past 10 years.

XI. EXCESS SURPLUS TEST. Excess Surplus is defined in Section 34176.1(d) as an unencumbered amount in the account that exceeds the greater of one million dollars (\$1,000,000) or the aggregate amount deposited into the account during the Housing Successor's preceding four Fiscal Years, whichever is greater.

In the previous five fiscal years, a total of \$0 was deposited into the LMIHAF. Therefore, the LMIHAF does not have an Excess Surplus.



STAFF REPORT

CITY OF SOLANA BEACH

TO: Honorable Mayor and City Councilmembers
FROM: Daniel King, Interim City Manager
MEETING DATE: March 27, 2024
ORIGINATING DEPT: Community Development Department
SUBJECT: **Public Hearing: Request for a Development Review Permit and Structure Development Permit Time Extension to Demolish an Existing Single-Family Residence, Construct a Replacement Two-Story, Single-Family Residence with an Attached Garage, Convert an Existing Detached Accessory Structure to an Accessory Dwelling Unit and Perform Associated Site Improvements at 840 Hernandez Street Case No: TE23-003; Applicant: Noylan Dunn Pulaski, APN: 298-134-14 Resolution 2024-028**

BACKGROUND:

The Applicant, Noylan Dunn Pulaski, is requesting a 12-month time extension to the Development Review Permit (DRP) and Structure Development Permit (SDP) originally approved on January 13, 2021, for the demolition and construction of a replacement primary two-story, single-family residence with an attached garage, the conversion of an existing detached accessory structure to an Accessory Dwelling Unit (ADU) and perform associated site improvements at 840 Hernandez Street. The Applicant had been in communication with the City of Solana Beach more than 60 days prior to the expiration date of January 13, 2024, regarding the permit and Staff is considering this communication a timely request for an extension. Please note that the permit would have expired January 13, 2023, however, the City Council approved a blanket 1 year extension to all projects that did not have an approved building permit during the Covid-19 Pandemic with the adoption of Resolution 2020-087 which covered a time period between June 10, 2020, and March 8, 2023. Due to the automatic one-year extension the expiration date was extended to January 13, 2024. The permit expiration is considered to be on hold until the City Council is able to make a determination on the project.

COUNCIL ACTION:

This item is before the City Council to consider adoption of Resolution 2024-028 (Attachment 1) approving the Applicant's request to formally extend the project approvals as provided under the Solana Beach Municipal Code (SBMC) 17.72.110 for 12 months.

DISCUSSION:

In 2021, the City Council adopted Resolution 2021-003 conditionally approving a DRP and SDP for the demolition of an existing residence and the construction of a new 3,009 square foot, two-story, single-family residence and an attached 460 square foot garage and the conversion of an existing 738 square foot detached accessory structure to an ADU. The previous City Council agenda packet has been provided for your reference in Attachment 3.

The City Council adopted Resolution 2020-087 on June 10, 2020, giving the City Manager the authorization to suspend Solana Beach Municipal Code Section 17.72.110 related to the approval lapses and extensions tolling all Municipal Code provisions and other time limits imposed on the City's time to act on filed applications or exiting entitlements for a one year period to allow temporary time extensions for projects that had not received a building permit.

The adoptions of Resolutions 2021-003 and 2020-087 set the project expiration date on January 13, 2024. The Applicant reached out to the City 60 days prior to the expiration date. Therefore, Staff acknowledged this communication as initiating the extension process. The Applicant submitted a formal application in accordance with SBMC Section 17.72.110 which is provided in Attachment 2. The SBMC 17.72.110 indicates that:

One or more (but not more than a total of four) extensions may be granted not exceeding a cumulative total of 24 months after the date the original approval of the project expires. The duration of an extension shall be in an increment of 30 days. The minimum duration of an extension shall be six months. The maximum duration of an extension shall not be more than 12 months. The duration of an extension shall be determined at the discretion of the issuing authority.

The Applicant is requesting to extend the expiration by 12 months to January 13, 2025. The extension would allow the Applicant sufficient time to meet conditions of the approval, including obtaining authorization from the California Coastal Commission if they have not already, obtain the required building permits from the City, retain a contractor, and commence construction. The Applicant's proposed explanation how they will use the 12-month extension period to complete construction is included in Attachment 2.

SBMC Section 17.72.110 establishes that City Council action is required to review and act on a request for an extension of a DRP/SDP when Council was the original approving body. The City Council may extend the approval of a project if they are able to make the seven (7) required findings, which are as follows:

1. *The applicant has presented facts which establish that the applicant has timely and diligently pursued issuance of a building permit during the 24 month period following the issuance of the original approval for the project (or the different period set forth as a condition of approval of the project) or during the then current extension period;*
2. *Circumstances beyond the applicant's control have intervened and prevented the applicant from obtaining the issuance of a building permit for the project prior to expiration of the 24 month period (or the expiration date established as a condition of the approval) or during the then current extension period;*
3. *The application for the extension sets forth a reasonable and substantial factual basis for issuance of the extension;*
4. *There is a substantial factual basis to determine that the applicant will be able to perform the actions necessary to obtain issuance of a building permit prior to expiration of the requested extension;*
5. *The duration of the extension requested by the applicant is not longer than is reasonably necessary to perform the actions necessary to obtain the issuance of a building permit;*
6. *There have not been any significant changes in the general plan, applicable specific plan, if any, zoning, or character of the area within which the project is located that would cause the approved project to become inconsistent, incompatible, or nonconforming therewith; and*
7. *The granting of an extension shall not be detrimental to the public health, safety, or welfare, or materially injurious to properties or improvements in the vicinity.*

There have been modifications to the ADU ordinance since the original project was approved, however, the regulations have made it easier to obtain a permit for the construction or conversion of existing square footage to an ADU. Therefore, Staff has no indication that the project would be out of conformance with the zoning code regulations or that the project would be detrimental to the public health, safety or welfare of the properties within the surrounding area. The Applicant may have to provide additional information on the plans to demonstrate compliance with the current requirements during the building permit process for detached ADU's for meeting the minimum requirements of an ADU kitchen for example.

Should the Council approve the extension, the Applicant will be required to comply with all of the conditions of the project approval from Resolution 2021-003 (Attachment 3) and commence construction no later than January 13, 2025. Should the request for an extension of the project be denied, a new DRP/SDP application would be required for any new development on the project site.

The draft Resolution of Approval has been prepared by Staff for the consideration of the City Council. The draft Resolution is based upon the information provided in this report. The City Council may direct Staff to modify Resolution 2024-028 to reflect the findings and conditions it deems appropriate as a part of the public hearing process. In the alternative, if City Council determines the request is to be denied, Staff will prepare a Resolution of Denial for an action to be taken at a subsequent City Council meeting.

Notices of a Public Hearing for this project were mailed to property owners and occupants within 300 feet of the project site more than 10 days prior to the City Council date. As of the date of preparation of this Staff Report, no phone calls, letters, or emails have been received by Staff in regard to the extension request.

CEQA COMPLIANCE STATEMENT:

Time Extensions are not a project as defined by CEQA. The original project was found exempt pursuant to the 2024 State of California CEQA Guidelines Sections 15303

FISCAL IMPACT: N/A

WORK PLAN: N/A

OPTIONS:

- Approve the requested time extension and minor modifications.
- Deny the request for a time extension and minor modifications.
- Provide direction to Staff.

DEPARTMENT RECOMMENDATION:

Staff recommends that the City Council:

1. Conduct the Public Hearing: Open the Public Hearing, Report Council disclosures, Receive Public testimony, Close the Public Hearing.
2. If the City Council can make the required findings, adopt Resolution 2024-028, approving the request for a Time Extension for approvals and entitlements in Case No. 17-18-13 DRP/SDP and setting the expiration date on January 13, 2025.

CITY MANAGER'S RECOMMENDATION:

Approve Department Recommendation

A handwritten signature in blue ink, appearing to read 'Daniel King', written over a horizontal line.

Daniel King, Interim City Manager

Attachments:

1. Resolution 2024-028
2. Applicant's Project Extension Application
3. Original Staff Report Package

RESOLUTION 2024-028

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOLANA BEACH, CALIFORNIA, CONDITIONALLY APPROVING A TIME EXTENSION TO A PREVIOUSLY APPROVED DEVELOPMENT REVIEW PERMIT AND STRUCTURE DEVELOPMENT PERMIT TO DEMOLISH THE EXISTING RESIDENCE AND CONSTRUCT A NEW TWO STORY , SINGLE FAMIY RESIDENCE WITH AN ATTACHED GARAGE AND CONVERT AN EXISTING DETACHED ACCESSORY STRUCTURE TO AN ACCESSORY DWELLING UNIT AT 840 HERNANDEZ STREET IN SOLANA BEACH

**APPLICANTS: NOYLAN DUNN PULASKI
CASE NO.: TE23-003 TIME EXTENSION
APN: 298-134-14**

WHEREAS, Noylan Dunn Pulaski (hereinafter referred to as “Applicant”) has submitted a request for a time extension of the approved Development Review Permit (DRP) and Structure Development Permit (SDP) pursuant to Title 17 (Zoning), of the Solana Beach Municipal Code (SBMC); and

WHEREAS, the City Council adopted Resolution 2021-003 approving the project at the regularly scheduled January 13, 2021, City Council meeting; and

WHEREAS, the Applicant has requested a 12-month extension of the project approval; and

WHEREAS, on March 27, 2024, the City Council held a duly noticed Public Hearing to consider the time extension request and minor modifications; and

WHEREAS, the Public Hearing was conducted pursuant to the provisions of SBMC 17.72.030 of the Solana Beach Zoning Ordinance; and

WHEREAS, at the Public Hearing, the City Council received and considered evidence concerning the request for a Time Extension; and

WHEREAS, the City Council of the City of Solana Beach found that a Time Extension Request is not a project according to the State California Environmental Quality Act (CEQA) Guidelines; however, the City Council found that the original project was found exempt pursuant to the 2022 State of California CEQA Guidelines Section 15303; and

WHEREAS, this decision is based upon the evidence presented at the Hearing, and any information the City Council gathered by viewing the site and the area as disclosed at the Hearing.

NOW THEREFORE, the City Council of the City of Solana Beach, California, does resolve as follows:

1. That the foregoing recitations are true and correct.
1. That the request for a 12 month Time Extension for a Development Review Permit and Structure Development Permit to demolish the existing single-family residence in order to construct a replacement 3,009 square foot two-story, single-family residence with an attached 460 square foot garage and convert an existing 738 square foot detached accessory structure to an Accessory Dwelling Unit (ADU) is conditionally approved based on the following Findings and on all terms and conditions of Resolution 2021-003, which are in effect along with the Time Extension:
 2. FINDINGS:
 - A. In accordance with Section 17.72.110 (Lapse of Approval and Extensions) of the City of Solana Beach Municipal Code, the City Council finds the following:
 - I. *The Applicants have presented facts which establish that the Applicants have timely and diligently pursued issuance of a building permit during the 24-month period following the issuance of the original approval for the project;*
 - II. *Circumstances beyond the Applicants' control have intervened and prevented the Applicants from obtaining the issuance of a building permit for the project prior to expiration of the 24-month period following the issuance of the original approval for the project;*
 - III. *The application for the extension sets forth a reasonable and substantial factual basis for issuance of the time extension;*
 - IV. *There is a substantial factual basis to determine that the Applicants will be able to perform the actions necessary to obtain issuance of a building permit prior to expiration of the requested extension;*
 - V. *The duration of the time extension requested by the Applicants is not longer than is reasonably necessary to perform the actions necessary to obtain the issuance of a building permit;*
 - VI. *There have not been any significant changes in the general plan, applicable specific plan, if any, zoning, or character of the area within which the project is located that would cause the approved project to become inconsistent, incompatible, or nonconforming therewith; and*

- VII. *The granting of an extension shall not be detrimental to the public health, safety, or welfare, or materially injurious to properties or improvements in the vicinity.*

3. CONDITIONS

Prior to use or development of the property in reliance on this permit, the Applicant shall provide for and adhere to the conditions of the original project approval of Resolution 2021-003.

4. ENFORCEMENT: Pursuant to SBMC 17.72.120(B) failure to satisfy any and all of the above-mentioned conditions of approval is subject to the imposition of penalties as set forth in SBMC Chapters 1.16 and 1.18 in addition to any applicable revocation proceedings.
5. EXPIRATION: The Conditional Use Permit for the project will expire 12 months from the date of expiration of the original project approval, unless the Applicant has obtained building permits and have commenced construction prior to that date, and diligently pursued construction to completion.
6. INDEMNIFICATION AGREEMENT: The Applicant shall defend, indemnify, and hold harmless the City, its agents, officers, and employees from any and all claims, actions, proceedings, damages, judgments, or costs, including attorney's fees, against the City or its agents, officers, or employees, relating to the issuance of this permit including, but not limited to, any action to attack, set aside, void, challenge, or annul this development approval and any environmental document or decision. The City will promptly notify the Applicant of any claim, action, or proceeding. The City may elect to conduct its own defense, participate in its own defense, or obtain independent legal counsel in defense of any claim related to this indemnification. In the event of such election, the Applicant shall pay all of the costs related thereto, including without limitation reasonable attorney's fees and costs. In the event of a disagreement between the City and Applicant regarding litigation issues, the City shall have the authority to control the litigation and make litigation related decisions, including, but not limited to, settlement or other disposition of the matter. However, the Applicant shall not be required to pay or perform any settlement unless such settlement is approved by the Applicant.

NOTICE TO APPLICANTS: Pursuant to Government Code Section 66020, you are hereby notified that the 90-day period to protest the imposition of the fees, dedications, reservations or other exactions described in this Resolution commences on the effective date of this resolution. To protest the imposition of any fee, dedications, reservations or other exactions described in this Resolution you must comply with the

provisions of Government Code Section 66020. Generally the Resolution is effective upon expiration of the tenth day following the date of adoption of this Resolution, unless the resolution is appealed or called for review as provided in the Solana Beach Zoning Ordinance.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Solana Beach, California, held on the 27th day of March, 2024, by the following vote:

AYES: Councilmembers –
NOES: Councilmembers –
ABSENT: Councilmembers –
ABSTAIN: Councilmembers –

LESA HEEBNER, Mayor

APPROVED AS TO FORM:

ATTEST:

JOHANNA N. CANLAS, City Attorney

ANGELA IVEY, City Clerk



CITY OF SOLANA BEACH

635 SOUTH HIGHWAY 101 • SOLANA BEACH • CALIFORNIA 92075 • (858) 720-2400 • FAX (858) 755-1782

PROJECT EXTENSION APPLICATION

RECEIVED

(Extension applying for: Conditional Use , Variance , Minor Exception
Development Review Permit , Director's Use Permit , Structure Development Permit)
(√ one or more that apply)

DEC 19 2023
Community Development Dept
CITY OF SOLANA BEACH

A. APPLICANT INFORMATION:

- Project Address: 840 Hernandez St. Solana Beach, CA 92075
- Applicant's Name: Loylan Dunn, 840 Hernandez LLC
(Last, First & Middle Initial or Company Name)
- Applicant's Address: [REDACTED] Reidy Canyon M. Escorido, CA 92026
(Street, City, State & ZIP Code)
- Applicant's Telephone: [REDACTED] Fax: [REDACTED]
- Applicant's Email Address: [REDACTED] Cell Phone: [REDACTED]

B. PLEASE COMPLETE THE FOLLOWING:

- Provide a detailed factual description and explanation of the reasons why a building permit was not issued prior to the expiration of the original approval or preceding extension and the specific reason(s) the extension is necessary; the applicant's request for a specific time period for the extension.

Unfortunately, I had unforeseen family illnesses come up that took away from my ability to plan for the construction properly and was outside of the family home needs as well. Since the passing of this family member, I have been able to start back up my planning but need additional time to be ready.

2. A detailed description of the actions that will be taken during the specific requested extension period that justify the requested time period of the extension and that will result in the timely issuance of a building permit for the project before the extension expires.

I have interviewed general contractors and will make my selection of contractor and move forward with treating some small adjustments, pricing and a signed contract with a specific start date so that ~~we~~ we can start demolition/construction. This should all be accomplished within one year.

3. A detailed timeline for the actions that will be taken during the requested extension period.

1st quarter 2024 - making small adjustments to plans, pricing out allowance items and finalizing a decision on a GC.

2nd quarter - finalize financing for the project, coordinate/finalize a contract with GC and purchase required insurance

3rd quarter - prepare to vacate the house in preparation for demolition. GC will coordinate with SPSS the cutoff of power/gas. Asbestos testing will be done. Permits can be pulled.

4th quarter - start construction

Please let me know if you have any further questions or concerns. I apologize for the delay and thank you for all your efforts in getting me through this challenging time!

(Please attach any additional relevant information supporting the extension)

Applicant Signature:



Date:

12/19/23



STAFF REPORT CITY OF SOLANA BEACH

TO: Honorable Mayor and City Councilmembers
FROM: Gregory Wade, City Manager
MEETING DATE: January 13, 2021
ORIGINATING DEPT: Community Development Department
SUBJECT: **Public Hearing: Request for DRP and SDP to Demolish an Existing Single-Family Residence, Construct a Replacement Two-Story, Single-Family Residence with an Attached Garage, Convert an Existing Detached Accessory Structure to an Accessory Dwelling Unit and Perform Associated Site Improvements at 840 Hernandez Street (Case #: 17-18-13 DRP/SDP Applicant: Noylan Dunn Pulaski; APN: 298-134-1; Resolution No. 2021-003)**

BACKGROUND:

The Applicant, Noylan Dunn Pulaski, is requesting City Council approval of a Development Review Permit (DRP) and Structure Development Permit (SDP) to demolish a single-family residence, construct a replacement two-story, single-family residence including an attached garage, convert an existing detached accessory structure to an Accessory Dwelling Unit (ADU) and perform associated site improvements at 840 Hernandez Street. The 7,856 square-foot lot is located within the Medium High Residential (MHR) Zone.

The project proposes a main floor living area of 1,971 square feet, an attached garage of 460 square feet, a second floor living area of 1,038 square feet, and to maintain an existing detached single-family residence onsite. The project would include grading in the amounts of 20.43 yd³ cut, 3.53 yd³ of fill and 16.9 yd³ of export. The tallest point of the proposed residence would be 24.75 feet above the proposed grade and the highest point of the structure would not exceed 92.22 feet above Mean Sea Level (MSL). The project requires a DRP for 1) a structure that exceeds 60 percent of the maximum allowable floor area; and 2) for a second floor that exceeds 35% of the floor area of the first floor. The project requires a SDP because the proposed development exceeds 16 feet in height above existing grade.

The issue before the Council is whether to approve, approve with conditions, or deny the Applicant's request as contained in Resolution 2021-003 (Attachment 1).

CITY COUNCIL ACTION:	Approved 5/0	
	Resolution 2021-003	

DISCUSSION:

The subject property is located on the north side of Hernandez Street, one property west of the intersection of Hernandez Street and Castro Street. The lot is rectangular in shape with 60 feet of frontage along Hernandez Street and a lot depth of approximately 139 feet. The existing topography is generally flat but gradually slopes upward from west to east approximately 11 feet across the width of the property. With the proposed project, the driveway would be widened in the existing location toward the southeast corner of the lot. The Applicant proposes to maintain the existing topography of the lot except for an area in the southwest corner of the lot in order to provide the necessary stormwater bio-filtration basin. The project plans are provided in Attachment 2.

Table 1 (below) provides a comparison of the Solana Beach Municipal Code (SBMC) applicable zoning regulations with the Applicant's proposed design.

Table 1			
LOT INFORMATION			
Property Address:	840 Hernandez St.	Zoning Designation:	MHR (8-12 du/ac)
Lot Size (Net):	7,865 ft ²	# of Units Allowed:	1-2 Dwellings 2 ADUs
Max. Allowable Floor area:	0.75 or 5,899 ft ²	# of Units Requested:	1 Dwelling 1 ADU
Proposed Floor area:	3,807 ft ²	Setbacks:	Required Proposed
Below Max. Floor area by:	2,092 ft ²	Front (S)	25 ft. 25.25 ft.
Max. Allowable Height:	25 ft.	Interior Side (W)	5 ft. 5.75 ft.
Max. Proposed Height:	24.75 ft.	Interior Side (E)	5 ft. 5 ft.*
Highest Point/Ridge:	92.22 MSL	Rear (N)	25 ft. 47.5 ft.*
*The existing detached ADU encroaches into the required rear and side yard setbacks.			
PROPOSED PROJECT INFORMATION			
Floor area Breakdown:		Requested Permits:	
Proposed Main Floor Garage	460 ft ²	DRP: A DRP is required for: 1) grading in excess of 100 cubic yards (aggregate); 2) a structure that exceeds 60% of the maximum allowable floor area; and	
Proposed Main Floor	1,971 ft ²		
Proposed Second Floor	1,038 ft ²		
Detached ADU	738 ft ²		
Subtotal	4,207 ft ²	SDP: A SDP is required for a new structure that exceeds 16 feet in height from the existing grade.	
Off-Street Parking Exemption	- 400 ft ²		
Total Floor area	3,807 ft²		
Proposed Grading: 20.43 yd³ cut, 3.53 yd³ of fill and 16.9 yd³ of export			
Proposed Parking: 2-Car Garage		Existing Development: Proposed Replacement Single-Family Residence and convert an existing detached accessory structure to an ADU.	
Proposed Fences and Walls: Yes			
Proposed Accessory Dwelling Unit: Yes			

Staff has prepared draft findings for approval of the project in the attached Resolution 2021-003 for Council's consideration based upon the information in this report. The applicable SBMC sections are provided in italicized text and conditions from the Community Development, Engineering, and Fire Departments are incorporated in the Resolution of Approval. The Council may direct Staff to modify the Resolution to reflect the findings and conditions it deems appropriate as a result of the Public Hearing process.

If the Council determines the project is to be denied, Staff will prepare a Resolution of Denial for adoption at a subsequent Council meeting.

The following is a discussion of the findings for a DRP and SDP as each applies to the proposed project as well as references to recommended conditions of approval contained in Resolution 2021-003.

Development Review Permit Compliance (SBMC Section 17.68.40):

A DRP is required for the following reasons: 1) for a structure that exceeds 60% of the maximum allowable floor area; and 2) for a second floor that exceeds 35% of floor area of the first floor.

In addition to meeting zoning requirements, the project must also be found in compliance with development review criteria. The following is a list of the development review criteria topics:

1. Relationship with Adjacent Land Uses
2. Building and Structure Placement
3. Landscaping
4. Roads, Pedestrian Walkways, Parking, and Storage Areas
5. Grading
6. Lighting
7. Usable Open Space

The Council may approve, or conditionally approve, a DRP only if all of the findings listed below can be made. Resolution 2021-003 provides the full discussion of the findings.

1. The proposed development is consistent with the general plan and all applicable requirements of the zoning ordinance including special regulations, overlay zones, and specific plans.
2. The proposed development complies with the development review criteria.
3. All required permits and approvals issued by the city, including variances, conditional use permits, comprehensive sign plans, and coastal development permits have been obtained prior to or concurrently with the development review permit.
4. If the development project also requires a permit or approval to be issued by a state or federal agency, the city council may conditionally approve the development review permit upon the Applicant obtaining the required permit or approval from the other agency.

If the above findings cannot be made, the Council shall deny the DRP. The following is a discussion of the applicable development review criteria as they relate to the proposed project.

Relationship with Adjacent Land Uses:

The property is located within the MHR Zone. Properties to the north, east, and west are also located within the MHR Zone. Properties to the south are located within the High Residential (HR) Zone. The surrounding properties are developed with one and two-story, single-family residences as well as some that have multiple dwelling units.

The project, as designed, is consistent with the permitted uses for the MHR Zone as described in SBMC Sections 17.20.010 and 17.12.020. The property is designated Medium High Density Residential in the General Plan and intended for multi-family residential development within a density range of eight to twelve units per acre. Other compatible uses such as accessory dwelling units, home occupations, religious institutions, educational institutions, parks and recreation facilities, and public utilities are permitted or conditionally permitted. The proposed development could be found to be consistent with the objectives of the General Plan as it encourages the development and maintenance of healthy residential neighborhoods, the stability of transitional neighborhoods, and the rehabilitation of deteriorated neighborhoods.

The property is not located within any of the City's Specific Plan areas; however, it is located within the boundaries of the Coastal Zone. As a condition of project approval, the Applicant would be required to obtain a Coastal Development Permit, Waiver or Exemption from the California Coastal Commission prior to the issuance of Building or Grading Permits.

Building and Structure Placement:

The Applicant is proposing to construct a replacement two-story, single-family residence with an attached garage and to convert an existing detached accessory structure to an ADU. The replacement residence, as designed, would be located within the buildable area which meets or exceeds the required setbacks of 25 feet for the front yard setback, five feet on each side and 25 feet for the rear yard setback.

The existing detached accessory structure consists of a single story with 738 square feet including a kitchen and living area, two bedrooms and a bathroom. The existing detached accessory structure was constructed with required permits prior to the City's incorporation. The detached structure was constructed without required parking and encroaches into the rear and side yard setbacks required under the SBMC. The City's ADU ordinance allows for conversion of existing structures to an accessory dwelling unit in the same location as the existing structure. Any additions to the existing accessory structure would need to comply with a minimum four-foot setback from the rear and side property lines. Additionally, the Municipal Code states the following regarding nonconforming structures:

Where a nonconforming structure exists on a lot (including an accessory structure on a residential lot), additional uses, structures, or structural internal and external additions may be established on the lot; provided such

additional uses, structures, or structural additions do not increase the size or degree of the existing nonconformity.

The Applicant is not proposing to modify the existing detached ADU except to remove an existing bay window area between the ADU and the proposed residence. Therefore, the Applicant is allowed to maintain the existing nonconformities and to utilize it as an ADU. Additionally, because the property is located within ½ mile walking distance of a public transit stop, no off-street parking for the ADU is required.

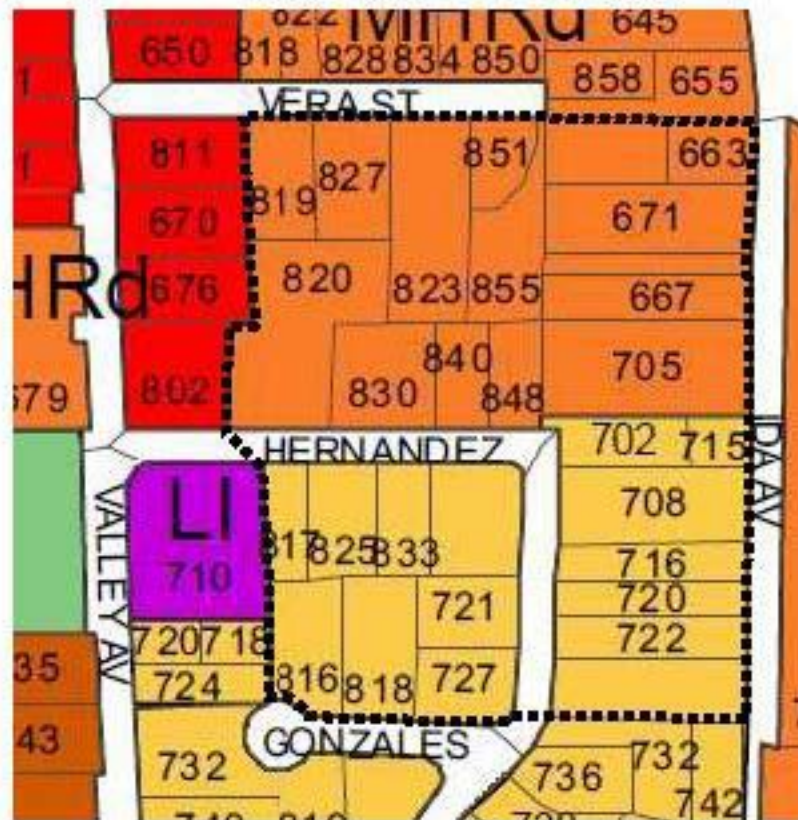
The floor area proposed for the residence includes: a 460 square-foot attached garage, a 1,971 square foot first floor living area consisting of an entry area, powder room, laundry room, open kitchen/dining/living room, two bedrooms with a Jack and Jill bathroom, an additional bedroom with attached bathroom, as well as a staircase that leads to the second floor. The proposed 1,038 square foot second floor would consist of a master suite and a sitting area. The total square footage onsite including the attached garage and the detached accessory structure would be 4,207 square feet.

SBMC 17.20.030 indicates that required parking spaces up to 200 square feet per space can be exempt from the calculation of FAR if provided within a garage. 400 square feet of garage area is exempt from the calculation of floor area. Therefore, the total proposed Floor Area for the project is 3,807, which is 2,085 square feet below the maximum allowable floor area for the property.

The proposed project, as designed, meets the minimum required setbacks and is below the maximum allowable floor area for the property.

Neighborhood Comparison:

Staff compared the proposed project to 30 other properties within the surrounding area. This area includes properties along the south side of Vera Street, the south side of Hernandez Street, the west side of Ida Avenue and the east and west sides of Castro Street as shown on the following map:



The properties evaluated in this comparison are located in the MR and MHR Zones. It should be noted that the properties within the MHR zone are subject to the same FAR as the subject property, which is 0.75 of the lot area. The properties that are in the MR zone are also in the Scaled Residential Overlay Zone (SROZ) and have a tiered maximum FAR based on the lot area. The existing homes range in size from 570 square feet to 14,338 square feet, according to the County Assessor records. It should be noted that the County Assessor does not include the garage, covered porch area, unfinished basement, or accessory building area in the total square footage. Accordingly, the building area of the proposed project has been calculated for comparison purposes by deleting the area of the proposed garages, the covered porch, and ceiling height over 15 feet as follows:

Project Gross Building Area:	4,207 ft ²
Delete ADU Square Footage	- 738 ft ²
Delete Partially Subterranean Garage:	- 460 ft ²
<u>Project Area for Comparison to Assessor's Data:</u>	<u>3,009 ft²</u>

Table 2 is based upon the County Assessor's data and SanGIS data. It contains neighboring lot sizes, the square footage of existing development and the maximum allowable square footage for potential development on each lot.

Table 2						
#	Property Address	Lot Size in ft ² (SanGis)	Existing ft ² (Assessor)	Proposed / Recently Approved ft ²	Max. Allowable ft ²	Zone
1	827 Vera Street	11,542	2,597		8,657	MHR
2	833 Vera Street	19,953			14,965	MHR
	Unit 1		2,264			
	Unit 2		2,321			
	Unit 3		2,336			
	Unit 4		2,239			
3	848 Hernandez Street	7,937	2,766		5,953	MHR
4	840 Hernandez Street	7,865	1,917	3,009	5,899	MHR
5	820 Hernandez Street	28,923	14,338		21,692	MHR
6	851 Vera Street	6,255	974		4,691	MHR
7	855 Vera Street	13,921	1,597		10,441	MHR
	857 Vera Street		1,259			
	853 Vera Street		1,673			
8	667 Ida Avenue	12,620	868		9,465	MHR
9	859 Vera Street	10,403	3,735		7,802	MHR
10	663 Ida Avenue	5,848	1,402		4,386	MHR
11	669 Ida Avenue	18,247	1,185		13,685	MHR
	671 Ida Avenue		1,245			
12	665 Ida Avenue	5,550	2,664		4,163	MHR
13	705 Ida Avenue	24,933	7,200		18,700j	MHR
14	826 Hernandez Street	15,423	3,466		11,567	MR
15	843 Hernandez Street	13,480	1,254		4,823	MR
16	721 Castro Street	9,358	1,614		3,619	MR
17	727 Castro Street	9,587	1,750		3,628	MR
18	818 Gonzales Street	13,298	1,364		4,805	MR
19	816 Gonzales Street	13,028	2,632		4,778	MR
20	833 Hernandez Street	7,970	1,622		3,345	MR
21	825 Hernandez Street	10,534	1,026		3,793	MR
22	815 Hernandez Street	6,837	2,160		3,146	MR
23	702 Castro Street	9,913	2,946		3,685	MR
24	715 Ida Avenue	4,283	570		2,042	MR
25	716 Castro Street	9,918	1,192		3,686	MR
26	722 Castro Street	9,450	3,676		3,604	MR
27	735 Ida Avenue	9,587	3,010		3,628	MR
28	708 Castro Street	8,847	1,950		3,498	MR
29	717 Ida Avenue	9,587	3,124		3,628	MR
30	728 Castro Street	6,542	2,900		3,095	MR
31	741 Ida Avenue	7,930	3,440		3,338	MR

Fences, Walls and Retaining Walls:

Within the front yard setback area, the SBMC Section 17.20.040(O) allows fences and walls, or any combination thereof, to be no higher than 42 inches in height as measured

from existing grade, except for an additional two feet of fence that is at least 80% open to light. Fences, walls and retaining walls located within the rear and interior side yards are allowed to be up to six feet in height with an additional 24 inches that is 50% open to light and air.

The Applicant is proposing to maintain an existing retaining wall and fence along the northern property line and is proposing to construct a 6 foot fence between the ADU and the proposed residence to provide a separate yard area for each dwelling. The proposed fence, as designed, is in compliance with the maximum building heights for walls as measured from the existing grade.

Landscape:

The project is not subject to the current water efficient landscaping regulations of SBMC Chapter 17.56. A Landscape Documentation Package is required for new development projects with an aggregate landscape equal to or greater than 500 square feet requiring a building permit, plan check or development review. As a condition of project approval, the Applicant would be required to return to the City Council with a DRP/SDP modification with a landscape plan in compliance with the water efficient landscape regulations if more than 500 square feet of landscaping is disturbed.

Parking:

SBMC Section 17.52.040 and the Off-Street Parking Design Manual (OSPDM) require two (2) parking spaces for a single-family residence. The Applicants would maintain the existing location of the driveway in the southeast corner of the lot, however, it would be widened to match the width of the proposed garage. SBMC Section 17.08.030 indicates that required parking up to 200 square feet per parking space provided in a garage is exempt from the floor area calculation. The proposed garage will provide two parking spaces. Two spaces are required, therefore, 400 square feet of garage area is exempt from the project's floor area calculation. The Applicant is not required to provide parking for the proposed ADU as it is part of an existing accessory structure and is located within ½ mile of a public transit stop.

Grading:

The project includes grading in the amount 20.43 yd³ cut, 3.53 yd³ of fill and 16.9 yd³ of export. The grading is proposed in order to modify the existing driveway and to provide the necessary stormwater bio-filtration basing for the proposed development.

Lighting:

A condition of project approval requires that all new exterior lighting fixtures comply with the City-Wide Lighting Regulations of the Zoning Ordinance (SBMC 17.60.060). All light fixtures shall be shielded so that no light or glare is transmitted or reflected in such concentrated quantities or intensities as to be detrimental to the surrounding area.

Usable Open Space:

The project consists of the construction of a replacement two-story, single-family residence and an ADU; therefore, usable open space and recreational facilities are neither proposed nor required according to SBMC Section 17.20.040. The Applicant will be required, as a condition of approval, to pay the applicable Park Development Fee.

Structure Development Permit Compliance:

The proposed structure exceeds 16 feet in height above the pre-existing grade; therefore, the project must comply with all of the View Assessment requirements of SBMC Chapter 17.63 and the Applicant was required to complete the SDP process. Originally, the project was designed to include a new two-story duplex with separate condominium ownership and common ownership of the remainder of the lot. The Applicant had story poles erected onsite. A final Story Pole Height Certification was issued by a licensed land surveyor on August 27, 2019, which showed the highest story pole certified at 92.22 MSL and 24.75 feet above the proposed grade. Notices to apply for View Assessment were mailed to property owners and occupants within 300 feet of the project site, which established a deadline to file for View Assessment on May 16, 2019. Four applications for View Assessment were received by the City. The project was heard at the October 15, 2019 View Assessment Committee meeting. At that meeting, the VAC heard presentations from both the Applicant and Claimants and was not able to make the required findings to recommend approval of the project and voted to continue the project to allow the Applicant time to work with the Claimants and redesign the project. The project was redesigned to the current proposal. As a result of the project changes, the City received requests to withdraw the applications for View Assessment from three of the neighbors. The fourth neighbor sold their property while the project was being redesigned so their application is no longer valid. Therefore, if the Council is able to make the required findings to approve the DRP, the SDP would be approved administratively.

As a condition of approval, a height certificate prepared by a licensed land surveyor will be required prior to the framing inspection certifying that the tallest point of the proposed residence will not exceed 24.75 feet above the proposed grade and the highest point of the structure will not exceed 92.20 feet above the Mean Sea Level (MSL).

Public Hearing Notice:

Notice of the City Council Public Hearing for the project was published in the Union Tribune more than 10 days prior to the public hearing. The same public notice was mailed to property owners and occupants within 300 feet of the proposed project site on December 18, 2020. As of the date of preparation of this Staff Report, Staff has not received any official correspondence.

In conclusion, the proposed project, as conditioned, could be found to be consistent with the Zoning regulations and the General Plan. Staff has prepared draft findings for

approval of the project in the attached Resolution 2021-003 for Council's consideration based upon the information in this report. Conditions from the Community Development, Engineering, and Fire Departments are incorporated in the Resolution of Approval.

Should the Council determine that the findings can be made to approve the project; the SDP will be approved concurrently with the DRP. The Council may direct Staff to modify the Resolution to reflect the findings and conditions it deems appropriate as a result of the Public Hearing process. If the Council determines the project is to be denied, Staff will prepare a Resolution of Denial for adoption at a subsequent Council meeting.

CEQA COMPLIANCE STATEMENT:

The project is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15303 of the State CEQA Guidelines. Class 3 consists of construction and location of limited numbers of new, small facilities or structures. Examples of this exemption include one single-family residence or second dwelling unit in a residential zone. In urbanized areas, up to three-single-family residences may be constructed or converted under this exemption.

FISCAL IMPACT: N/A

WORK PLAN: N/A

OPTIONS:

- Approve Staff recommendation adopting the attached Resolution 2021-003.
- Approve Staff recommendation subject to additional specific conditions necessary for the City Council to make all required findings for the approval of a DRP and SDP.
- Deny the project if all required findings for the DRP cannot be made.

DEPARTMENT RECOMMENDATION:

The proposed project meets the minimum zoning requirements under the SBMC, may be found to be consistent with the General Plan and may be found, as conditioned, to meet the discretionary findings required as discussed in this report to approve a DRP and SDP. Therefore, Staff recommends that the City Council:

1. Conduct the Public Hearing: Open the Public Hearing, Report Council Disclosures, Receive Public Testimony, and Close the Public Hearing.
2. Find the project exempt from the California Environmental Quality Act pursuant to Section 15303 of the State CEQA Guidelines; and
3. If the City Council makes the requisite findings and approves the project, adopt Resolution 2021-003 conditionally approving a DRP and SDP to demolish an existing one-story, single-family residence and construct a replacement two-story, single-family residence with an attached two-car garage and convert an existing

detached accessory structure to an ADU, and perform associated site improvements at 840 Hernandez Street, Solana Beach.

CITY MANAGER'S RECOMMENDATION:

Approve Department Recommendation.



Gregory Wade, City Manager

Attachments:

1. Resolution 2021-003
2. Project Plans

RESOLUTION NO. 2021-003

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOLANA BEACH, CALIFORNIA, CONDITIONALLY APPROVING A DEVELOPMENT REVIEW PERMIT AND STRUCTURE DEVELOPMENT PERMIT TO DEMOLISH A SINGLE-FAMILY RESIDENCE AND CONSTRUCT A REPLACEMENT TWO-STORY, SINGLE-FAMILY RESIDENCE, CONVERT AN EXISTING DETACHED STRUCTURE TO AN ACCESSORY DWELLING UNIT AND PERFORM ASSOCIATED IMPROVEMENTS AT 840 HERNANDEZ STREET, SOLANA BEACH

APPLICANTS: NOYLAN DUNN PULASKI

APPLICATION: 17-18-13 DRP/SDP

WHEREAS, Noylan Dunn Pulaski (hereinafter referred to as “Applicant”), has submitted an application for a Development Review Permit (DRP) and Structure Development Permit (SDP) pursuant to Title 17 (Zoning) of the Solana Beach Municipal Code (SBMC); and

WHEREAS, the Public Hearing was conducted pursuant to the provisions of Solana Beach Municipal Code Section 17.72.030; and

WHEREAS, at the Public Hearing on January 13, 2021, the City Council received and considered evidence concerning the proposed application; and

WHEREAS, the City Council of the City of Solana Beach found the application request exempt from the California Environmental Quality Act pursuant to Section 15303 of the State CEQA Guidelines; and

WHEREAS, this decision is based upon the evidence presented at the hearing, and any information the City Council gathered by viewing the site and the area as disclosed at the hearing.

NOW THEREFORE, the City Council of the City of Solana Beach, California, does resolve as follows:

- I. That the foregoing recitations are true and correct.
- II. That the request for a DRP and SDP to demolish an existing single-family residence and construct a replacement two-story, single-family residence with an attached garage, convert an existing detached accessory structure to an Accessory Dwelling Unit (ADU), and perform associated site improvements at 840 Hernandez Street, is conditionally approved based upon the following Findings and subject to the following Conditions:

III. FINDINGS

- A. In accordance with Section 17.68.040 (Development Review Permit) of the

City of Solana Beach Municipal Code, the City Council finds the following:

- I. *The proposed project is consistent with the General Plan and all applicable requirements of SBMC Title 17 (Zoning Ordinance), including special regulations, overlay zones and specific plans.*

General Plan Consistency: The project, as conditioned, is consistent with the City's General Plan designation of Medium High Density Residential, which allows for a maximum of 8 to 12 dwelling units per acre. The development is also consistent with the objectives of the General Plan as it encourages the development and maintenance of healthy residential neighborhoods, the stability of transitional neighborhoods, and the rehabilitation of deteriorated neighborhoods.

Zoning Ordinance Consistency: The project is consistent with all applicable requirements of the Zoning Ordinance (Title 17) (SBMC 17.20.030 and 17.48.040), which delineates maximum allowable Floor Area Ratio (FAR), Permitted Uses and Structures (SBMC Section 17.20.020) which provides for uses of the property for a single-family residence. Further, the project adheres to all property development regulations established for the Medium High Residential (MHR) Zone and cited by SBMC Section 17.020.030.

The project is consistent with the provisions for minimum yard dimensions (i.e., setbacks) and the maximum allowable Floor Area (FAR), maximum building height, and parking requirements.

- II. *The proposed development complies with the following development review criteria set forth in Solana Beach Municipal Code Section 17.68.040.F:*

- a. *Relationship with Adjacent Land Uses: The development shall be designed in a manner compatible with and where feasible, complimentary to existing and potential development in the immediate vicinity of the project site. Site planning on the perimeter of the development shall give consideration to the protection of surrounding areas from potential adverse effects, as well as protection of the property from adverse surrounding influences.*

The property is located within the MHR Zone. Properties to the north, east, and west are also located within the MHR Zone. Properties to the south are located within the High Residential (HR) Zone. The surrounding properties are developed with one and two-story, single-family residences as well as some that have multiple dwelling units.

The project, as designed, is consistent with the permitted uses for the MHR Zone as described in SBMC Sections 17.20.010 and 17.12.020. The property is designated Medium High Density Residential in the General Plan and intended for multi-family residential development within a density range of eight to twelve units per acre. Other compatible uses such as accessory dwelling units, home occupations, religious institutions, educational institutions, parks and recreation facilities, and public utilities are permitted or conditionally permitted. The proposed development could be found to be consistent with the objectives of the General Plan as it encourages the development and maintenance of healthy residential neighborhoods, the stability of transitional neighborhoods, and the rehabilitation of deteriorated neighborhoods.

The property is not located within any of the City's Specific Plan areas; however, it is located within the boundaries of the Coastal Zone. As a condition of project approval, the Applicant would be required to obtain a Coastal Development Permit, Waiver or Exemption from the California Coastal Commission prior to the issuance of Building or Grading Permits.

- b. Building and Structure Placement: Buildings and structures shall be sited and designed in a manner which visually and functionally enhances their intended use.*

The Applicant is proposing to construct a replacement two-story, single-family residence with an attached garage and to convert an existing detached accessory structure to an ADU. The replacement residence, as designed, would be located within the buildable area which meets or exceeds the required setbacks of 25 feet for the front yard setback, five feet on each side and 25 feet for the rear yard setback.

The ADU would be 738 square feet and consist of a single story with a kitchen and living area, two bedrooms and a bathroom. The detached residence was constructed without required parking and it encroaches into the required rear and side yard setbacks. The residence was constructed with required permits prior to the City's incorporation.

The Applicant is not proposing to modify the ADU except to remove an existing bay window area between the ADU and the proposed residence.

The floor area proposed for the residence includes: a 460 square-foot attached garage, a 1,971 square foot first floor living

area consisting of an entry area, powder room, laundry room, open kitchen/dining/living room, two bedrooms with a Jack and Jill bathroom, an additional bedroom with attached bathroom, as well as a staircase that leads to the second floor. The proposed 1,038 square foot second floor would consist of a master suite and a sitting area. The total square footage onsite including the attached garage and the detached accessory structure would be 4,207 square feet.

SBMC 17.20.030 indicates that required parking spaces up to 200 square feet per space can be exempt from the calculation of FAR if provided within a garage. 400 square feet of garage area is exempt from the calculation of floor area. Therefore, the total proposed Floor Area for the project is 3,807, which is 2,085 square feet below the maximum allowable floor area for the property.

The proposed project, as designed, meets the minimum required setbacks and is below the maximum allowable floor area for the property.

- c. *Landscaping: The removal of significant native vegetation shall be minimized. Replacement vegetation and landscaping shall be compatible with the vegetation of the surrounding area. Trees and other large plantings shall not obstruct significant views when installed or at maturity.*

The project is not subject to the current water efficient landscaping regulations of SBMC Chapter 17.56. A Landscape Documentation Package is required for new development projects with an aggregate landscape equal to or greater than 500 square feet requiring a building permit, plan check or development review. As a condition of project approval, the Applicant would be required to return to the City Council with a DRP/SDP modification with a landscape plan in compliance with the water efficient landscape regulations if more than 500 square feet of landscaping is disturbed.

- d. *Roads, Pedestrian Walkways, Parking and Storage Areas: Any development involving more than one building or structure shall provide common access roads and pedestrian walkways. Parking and outside storage areas, where permitted, shall be screened from view, to the extent feasible, by existing topography, by the placement of buildings and structures, or by landscaping and plantings.*

SBMC Section 17.52.040 and the Off-Street Parking Design Manual (OSPDM) require two (2) parking spaces for a single-family residence. The Applicants would maintain the existing location of the driveway in the southeast corner of the lot, however, it would be widened to match the width of the proposed garage. SBMC Section 17.08.030 indicates that required parking up to 200 square feet per parking space provided in a garage is exempt from the floor area calculation. The proposed garage will provide two parking spaces. Two spaces are required, therefore, 400 square feet of garage area is exempt from the project's floor area calculation. The Applicant is not required to provide parking for the ADU as it is part of an existing accessory structure.

- e. *Grading: To the extent feasible, natural topography and scenic features of the site shall be retained and incorporated into the proposed development. Any grading or earth-moving operations in connection with the proposed development shall be planned and executed so as to blend with the existing terrain both on and adjacent to the site. Existing exposed or disturbed slopes shall be landscaped with native or naturalized non-native vegetation and existing erosion problems shall be corrected.*

The project includes grading in the amount 20.43 yd³ cut, 3.53 yd³ of fill and 16.9 yd³ of export. The grading is proposed in order to modify the existing driveway and to provide the necessary stormwater bio-filtration basing for the proposed development.

- f. *Lighting: Light fixtures for walkways, parking areas, driveways, and other facilities shall be provided in sufficient number and at proper locations to assure safe and convenient nighttime use. All light fixtures shall be appropriately shielded so that no light or glare is transmitted or reflected in such concentrated quantities or intensities as to be detrimental to the surrounding areas per SBMC 17.60.060 (Exterior Lighting Regulations).*

A condition of project approval includes that all new exterior lighting fixtures comply with the City-Wide Lighting Regulations of the Zoning Ordinance (SBMC 17.60.060). All light fixtures shall be shielded so that no light or glare is transmitted or reflected in such concentrated quantities or intensities as to be detrimental to the surrounding area.

- g. *Usable Open Space: Recreational facilities proposed within required usable open space shall be located and designed to maintain essential open space values.*

The project consists of the construction of a replacement two-story, single-family residence and an ADU; therefore, usable open space and recreational facilities are neither proposed nor required according to SBMC Section 17.20.040. The Applicant will be required, as a condition of approval, to pay the applicable Park Development Fee.

III. All required permits and approvals including variances, conditional use permits, comprehensive sign plans, and coastal development permits have been obtained prior to or concurrently with the development review permit.

All required permits, including a Structure Development Permit, are being processed concurrently with the Development Review Permit.

IV. If the development project also requires a permit or approval to be issued by a state or federal agency, the city council may conditionally approve the development review permit upon the Applicant obtaining the required permit or approval from the other agency.

The Applicant is required to obtain approval from the California Coastal Commission prior to issuance of Building Permits.

B. In accordance with Section 17.63.040 (Structure Development Permit) of the Solana Beach Municipal Code, the City Council finds the following:

The proposed structure exceeds 16 feet in height above the pre-existing grade; therefore, the project must comply with all of the View Assessment requirements of SBMC Chapter 17.63 and the Applicant was required to complete the SDP process. Originally, the project was designed to include a new two-story duplex with separate condominium ownership and common ownership of the remainder of the lot. The Applicant had story poles erected onsite. A final Story Pole Height Certification was issued by a licensed land surveyor on August 27, 2019, which showed the highest story pole certified at 92.22 MSL and 24.75 feet above the proposed grade. Notices to apply for View Assessment were mailed to property owners and occupants within 300 feet of the project site, which established a deadline to file for View Assessment on May 16, 2019. Four applications for View Assessment were received by the City. The project was heard at the October 15, 2019 View Assessment Committee meeting. At that meeting, the VAC heard presentations from both the Applicant and Claimants and was not able to make the required findings to recommend approval of the project and voted to continue the project to allow the Applicant time to work with the Claimants and redesign the project. The project was redesigned to the current proposal. The City received requests to withdraw the applications for View Assessment from three of the neighbors. The fourth neighbor sold their property while the project was being redesigned so their application is no longer valid.

Therefore, if the Council is able to make the required findings to approve the DRP, the SDP would be approved administratively.

As a condition of approval, a height certificate prepared by a licensed land surveyor will be required prior to the framing inspection certifying that the tallest point of the proposed residence will not exceed 24.75 feet above the proposed grade and the highest point of the structure will not exceed 92.20 feet above the Mean Sea Level (MSL).

IV. CONDITIONS

Prior to use or development of the property in reliance on this permit, the Applicant shall provide for and adhere to the following conditions:

A. Community Development Department Conditions:

- I. The Applicant shall pay required Fire Mitigation, Park Development, Public Use Facilities, and Public Facilities Impact Fees.
- II. Building Permit plans must be in substantial conformance with the architectural plans presented to the City Council on January 13, 2021, and located in the project file with a submittal date of December 17, 2020.
- III. Prior to requesting a framing inspection, the Applicant shall submit a height certificate prepared by a licensed land surveyor prior to the framing inspection certifying that the tallest point of the proposed residence will not exceed 24.75 feet above the proposed grade on the west elevation and the highest point of the structure will not exceed 92.22 feet above the Mean Sea Level (MSL) in conformance with the plans as approved by the City Council on January 13, 2021.
- IV. Any proposed onsite fences, walls and retaining walls and any proposed railing located on top, or any combination thereof, shall comply with applicable regulations of SBMC Section 17.20.040 and 17.60.070 (Fences and Walls).
- V. The Applicant shall obtain required California Coastal Commission (CCC) approval of a Coastal Development Permit, Waiver or Exemption as determined necessary by the CCC, prior to the issuance of Building and Grading Permits.
- VI. The Applicant shall provide a full Landscape Documentation Package in compliance with SBMC Chapter 17.56 prior to Grading Permit issuance, which will be reviewed and inspected by the City's third party landscape professional.

- VII. Native or drought tolerant and non-invasive plant materials and water conserving irrigation systems shall be incorporated into any proposed landscaping and compatible with the surrounding area to the extent feasible.
- VIII. All new exterior lighting fixtures shall be in conformance with the City-wide lighting regulations of the Zoning Ordinance (SBMC 17.60.060). All light fixtures shall be appropriately shielded so that no light or glare is transmitted or reflected in such concentrated quantities or intensities as to be detrimental to the surrounding area.
- IX. Construction vehicles shall be parked on the subject property at all times feasible. If construction activity prohibits parking on the subject property, the Applicant shall ensure construction vehicles are parked in such a way to allow sufficient vehicular access on the street and minimize impact to the surrounding neighbors.
- X. The Applicant shall connect to temporary electrical service as soon as feasible to the satisfaction of the City. The use of gas-powered generator(s) during construction activity is discouraged and shall be limited only to selective use at the discretion of the City.

B. Fire Department Conditions:

- I. ACCESS ROAD MINIMUM DIMENSIONS: Fire apparatus access roads shall have an unobstructed improved width of not less than 20 feet; curb line to curb line, and an unobstructed vertical clearance of not less than 13 feet 6 inches. Exception: Single-Family residential driveways; serving no more than two single-family dwellings, shall have minimum of 16 feet, curb line to curb line, of unobstructed improved width. Access roads shall be designed and maintained to support the imposed loads of not less than 75,000 pounds and shall be provided with an approved paved surface to provide all-weather driving capabilities.
- II. POSTING OR STRIPING ROADWAYS "NO PARKING FIRE LANE": Fire Department access roadways, when required, shall be properly identified as per Solana Beach Fire Department standards. The means by which fire lanes are designated shall be maintained in a clean and legible condition at all times and be replaced or repaired when necessary to provide adequate visibility.
- III. OBSTRUCTION OF ROADWAYS DURING CONSTRUCTION: All roadways shall be a minimum of 20 feet in width during construction and maintained free and clear, including the parking of vehicles, in accordance with the California Fire Code and the Solana Beach Fire

Department.

- IV. ADDRESS NUMBERS: STREET NUMBERS: Approved numbers and/or addresses shall be placed on all new and existing buildings and at appropriate additional locations as to be plainly visible and legible from the street or roadway fronting the property from either direction of approach. Said numbers shall contrast with their background, and shall meet the following minimum standards as to size: 4" high with a ½" inch stroke width for residential buildings, 8" high with a ½" stroke for commercial and multi-family residential buildings, 12" high with a 1" stroke for industrial buildings. Additional numbers shall be required where deemed necessary by the Fire Marshal, such as rear access doors, building corners, and entrances to commercial centers.
 - V. AUTOMATIC FIRE SPRINKLER SYSTEM-ONE AND TWO FAMILY DWELLINGS: Structures shall be protected by an automatic fire sprinkler system designed and installed to the satisfaction of the Fire Department. Plans for the automatic fire sprinkler system shall be approved by the Fire Department prior to installation.
 - VI. CLASS "A" ROOF: All structures shall be provided with a Class "A" Roof covering to the satisfaction of the Solana Beach Fire Department.
- C. Engineering Department Conditions:
- I. The Applicant must recognize that approval of the project consisting of construction of a fence separating the existing structure for the proposed residence does not constitute a subdivision for the purpose of selling, leasing or financing. Such purposes would require the Applicant to process a Subdivision Tentative Map.
 - II. Prior to occupancy/final inspection of the Building Permit, an easement shall be recorded for maintenance of the detention basins by the property owner(s) in perpetuity.
 - III. The Applicant shall record a Hold Harmless Agreement prior to Final Inspection of the Building Permit. The document will hold the City of Solana Beach harmless in case of a sanitary sewer backup due to a blockage in the public sewer main. A backflow prevention device shall be installed on private property. The Applicant shall record the Hold Harmless Agreement document prior to Final Inspection of the Building Permit.
 - IV. All construction demolition materials shall be recycled according to the City's Construction and Demolition recycling program and an approved Waste Management Plan shall be submitted.

- V. Construction fencing shall be located on the subject property unless the Applicant has obtained an Encroachment Permit in accordance with chapter 11.20 of the SBMC which allows otherwise.

I. ENFORCEMENT

Pursuant to SBMC 17.72.120(B) failure to satisfy any and all of the above-mentioned conditions of approval is subject to the imposition of penalties as set forth in SBMC Chapters 1.1.6 and 1.18 in addition to any applicable revocation proceedings.

II. EXPIRATION

The Development Review Permit and Structure Development Permit for the project will expire 24 months from the date of this Resolution, unless the Applicants has obtained building permits and has commenced construction prior to that date, and diligently pursued construction to completion. An extension of the application may be granted by the City Council according to SBMC 17.72.110.

III. INDEMNIFICATION AGREEMENT

The Applicant shall defend, indemnify, and hold harmless the City, its agents, officers, and employees from any and all claims, actions, proceedings, damages, judgments, or costs, including attorney's fees, against the City or its agents, officers, or employees, relating to the issuance of this permit including, but not limited to, any action to attack, set aside, void, challenge, or annul this development approval and any environmental document or decision. The City will promptly notify the Applicant of any claim, action, or proceeding. The City may elect to conduct its own defense, participate in its own defense, or obtain independent legal counsel in defense of any claim related to this indemnification. In the event of such election, the Applicant shall pay all of the costs related thereto, including without limitation reasonable attorney's fees and costs. In the event of a disagreement between the City and Applicant regarding litigation issues, the City shall have the authority to control the litigation and make litigation related decisions, including, but not limited to, settlement or other disposition of the matter. However, the Applicant shall not be required to pay or perform any settlement unless such settlement is approved by the Applicant.

NOTICE TO APPLICANTS: Pursuant to Government Code Section 66020, you are hereby notified that the 90-day period to protest the imposition of the fees, dedications, reservations or other exactions described in this resolution commences on the effective date of this resolution. To protest the imposition of any fee, dedications, reservations or other exactions described in this resolution you must comply with the provisions of Government Code Section 66020. Generally the resolution is effective upon expiration of the tenth day following the date of adoption of this resolution, unless the resolution is appealed or called for review as provided in the Solana Beach Zoning

Ordinance.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Solana Beach, California, held on the 13th day of January, 2021, by the following vote:

AYES: Councilmembers –
NOES: Councilmembers –
ABSENT: Councilmembers –
ABSTAIN: Councilmembers –

LESA HEEBNER, MAYOR

APPROVED AS TO FORM:

ATTEST:

JOHANNA N. CANLAS, City Attorney

ANGELA IVEY, City Clerk

SITE PLAN KEYNOTES

- 1 EXISTING 1-STORY SINGLE FAMILY RESIDENCE TO BE REMODELED. SLAB TO REMAIN. CONSTRUCTION OF A NEW 2ND FLOOR.
- 2 EXISTING DETACHED ACCESSORY LIVING UNIT TO REMAIN. EXISTING STRUCTURE DOES NOT EXCEED 12'-0" IN HEIGHT.
- 2A EXISTING PORTION OF THE DETACHED ACCESSORY LIVING UNIT TO BE REMOVED.
- 3 LINE OF PROPOSED NEW BUILDING FOOTPRINT.
- 4 LINE OF PROPOSED NEW BUILDING AT SECOND FLOOR.
- 5 LINE OF DECK AT SECOND FLOOR ABOVE.
- 5A NEW EXTERIOR STAIR TO SECOND FLOOR ABOVE.
- 6 LINE OF ROOF ABOVE.
- 6A LINE OF AWNING ABOVE.
- 7 LINE OF STUCCO BAND AT SECOND FLOOR ABOVE.
- 8 EXISTING FENCE TO REMAIN.
- 8A NEW FENCE - 6'-0" HIGH MAX.
- 8B NEW GATE - 6'-0" HIGH MAX.
- 8C EXISTING FENCE TO BE REMOVED.
- 9 MODIFY EXISTING CONCRETE DRIVEWAY TO MATCH NEW GARAGE WIDTH.
- 10 TRASH AND RECYCLING BINS IN GARAGE AREA.
- 11 EXISTING RETAINING WALL TO REMAIN.
- 12 EXISTING WATER METER TO REMAIN.
- 13 EXISTING 4'-0" SIDEWALK AND ROLLED CURB TO REMAIN.
- 14 EXISTING POWER POLE TO REMAIN.
- 15 EXISTING RESIDENCE ADJACENT TO SITE TO REMAIN.

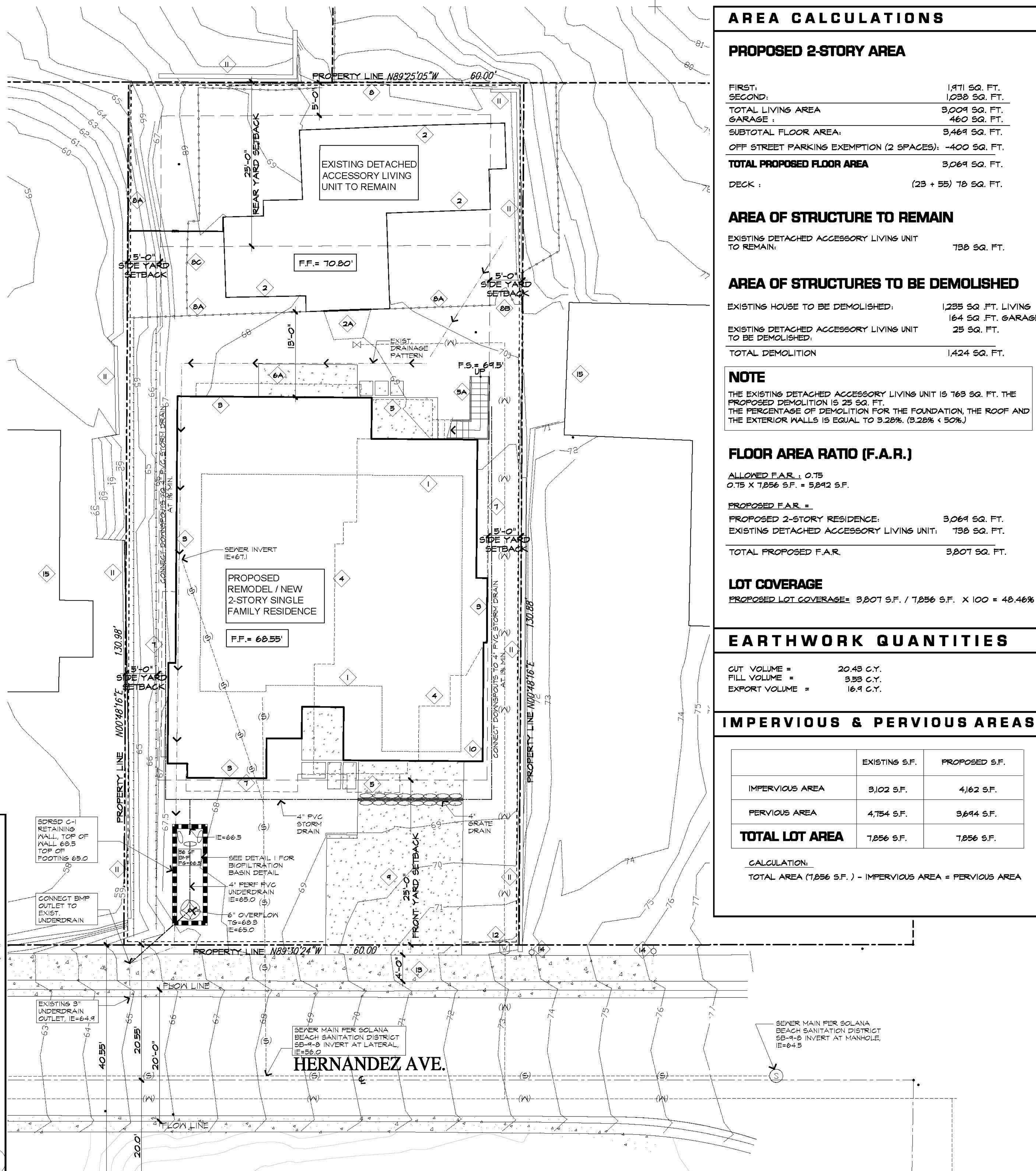
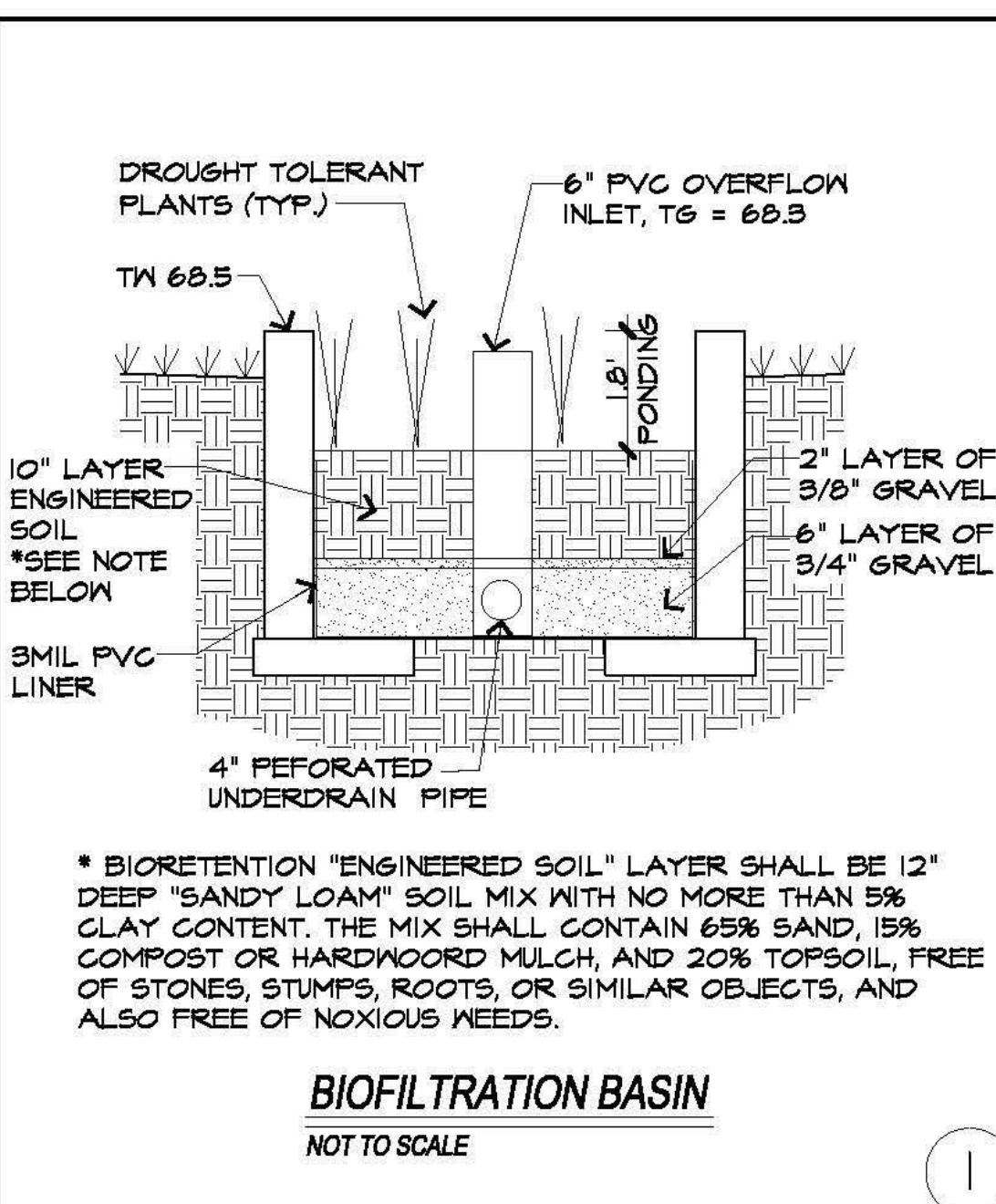
BMP LEGEND

- GRAVEL BAGS
- FIBER ROLLS
- FENCE SILT

ALL DIMENSIONS ARE MEASURED FROM THE EXTERIOR WALL SURFACES

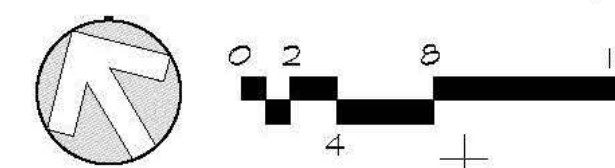
ANY EXPORTED MATERIAL SHALL BE DISPOSED OF AT A LEGAL DUMP SITE

NO NEW LANDSCAPED AREA



SITE PLAN

SCALE: 1/8" = 1'-0"



AREA CALCULATIONS

PROPOSED 2-STORY AREA

FIRST:	1,471 SQ. FT.
SECOND:	1,088 SQ. FT.
TOTAL LIVING AREA:	3,009 SQ. FT.
GARAGE:	460 SQ. FT.
SUBTOTAL FLOOR AREA:	3,469 SQ. FT.
OFF STREET PARKING EXEMPTION (2 SPACES):	-400 SQ. FT.
TOTAL PROPOSED FLOOR AREA	3,069 SQ. FT.
DECK:	(23 + 55) 78 SQ. FT.

AREA OF STRUCTURE TO REMAIN

EXISTING DETACHED ACCESSORY LIVING UNIT TO REMAIN:	788 SQ. FT.
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AREA OF STRUCTURES TO BE DEMOLISHED

EXISTING HOUSE TO BE DEMOLISHED:	1,295 SQ. FT. LIVING
EXISTING DETACHED ACCESSORY LIVING UNIT TO BE DEMOLISHED:	164 SQ. FT. GARAGE
EXISTING DETACHED ACCESSORY LIVING UNIT TO BE DEMOLISHED:	25 SQ. FT.
TOTAL DEMOLITION	1,424 SQ. FT.

NOTE

THE EXISTING DETACHED ACCESSORY LIVING UNIT IS 763 SQ. FT. THE PROPOSED DEMOLITION IS 25 SQ. FT. THE PERCENTAGE OF DEMOLITION FOR THE FOUNDATION, THE ROOF AND THE EXTERIOR WALLS IS EQUAL TO 3.28% (3.28% < 50%)

FLOOR AREA RATIO (F.A.R.)

ALLOWED F.A.R.: 0.75
0.75 X 7,856 S.F. = 5,892 S.F.

PROPOSED F.A.R. =

PROPOSED 2-STORY RESIDENCE:	3,069 SQ. FT.
EXISTING DETACHED ACCESSORY LIVING UNIT:	788 SQ. FT.
TOTAL PROPOSED F.A.R.	3,807 SQ. FT.

LOT COVERAGE

PROPOSED LOT COVERAGE = 3,807 S.F. / 7,856 S.F. X 100 = 48.46%

EARTHWORK QUANTITIES

CUT VOLUME =	20.49 C.Y.
FILL VOLUME =	3.93 C.Y.
EXPORT VOLUME =	16.9 C.Y.

IMPERVIOUS & PERVIOUS AREAS

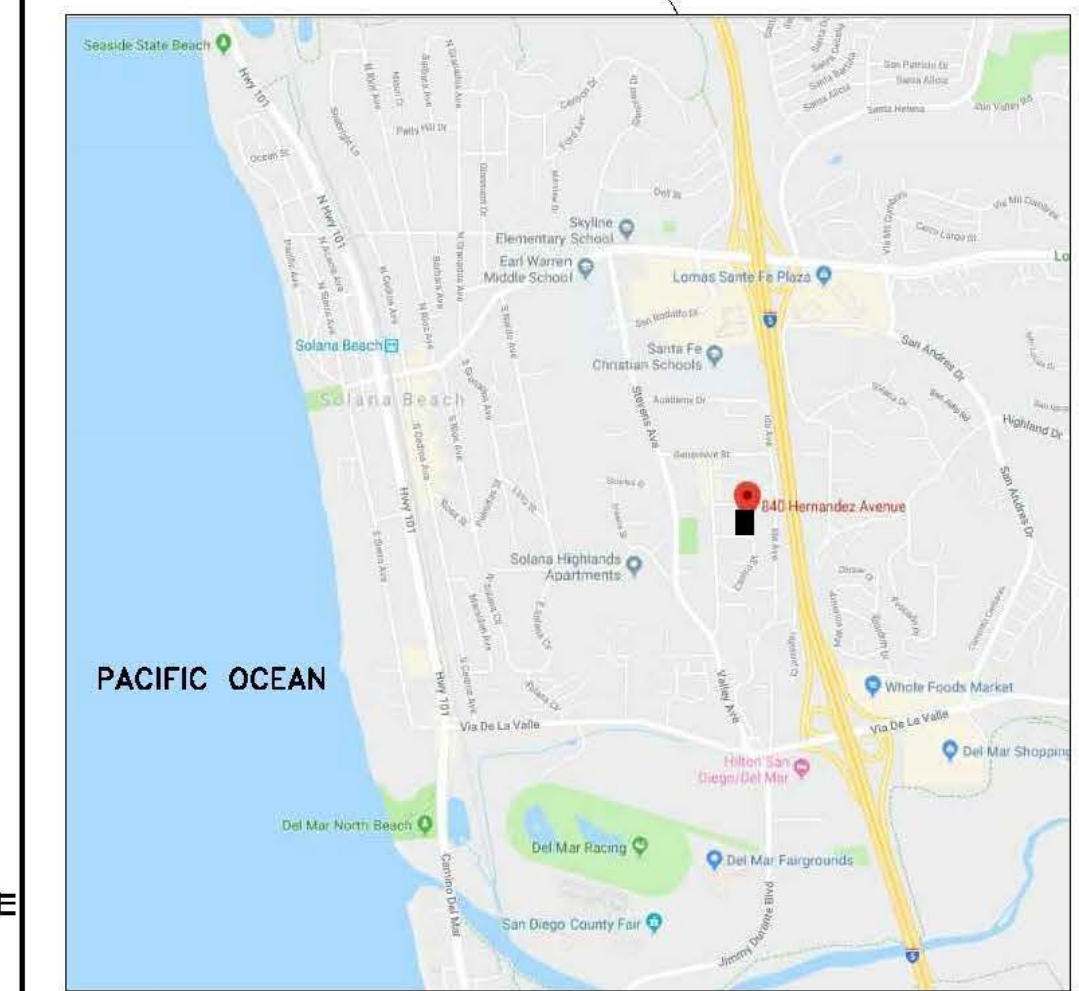
	EXISTING S.F.	PROPOSED S.F.
IMPERVIOUS AREA	3,102 S.F.	4,162 S.F.
PERVIOUS AREA	4,754 S.F.	3,694 S.F.
TOTAL LOT AREA	7,856 S.F.	7,856 S.F.

CALCULATION:

TOTAL AREA (7,856 S.F.) - IMPERVIOUS AREA = PERVIOUS AREA

VICINITY MAP

PROJECT SITE
840 HERNANDEZ AVE.



NO SCALE

SOLANA BEACH

PROJECT DATA

OWNER:
MRS. NOYLAN DUNN PULASKI
TEL: (832) 860-5063

SITE ADDRESS:
840 HERNANDEZ AVE.
SOLANA BEACH, CALIFORNIA 92075

APN:
288 184 14 00

LEGAL DESCRIPTION:

THE WESTERLY 60.00 FEET OF THE EASTERLY 120.00 FEET OF LOT 7 IN BLOCK "C" OF MAP 2148 AS RECORDED IN THE OFFICE OF THE SAN DIEGO RECORDER ON SEPTEMBER 13, 2017.

ZONE:

MHRd

LOT SIZE:

(GROSS AND NET ARE THE SAME) 7,856 S.F. (0.180 AC)

SHEET INDEX

A1	SITE PLAN
A1.1	AREA CALCULATIONS
EX	EXISTING MAIN HOUSE FLOOR PLAN
EX1	EXISTING DETACHED ACCESSORY LIVING UNIT FLOOR PLAN
A2	FIRST FLOOR PLAN
A2.1	SECOND FLOOR PLAN
A3	ROOF PLAN
A4	EXTERIOR ELEVATIONS
A4.1	EXTERIOR ELEVATIONS

SCOPE OF WORK

REMODEL OF AN EXISTING 1-STORY SINGLE FAMILY RESIDENCE CONSTRUCTION OF AN ENTIRELY NEW 2ND FLOOR - 50% OF THE EXISTING SFR IS BEING MODIFIED QUALIFIES AS NEW CONSTRUCTION EXISTING 1-STORY DETACHED ACCESSORY LIVING UNIT (ADU) TO REMAIN REMOVE 25 SQ. FT. (BAY WINDOW AREA) OF THE EXISTING 1-STORY DETACHED ACCESSORY LIVING UNIT (ADU)



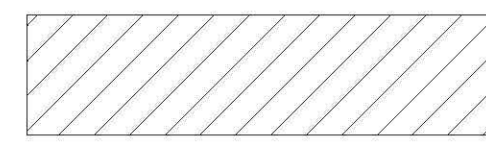
COPYRIGHT 2020. AS INSTRUMENTS OF INTELLECTUAL SERVICE. ALL DESIGNS, CONCEPTS & CONFIGURATIONS REPRESENTED BY THESE DRAWINGS ARE THE PROPERTY OF COHN + ASSOCIATES AND ARE NOT TO BE USED WITHOUT WRITTEN PERMISSION. COHN + ASSOCIATES SHALL BE THE ARCHITECT OF RECORD FOR PROJECTS UTILIZING ALL OR PART OF THEIR DESIGNS.

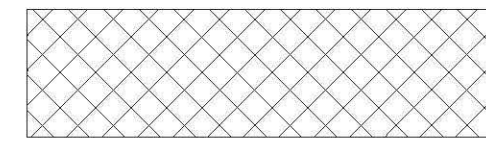
PULASKI REMODEL
840 HERNANDEZ AVE.
SOLANA BEACH, CALIFORNIA

SUBMITTAL DATE	PURPOSE
8/13/20	DRP I
10/26/20	DRP II
12/3/20	DRP III

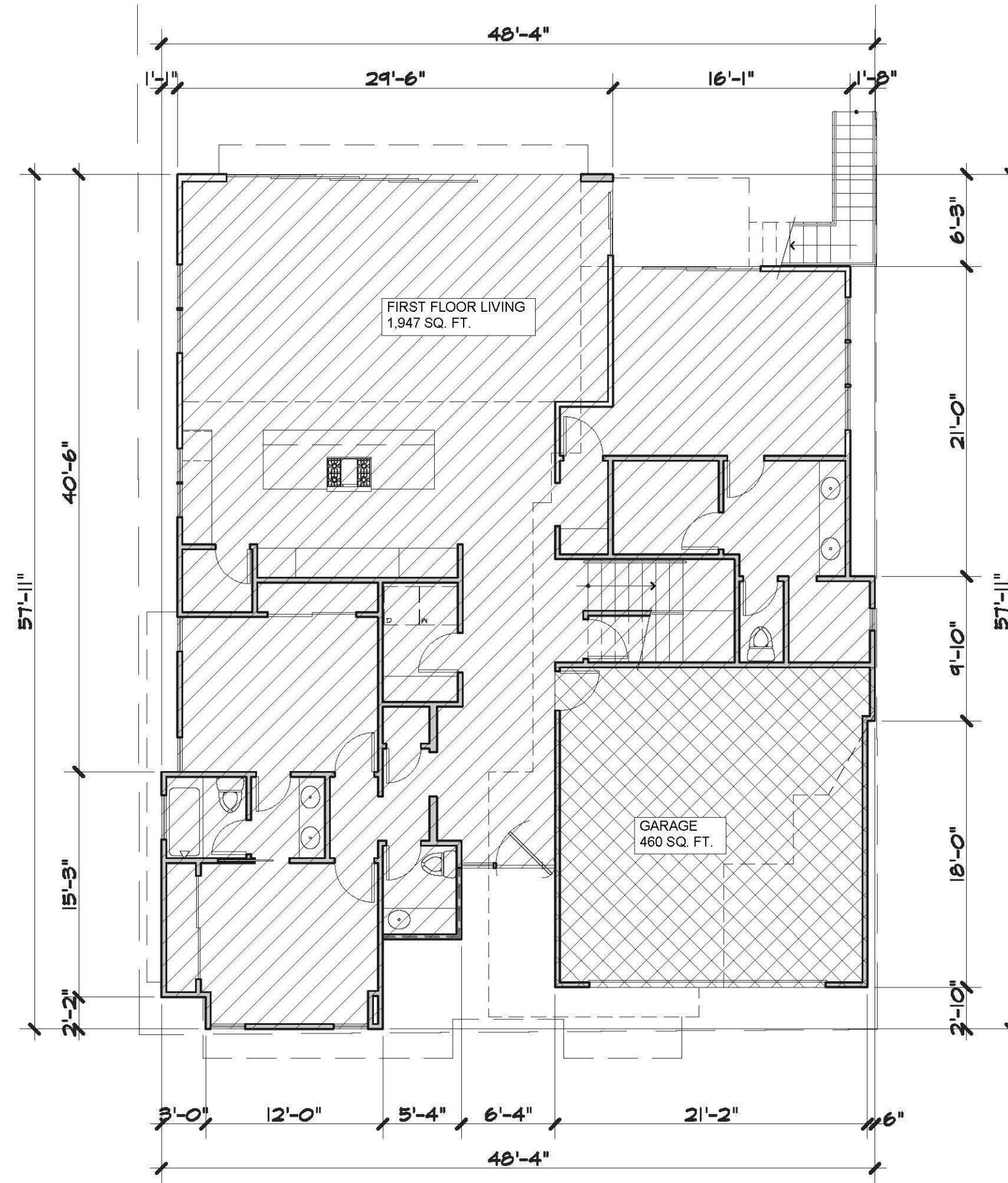
DATE MODIFIED:	12/16/20
DRAWN BY:	GC
JOB NUMBER:	1803.1
DWG FILE:	PR_SITE

SHEET

 AREAS INCLUDED IN F.A.R. CALCULATIONS

 AREA COUNTED TOWARDS GARAGE FLOOR AREA.

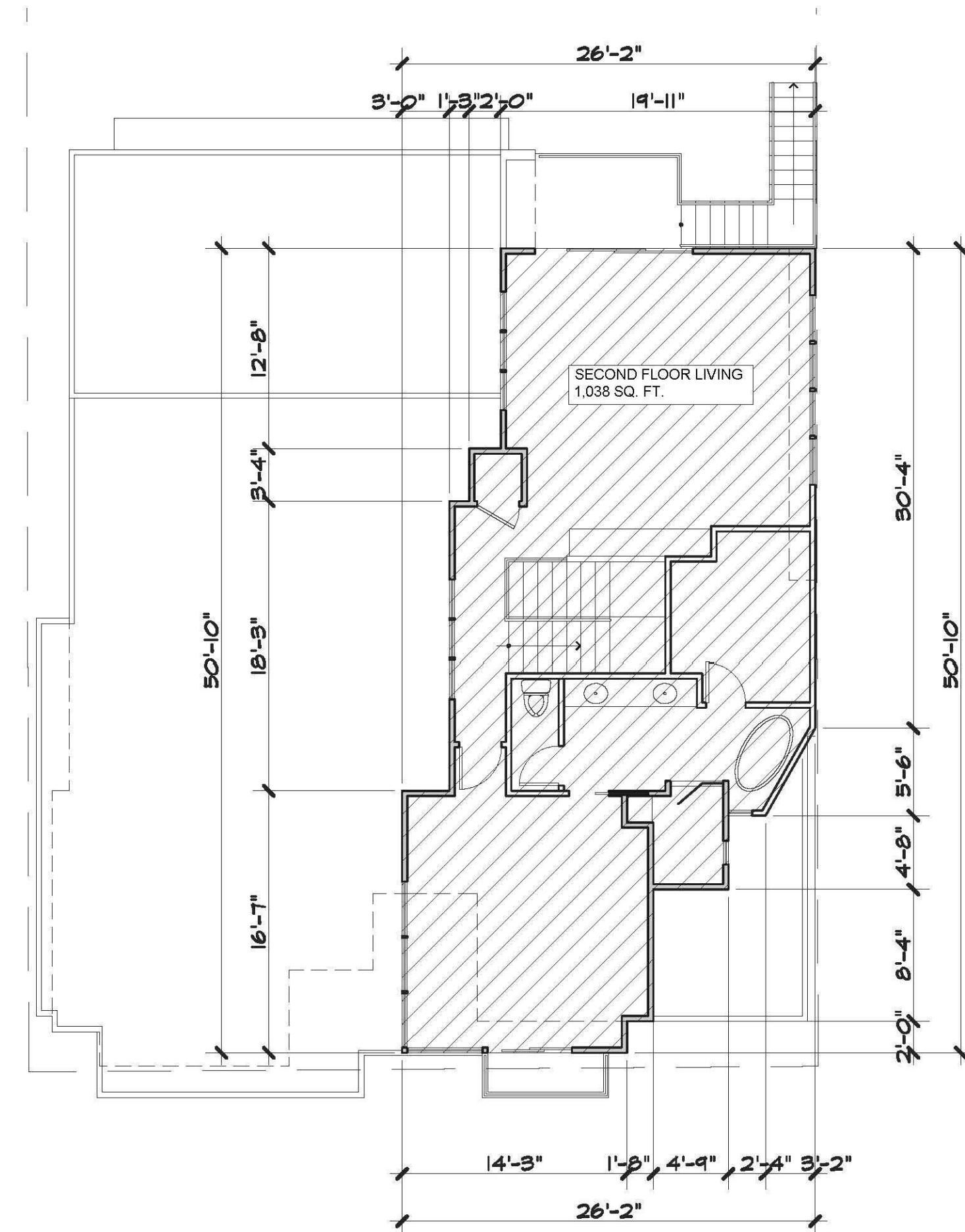
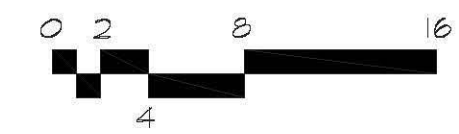
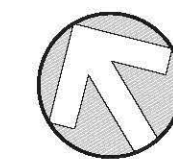
ALL DIMENSIONS ARE MEASURED FROM THE EXTERIOR WALL SURFACES



FIRST FLOOR PLAN

AREA DIAGRAM

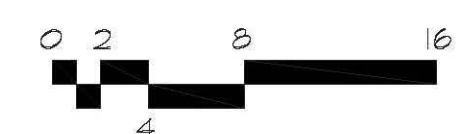
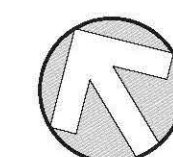
SCALE: 1/8" = 1'-0"



SECOND FLOOR PLAN

AREA DIAGRAM

SCALE: 1/8" = 1'-0"



COHN + ASSOCIATES
 ARCHITECTURE PLANNING
 740 LOMAS SANITALE DR., SUITE 205
 SOLANA BEACH, CALIFORNIA 92085
 858/755-7328



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PULASKI REMODEL

840 HERNANDEZ AVE.
 SOLANA BEACH, CALIFORNIA

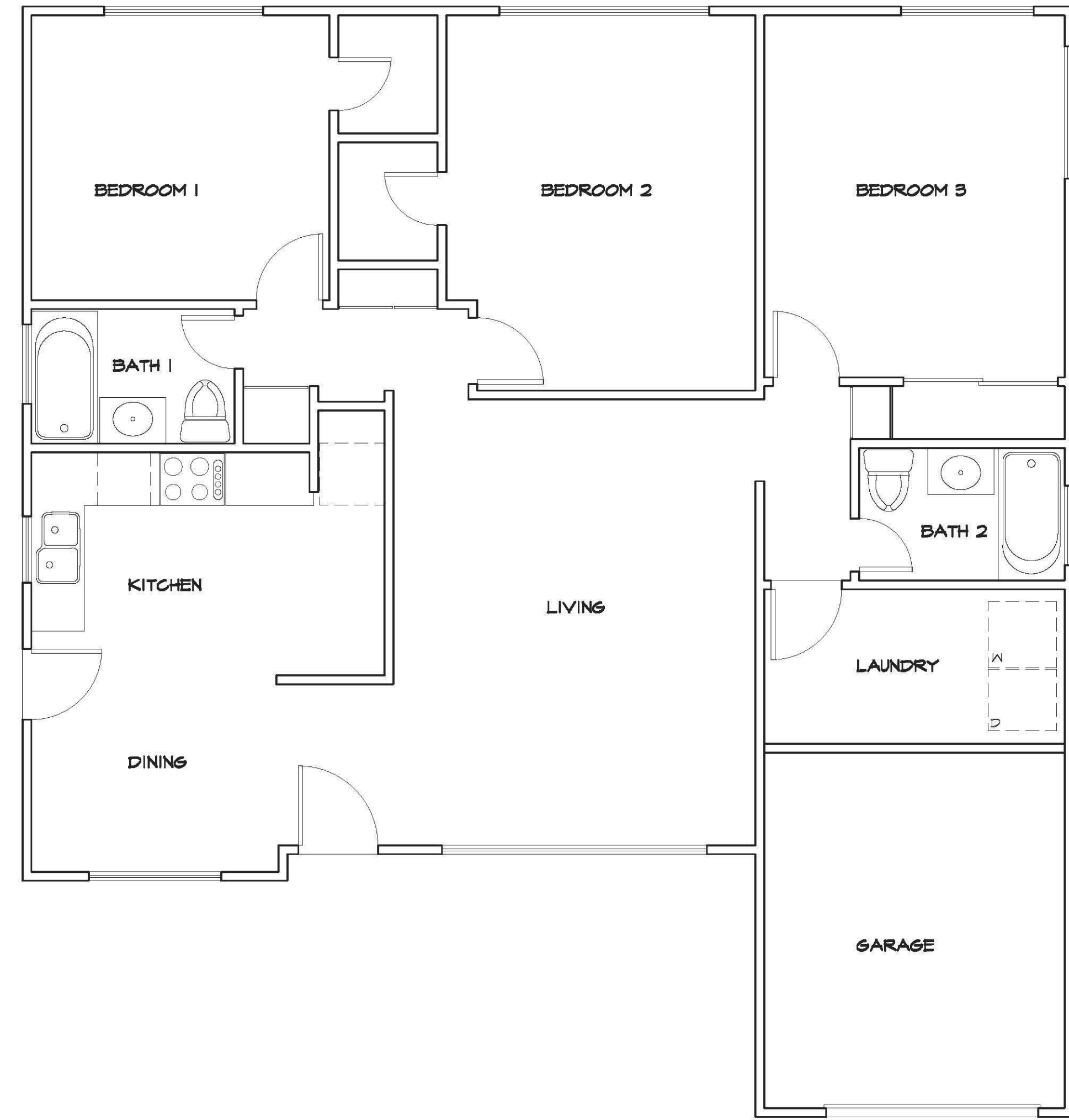
SUBMITTAL DATE	PURPOSE
8/13/20	DRP I
10/26/20	DRP II
12/3/20	DRP III

DATE MODIFIED:	10/1/20
DRAWN BY:	MCS
JOB NUMBER:	1805.1
DWG FILE:	PR_PLAN

SHEET
A1.1



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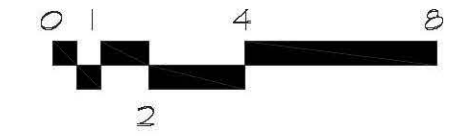
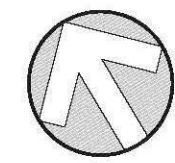


PULASKI REMODEL
 840 HERNANDEZ AVE.
 SOLANA BEACH, CALIFORNIA

SUBMITTAL DATE	PURPOSE
8/18/20	DRP I
10/26/20	DRP II
12/3/20	DRP III

DATE MODIFIED: 5/14/20
 DRAWN BY: GC
 JOB NUMBER: 1805.1
 DWG FILE: PR_PLAN

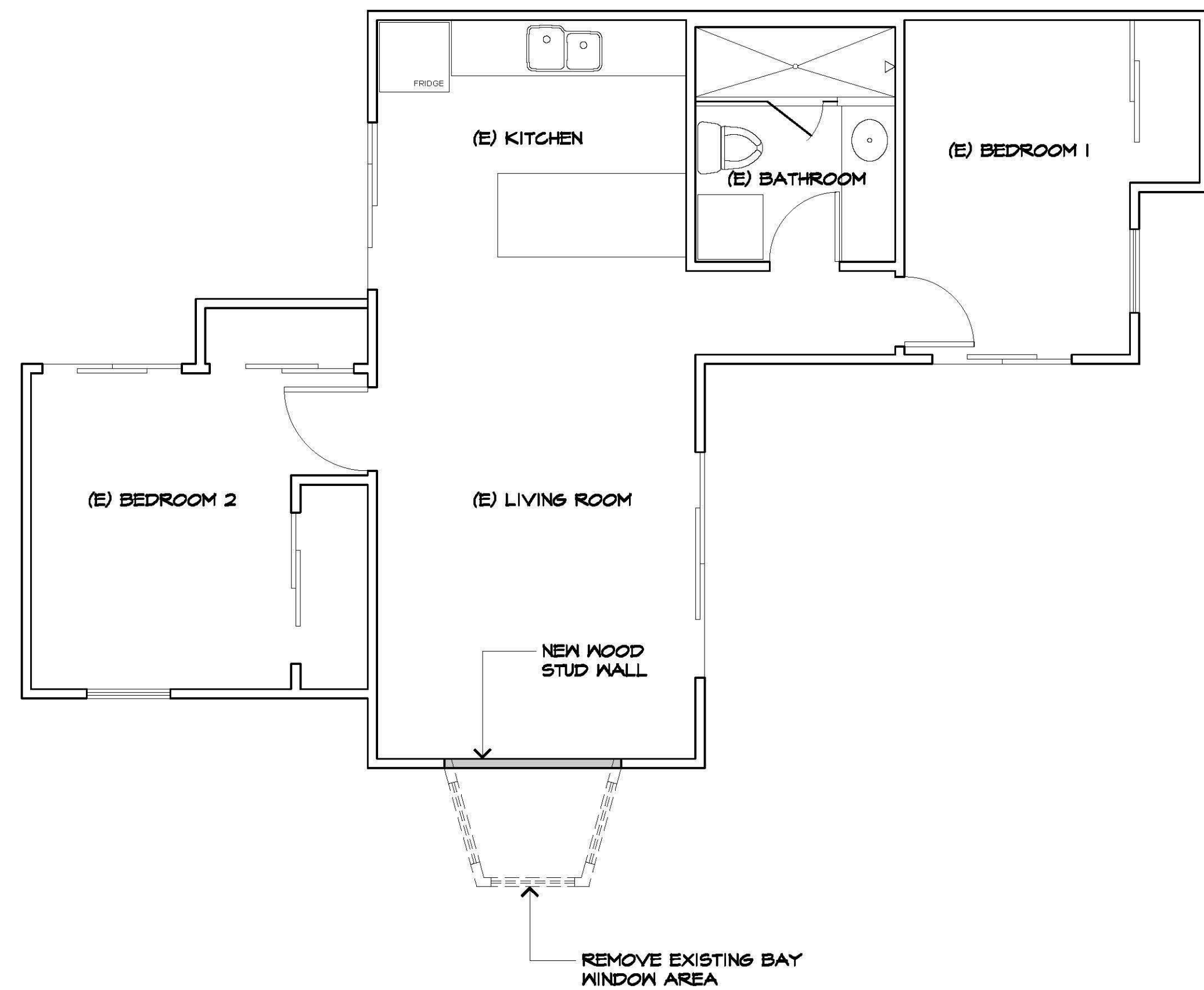
EXISTING MAIN HOUSE FLOOR PLAN SCALE: 1/4" = 1'-0"



SHEET

EX

PULASKI REMODEL
 SOLANA BEACH, CALIFORNIA
 840 HERNANDEZ AVE.

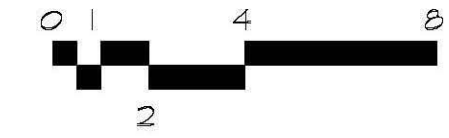
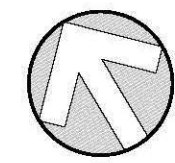


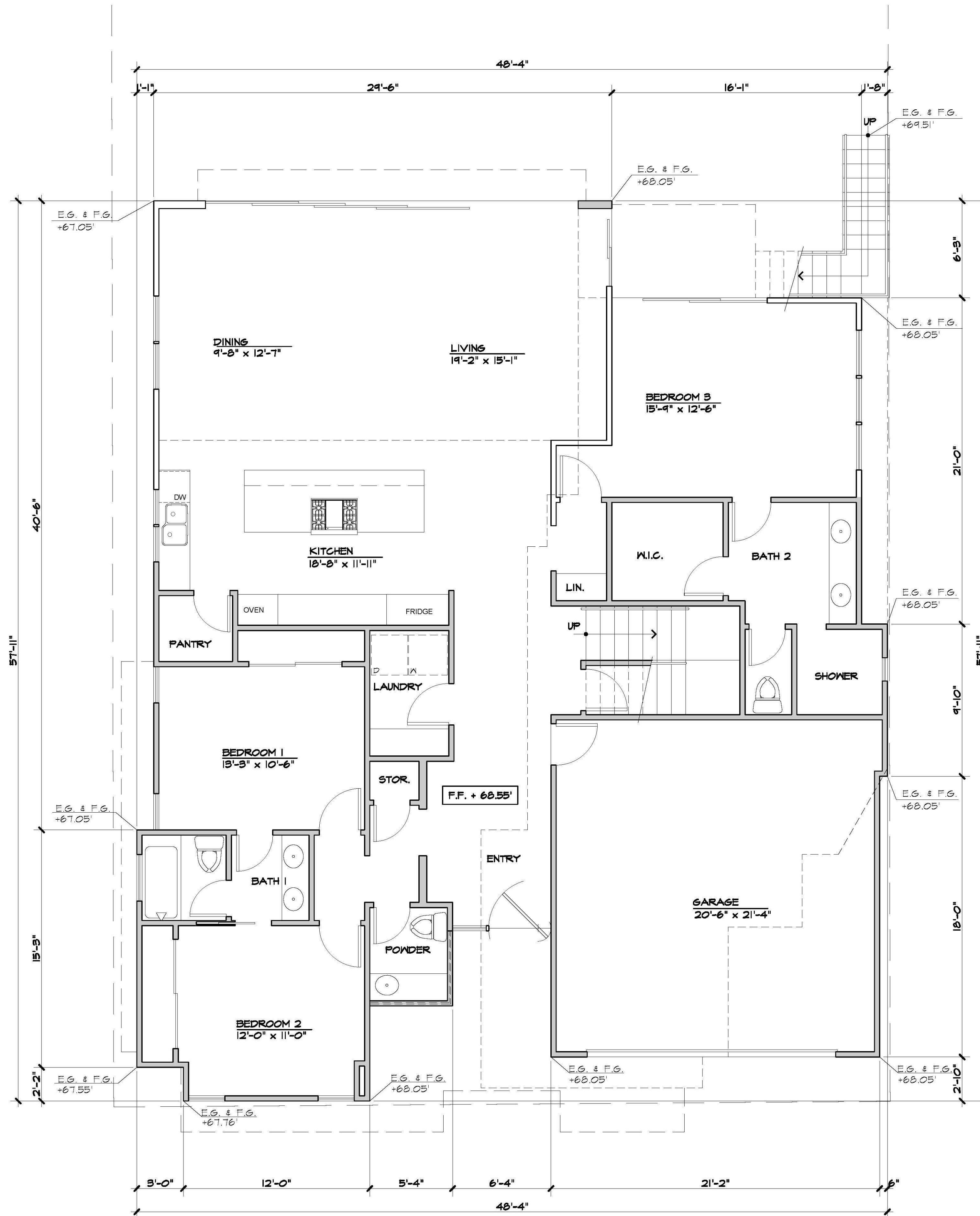
WALL LEGEND	
	EXISTING WALL TO BE REMOVED
	EXISTING WALL TO REMAIN
	NEW WOOD STUD WALL

SUBMITTAL DATE	PURPOSE
8/18/20	DRP I
10/26/20	DRP II
12/3/20	DRP III

DATE MODIFIED:	12/16/20
DRAWN BY:	GC
JOB NUMBER:	1805.1
DWG FILE:	PR_PLAN

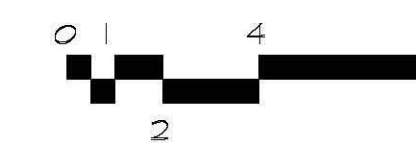
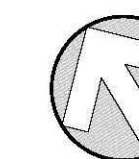
EXISTING DETACHED ACCESSORY LIVING UNIT FLOOR PLAN SCALE: 1/4" = 1'-0"



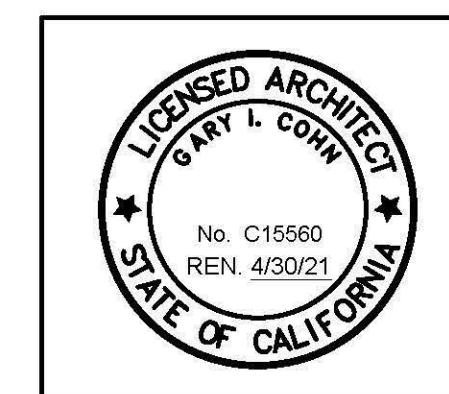


FIRST FLOOR PLAN

SCALE: 1/4" = 1'-0"



COHN + ASSOCIATES
ARCHITECTURE PLANNING
740 LOMAS SANTA FE DR., SUITE 205
SOLANA BEACH, CALIFORNIA 92078
951.753.7328



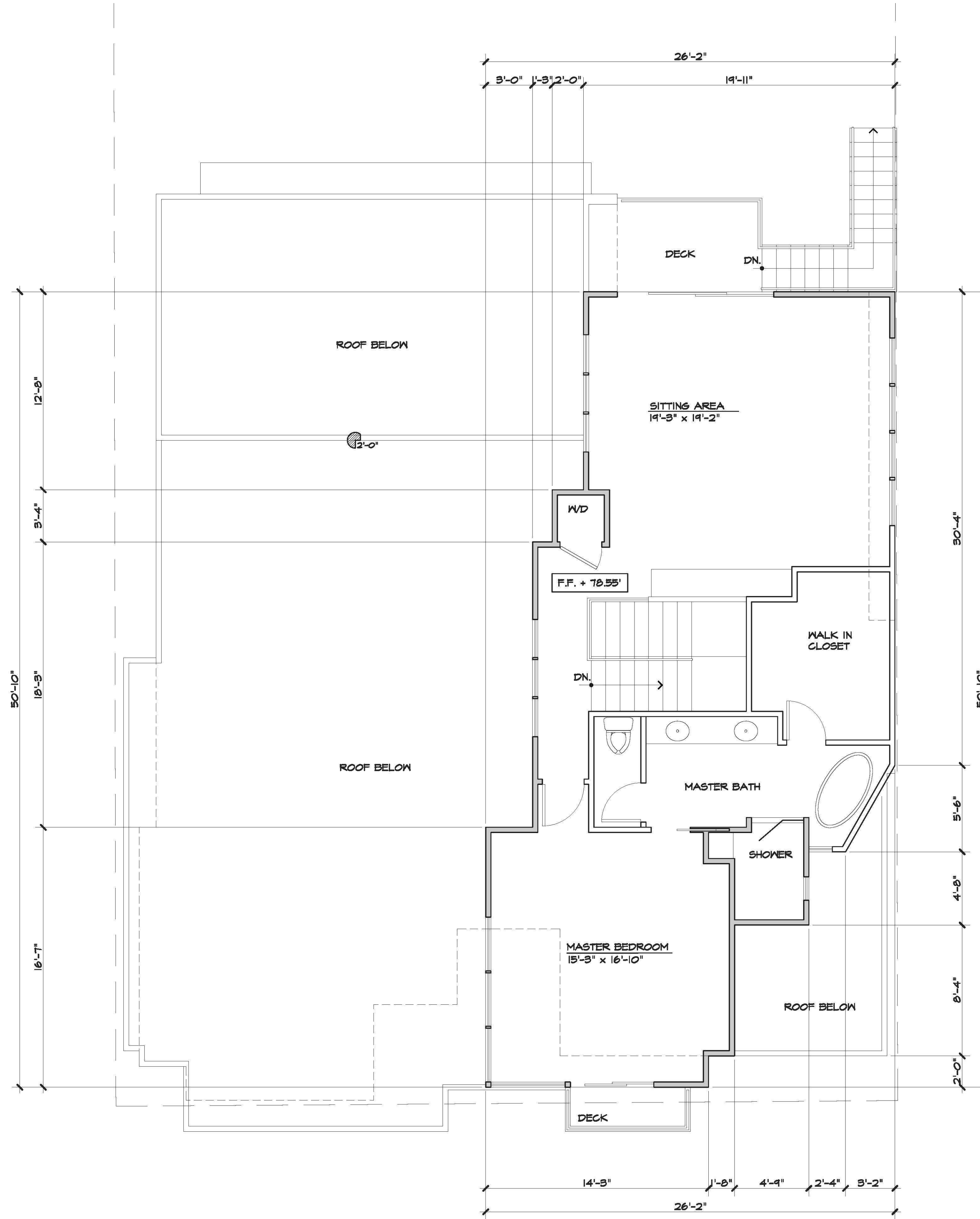
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PULASKI REMODEL
840 HERNANDEZ AVE.
SOLANA BEACH, CALIFORNIA

SUBMITTAL DATE	PURPOSE
8/13/20	DRP I
10/26/20	DRP II
12/3/20	DRP III

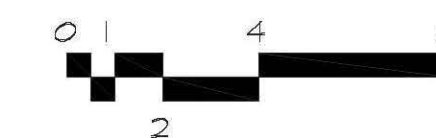
DATE MODIFIED: 12/2/20
DRAWN BY: GC
JOB NUMBER: 1805.1
DWG FILE: PR_PLAN

SHEET
A2

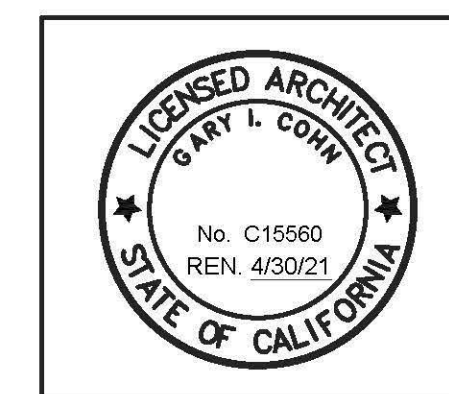


SECOND FLOOR PLAN

SCALE: 1/4" = 1'-0"



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ARCHITECTURE PLANNING
740 LOMAS SANTA FE DR., SUITE 205
SOLANA BEACH, CALIFORNIA 92075
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PULASKI REMODEL
SOLANA BEACH, CALIFORNIA
840 HERNANDEZ AVE.

SUBMITTAL DATE	PURPOSE
8/13/20	DRP I
10/26/20	DRP II
12/3/20	DRP III

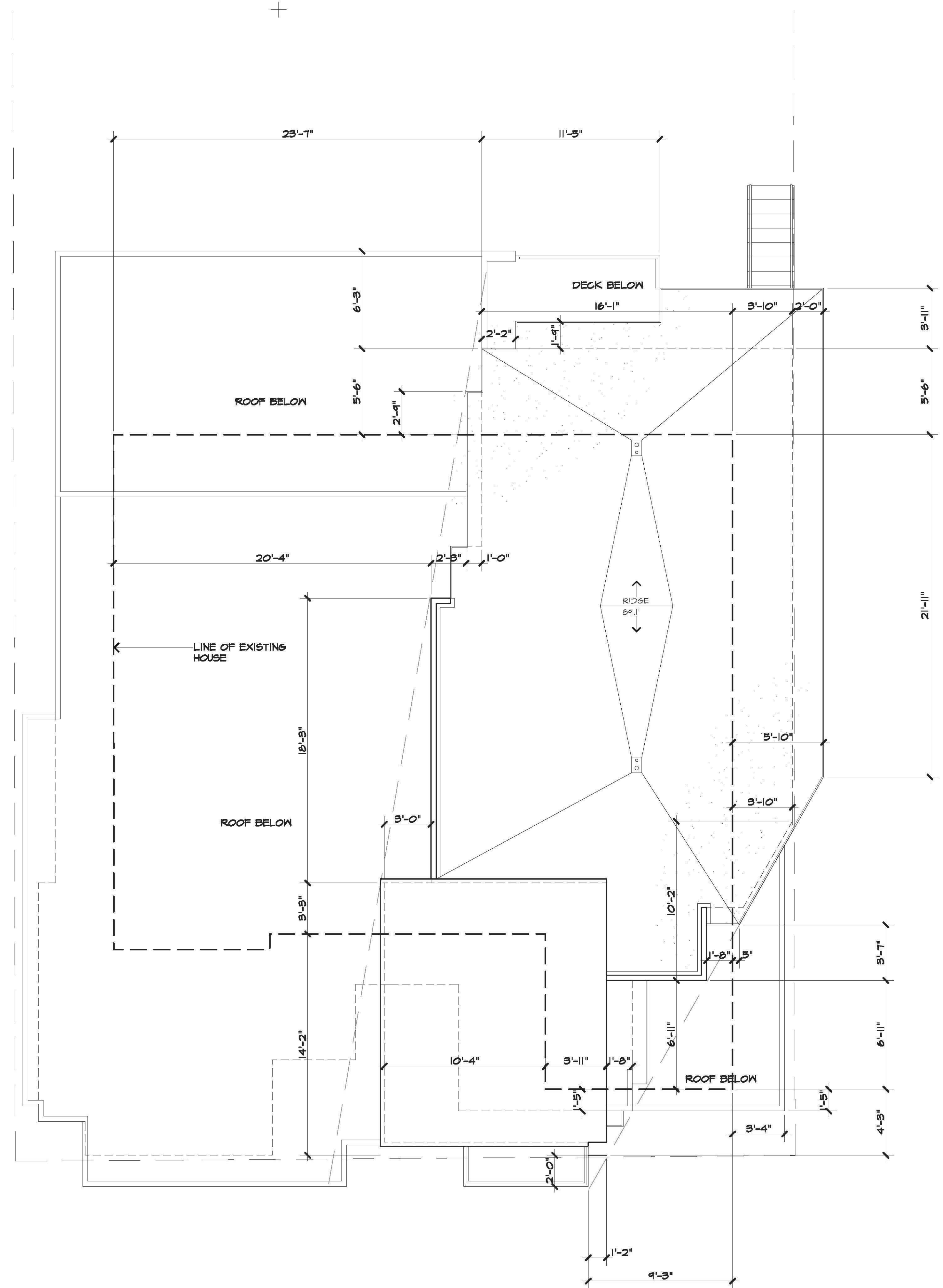
DATE MODIFIED: 9/28/20
DRAWN BY: GC
JOB NUMBER: 1805.1
DWG FILE: PR_PLAN

SHEET
A2.1

PULASKI REMODEL
840 HERNANDEZ AVE.
SOLANA BEACH, CALIFORNIA

SUBMITTAL DATE	PURPOSE
8/13/20	DRP I
10/26/20	DRP II
12/3/20	DRP III

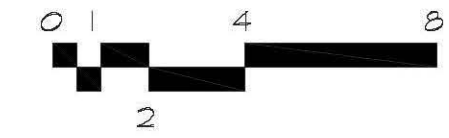
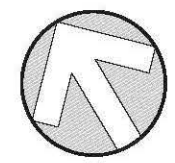
DATE MODIFIED:	8/6/20
DRAWN BY:	GC
JOB NUMBER:	1805.1
DWG FILE:	PR_ROOF



THE PURPOSE OF SHOWING THE ADDITION OF THE NEW STORY POLES IS TO DOCUMENT THE NEIGHBOR'S VIEW CORRIDOR. IT IS NOT TO ILLUSTRATE MASS & BULK.

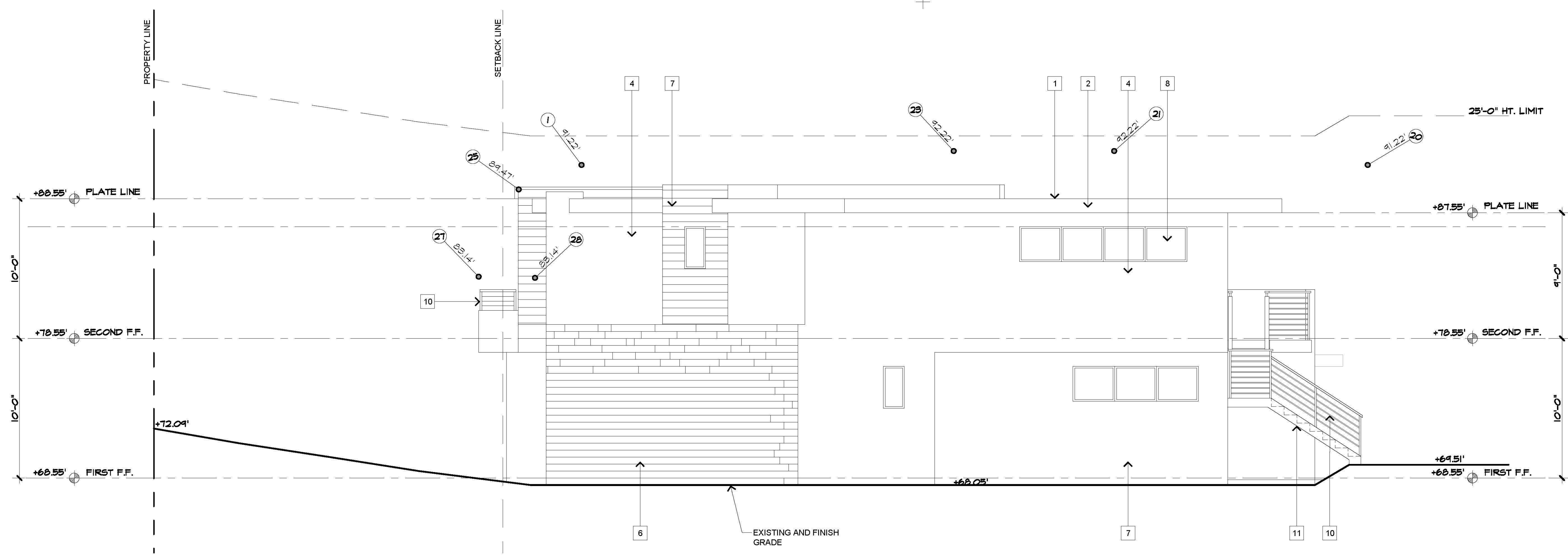
ROOF PLAN

SCALE: 1/4" = 1'-0"

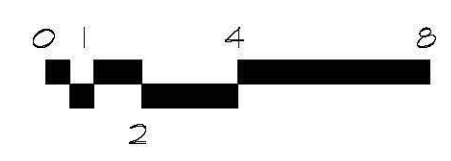


SUBMITTAL DATE	PURPOSE
8/18/20	DRP I
10/26/20	DRP II
12/3/20	DRP III

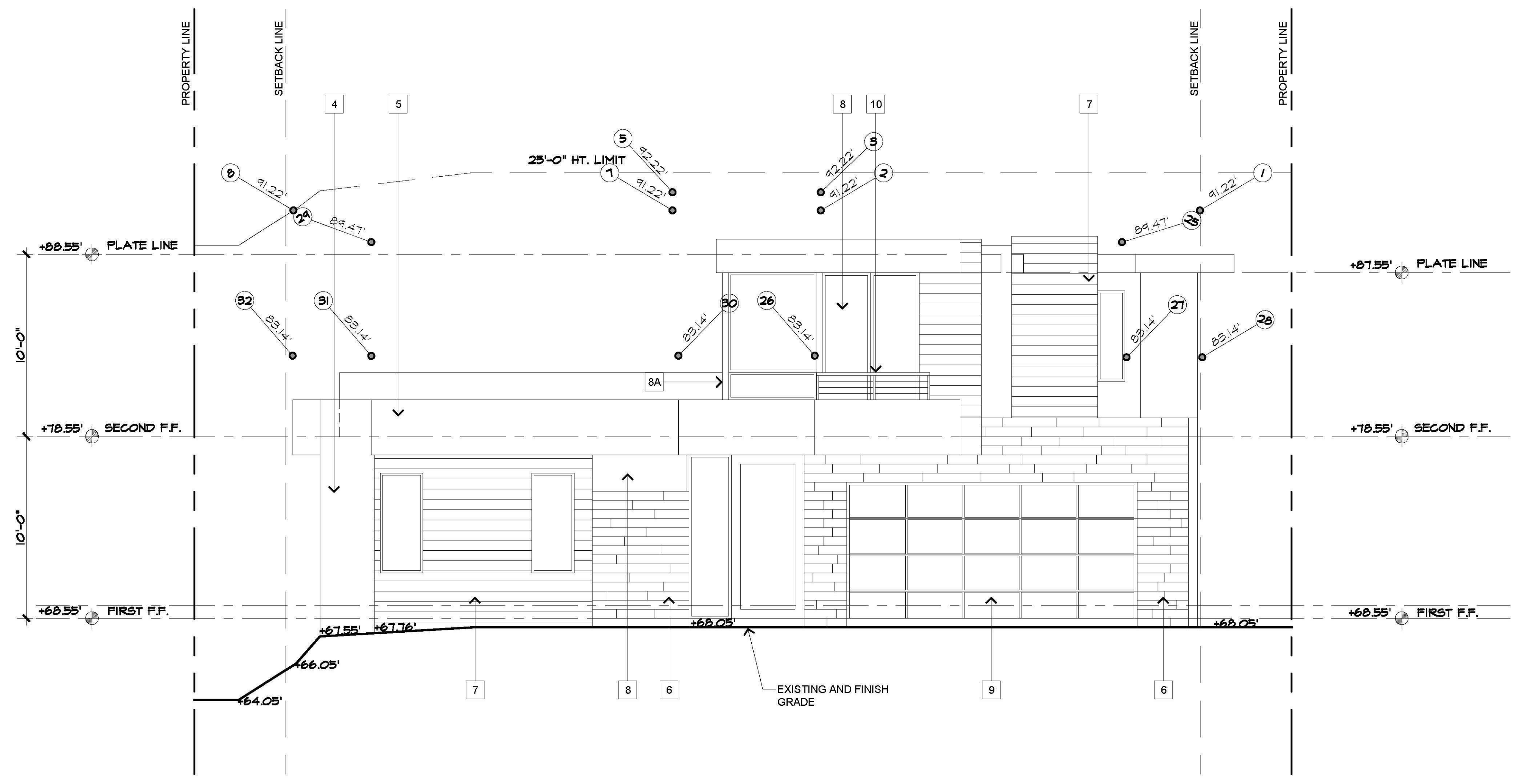
DATE MODIFIED:	12/2/20
DRAWN BY:	GC
JOB NUMBER:	1805.1
DWG FILE:	PR_ELEV



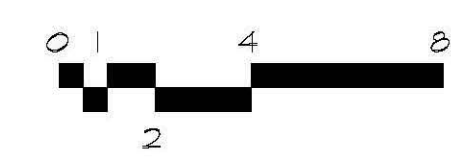
EAST ELEVATION SCALE: 1/4" = 1'-0"



SYM.	DESCRIPTION	MANUFACTURER	COLOR	FINISH
1	5 PLY BUILT UP ROOFING W/ 90# CAP SHEET	JOHNS MANVILLE		
2	METAL / WOOD FASCIA			
3	METAL EYE BROW - SUN SHADE			
4	3/8" EXTERIOR CEMENT PLASTER	EXPO STUCCO	WHITE	SMOOTH
5	STUCCO BAND	EXPO STUCCO	WHITE	SMOOTH
6	BOARD FORM CONCRETE PANELS		NATURAL GRAY	
7	HORIZONTAL SIDING		GRAY	
8	ALUMINUM EXTERIOR WINDOWS & DOORS			
8A	METAL TRIM PIECE @ CORNER WINDOW			
9	ALUMINUM & GLASS GARAGE DOOR			
10	METAL GUARDRAIL / HANDRAIL			
11	METAL STAIR			

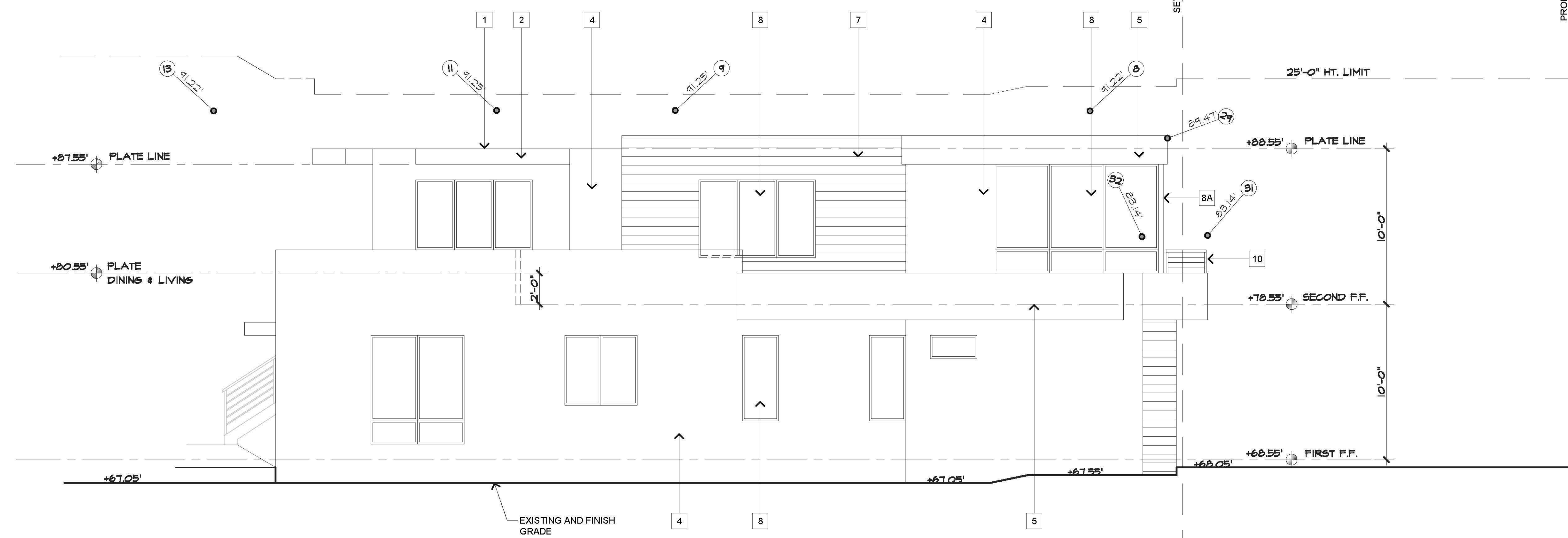


SOUTH ELEVATION SCALE: 1/4" = 1'-0"



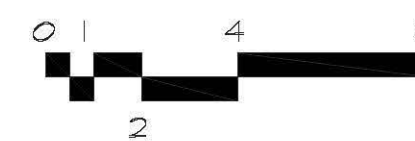
SETBACK LINE

PROPERTY LINE



WEST ELEVATION

SCALE: 1/4" = 1'-0"



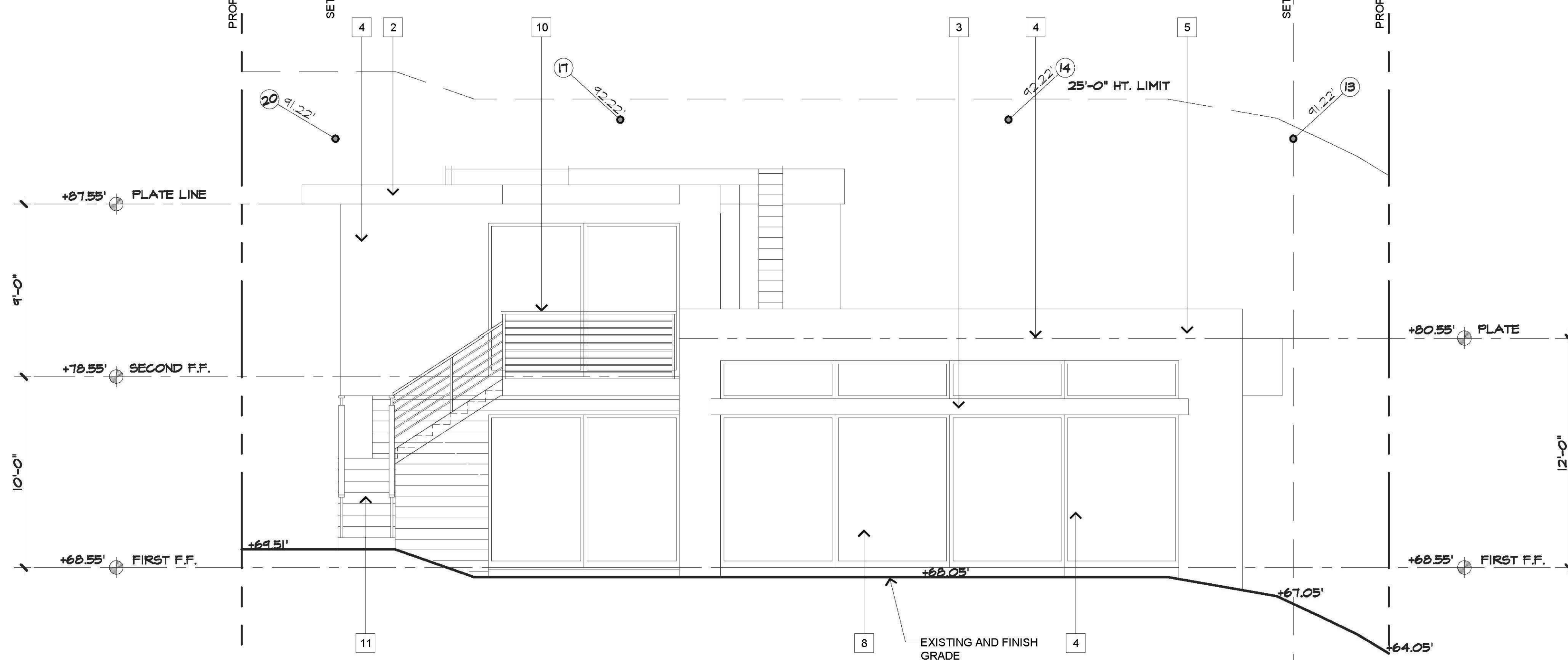
MATERIAL & COLOR SCHEDULE/KEYNOTES				
SYM.	DESCRIPTION	MANUFACTURER	COLOR	FINISH
1	5 PLY BUILT UP ROOFING W/ 90# CAP SHEET	JOHNS MANVILLE		
2	METAL / WOOD FASCIA			
3	METAL EYE BROW - SUN SHADE			
4	7/8" EXTERIOR CEMENT PLASTER	EXPO STUCCO	WHITE	SMOOTH
5	STUCCO BAND	EXPO STUCCO	WHITE	SMOOTH
6	BOARD FORM CONCRETE PANELS		NATURAL GRAY	
7	HORIZONTAL SIDING		GRAY	
8	ALUMINUM EXTERIOR WINDOWS & DOORS			
8A	METAL TRIM PIECE @ CORNER WINDOW			
9	ALUMINUM & GLASS GARAGE DOOR			
10	METAL GUARDRAIL / HANDRAIL			
11	METAL STAIR			

PROPERTY LINE

SETBACK LINE

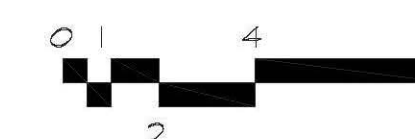
SETBACK LINE

PROPERTY LINE



NORTH ELEVATION

SCALE: 1/4" = 1'-0"



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PULASKI REMODEL
 SOLANA BEACH, CALIFORNIA
 840 HERNANDEZ AVE.

SUBMITTAL DATE	PURPOSE
8/19/20	DRP I
10/26/20	DRP II
12/3/20	DRP III

DATE MODIFIED: 12/2/20
 DRAWN BY: GC
 JOB NUMBER: 1805.1
 DWG FILE: PR_PLAN

SHEET
A4.1

From: Rich Villasenor <[REDACTED]>
Sent: Monday, January 11, 2021 3:01 PM
To: Clerk Office <clerkoffice@cosb.org>
Subject: Speaker request 1/13/21 --Case #17-18-13

Hello,

I am inquiring to sign up in support of Case # 17-18-13 this Wednesday 1/13. In case there are any issues I have my statement below to be included in the record.

My Name is Rich Villasenor; I live at 848 Hernandez Ave in Eden Gardens. I am writing in support of Ms. Pulaski's project at 840 Hernandez Ave.

Ms. Pulaski and her architect Mr. Cohn have worked hard to amicably resolve our view issues. Her current project will fit well and add value to our neighborhood.

Best,
Rich

--

Regards,

Rich Villasenor, MPA

From: [Gary Martin](#)
To: [Clerk Office](#); [Greg Wade](#)
Subject: City Council meeting tonight - AGENDA ITEM B.2 - Pulaski project at 840 Hernandez Street
Date: Wednesday, January 13, 2021 11:16:40 AM
Attachments: [HERNANDEZ STREET \(1-13-21\) Letter to Council to support SDP and DRP for Pulaski remodel.pdf](#)

City Clerk:

I have attached a letter that I would like to be distributed to all of the Council members for the City Council meeting this evening.

The attached letter concerns **Item B.2** on the Agenda for the scheduled public hearing involving Case 17-18-13 DRP/SDP. This Agenda item concerns the property located at 840 Hernandez Street. The applicant is Noylan Pulaski.

Please distribute the attached letter to the Council members at your earliest convenience before the Council meeting this evening.

Please confirm your receipt of this email and the attached letter. Thank you.

Sincerely,

Gary

GARY A. MARTIN
MARTIN & PASSANTE
Suite 101
400 South Sierra Avenue
Solana Beach, California 92075

TEL: (858) 481-9207

FAX: (858) 481-3709

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CAUTION: External e-mail. Do not click links or open attachments unless you recognize the sender and know the content is safe.

GARY MARTIN
Post Office Box 654
Solana Beach, California 92075

January 13, 2021

Solana Beach City Council
CITY OF SOLANA BEACH
635 South Highway 101
Solana Beach, California 92075

RE: 840 Hernandez Street.
Project: Remodel of existing house, with addition of new second floor.
Applicant: Ms. Noylan Pulaski.
Case: 17-18-13 DRP/SDP.

Dear Council Members:

I am writing to support the approval of both the SDP and the DRP for this project. The owner of this property, Ms. Noylan Pulaski, and her architect, Mr. Gary Cohn, worked constructively and patiently with her neighbors to resolve the four view claims and the neighbors' objections concerning the scale and size of the proposed structure and its compatibility with the neighborhood.

Ms. Pulaski and her architect worked collaboratively with the neighbors to identify options to address their respective view blockages and their concerns relevant to the DRP. This project presented many difficulties that had to be addressed regarding the view blockages, particularly since there were multiple cross lot views that were blocked by the proposed second floor level. Due to the cross lot views, considerable patience and a willingness to be open minded was required by all parties. Ms. Pulaski explored various design changes and worked to modify the originally proposed two-story structure to minimize the view blockage caused to the four view claimants.

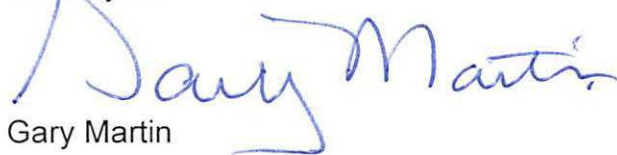
After the VAC meeting she made material modifications to the proposed structure to meaningfully address the view claims, including eliminating the westerly portion of the second floor, removing the southwest corner of the second floor level, and reducing the height of the structure. The removal of the westerly portion of the proposed second floor level restored the views for three of the view claimants (Dan Condrick, Allison Lane, and Alicia Canales). The removal of a portion of the southeasterly corner of the second floor level restored the view for the fourth view claimant (Rich Villasenor).

In addition, Ms. Pulaski made changes to her existing landscape to minimize the view blockage caused to the homes of Mr. Condrick, Ms. Lane, and Mr. Villasenor.

Furthermore, Ms. Pulaski and her architect worked collaboratively with the view claimants to reduce the height of the proposed second floor. This had the dual benefit of reducing the view blockage for all of the view claimants and reducing the scale of the proposed structure. Ms. Pulaski allowed her architect to work on design changes to modify the shape of the proposed structure to create articulation of the facades, thereby minimizing the amount of flat, two-story tall building facades and reducing the boxy look of the proposed structure. As a cumulative result of the design changes, the proposed house fits better into the existing neighborhood and is compatible in scale, bulk, and massing with nearby structures.

The final design of the proposed structure resulted in resolving all four view claims. In addition, the final design makes the proposed house compatible with the next door neighbors on each of the three sides and the existing neighborhood. I support City Council approval of the SDP and DRP for this project.

Thank you.



Gary Martin



STAFF REPORT CITY OF SOLANA BEACH

TO: Honorable Mayor and City Councilmembers
FROM: Daniel King, Interim City Manager
MEETING DATE: March 27, 2024
ORIGINATING DEPT: Finance Department
SUBJECT: **Fiscal Year 2023 Annual Comprehensive Financial Report (ACFR)**

BACKGROUND:

The City's financial policies specify that each year the City's financial statements are to be audited by a firm of independent Certified Public Accountants (CPA's) and that the auditor's opinion is to be included in the financial statements as is required by Generally Accepted Accounting Principles (GAAP). An independent audit is essential to demonstrate the accountability of government officials' use of public resources and provides a basis for user acceptance of the audited financial statements.

This item is before the City Council (Council) to accept and file the Fiscal Year (FY) 2023 Annual Comprehensive Financial Report (ACFR) (Attachment 1) and receive a presentation by the City's Independent Auditors, Davis Farr, LLP, on the City's financial condition as of June 30, 2023.

DISCUSSION:

Staff is presenting the FY 2023 ACFR for Council's review. The ACFR is a detailed report that goes beyond the requirements of GAAP and beyond any legal reporting requirements. The ACFR covers all funds of the government and all the financial transactions during the applicable fiscal year. It is considered a general-purpose report as its contents are intended to meet the needs of a range of user groups.

Highlights of the FY 2023 ACFR include the following:

- The City's net position increased to \$112,974,537, or by \$18,520,158, as a result of FY2023 operations.
- Governmental net position (which does not include proprietary funds such as Sanitation) equaled \$61,930,784.

CITY COUNCIL ACTION:

- The total revenues from all sources were \$47,706,498.
- The total cost of all City programs was \$28,886,340.
- The General Fund reported an excess of revenues over expenditures and other financing sources and uses by \$2,998,764.
- The General Fund's actual resources received exceeded the final revenue budget by \$5,624,929 while actual expenditures were \$1,123,948 less than final budget before other financing sources and uses.

GASB Statements Regarding Pension Liabilities

Governmental Accounting Standards Board (GASB) requires government entities to report net pension liabilities in their Statement of Net Position. The standard, GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions*, was issued by GASB on June 12, 2012.

Under GASB 68, governmental entities need to address net pension liability in their financial statements. Net pension liability refers to the difference between the total pension liability, defined as the present value of the projected benefit payments to employees based on past service, and the pension's assets, generally considered to be the investments set aside to pay retirees and current employees. Since the City takes part in a cost-sharing plan, it needs to recognize its proportionate share of the collective net pension liability and expense for the plan.

GASB 68 also requires governments to immediately recognize annual service costs and interest on the pension liability, as well as the effects of any changes in benefit terms. Since pension expenses are now viewed over the service period of the plan member, governments also have to deal with how changes in economic and demographic assumptions used to project benefits affect the pension, as well as with differences between assumptions and actual experiences. Governmental entities also need to recognize, over a five-year period, the effects of differences between expected and actual investment returns.

The provisions in GASB 68 were effective for financial statements for periods beginning after June 15, 2014.

As of June 30, 2023, the City of Solana Beach reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows, with a comparison to the net pension liability of each Plan:

	Proportionate Share of Net Pension Liability		
	FY 2022	FY 2023	Difference
Miscellaneous	\$ 3,593,385	\$ 7,283,498	\$3,690,113
Safety	6,861,102	12,151,239	5,290,137
	<u>\$ 10,454,487</u>	<u>\$ 19,434,737</u>	<u>\$8,980,250</u>

The City of Solana Beach's net pension liability of each of the Plans is measured as of June 30, 2022, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's net position as a percentage of the total pension liability (funded percentage) for both Plans as of June 30, 2022 is 76.68%.

The net pension liability has increased by roughly \$9M from last year. This is mainly due to the very poor investment return for the year ending June 30, 2022. The asset return was -7.5% while CalPERS expected 7.15%, for a loss of 14.65%. Also, the discount rate was lowered 25 basis points, increasing the liability even further.

More detailed information regarding the implementation of GASB 68 can be found in the following sections of the ACFR:

1. Note 5, City Employees Retirement Plan – Pension Plans, beginning on page 54
2. Schedule of Proportionate Share of the Net Pension Liability on page 56
3. Schedule of Plan Contributions on page 57

GASB Statements Regarding Other Post-Employment Benefits (OPEB)

During the fiscal year ended June 30, 2018, the City implemented GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Post-Employment Benefits other than Pensions* which is the "employer" reporting of the plan in its financial statements. GASB 75 reports a liability in the ACFR on the statement of net position for the OPEB liability which is similar to how net pension liability is reported for pensions.

The primary objective of this statement was to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (OPEB). It also improved information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaced the requirements of Statements No. 45, *Accounting for Financial Reporting by Employers for Post-Employment Benefits other than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*.

The City provides OPEB in the form of a modest retiree healthcare benefit. The City's net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2022 that was rolled forward to determine the June 30, 2023 total OPEB liability, based on the actuarial methods and assumptions as explained in Note 6 beginning on page 60 in the ACFR.

In FY 2018-19, the Council changed its funding policy for the City's OPEB liability. Before FY 2018-19, the Council would use a portion of a fiscal year's ending surplus to be placed in the Public Agency Retirement Services (PARS) Section 115 irrevocable benefit trust (Trust) for OPEB. As part of the adoption of the FYs 2019-20 and 2020-21 budgets, both

approved by Council on June 12, 2019, a funding policy was established to fund the OPEB liability by paying the full Actuarial Determined Contribution (ADC) on an annual basis.

The total OPEB liability as of June 30, 2023 increased by \$54,181 to \$3,674,391. Combined with an increase of \$229,693 in the Fiduciary Net Position (FNP), or monies held by the PARS Trust, the City's Net OPEB Liability (NOL) realized a total decrease of \$175,512 from FY 2022 to FY 2023 as shown in the following table:

	Net OPEB Liability		
	6/30/2022	6/30/2023	Difference
Total OPEB Liability (TOL)	\$ 3,620,210	\$ 3,674,391	\$ 54,181
Fiduciary Net Position (FNP)	1,204,021	1,433,714	229,693
Net OPEB Liability (NOL)	<u>\$ 2,416,189</u>	<u>\$ 2,240,677</u>	<u>\$ (175,512)</u>
Funded Status (FNP/TOL)	33.3%	39.0%	
Discount Rate	5.50%	5.50%	

More detailed information regarding the implementation of GASB 75 can be found in the following sections of the ACFR:

1. Note 6, Other Post-Employment Benefits, beginning on page 60
2. Schedule of Changes in Net OPEB Liability and Related Ratios on page 62
3. Schedule of Plan Contributions on page 63

Fund Balance

In FY 2010-11, the City adopted the provisions of GASB Statement No. 54 (GASB 54), Fund Balance and Governmental Fund Type Definitions. GASB 54 changed how Fund Balances were previously reported in fiscal years prior to FY 2010-11 and has established Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Governmental Fund statements conform to this classification and information regarding Fund Balances can be found in Note 11 on page 70 of the ACFR.

Also included in Note 11 on page 71 of the ACFR are the General Fund GASB 54 Fund Balance Classifications, which provide details about the General Fund Balance categories. The Unassigned category amount of \$10,055,355 includes the Fund Balance amount of \$(1,091,220) for the Real Property Acquisition Fund. This amount reflects the balance due to the Sanitation Fund of \$1,266,060, plus \$174,840 of cash available for future property acquisitions.

The loan balance from the Sanitation Fund is reported as a liability on the General Fund's balance sheet as an "Advances from Other Funds". The loan payable to the Sanitation

fund was made at an annual interest rate of 2.78% for seven years with annual payments equal to \$445,699. As payments are made each year to the Sanitation Fund, the loan amount will decrease and the Fund Balance amount in the Real Property Acquisition Fund will increase and eventually be zero when the loan is fully paid in FY 2026.

Fund Activity

General Fund

The General Fund had the following activity for FY 2023:

Total Revenues	\$ 28,871,481
Total Expenditures	(24,432,586)
Other Financing Uses (net)	(1,440,131)
Net Change in Fund Balance	<u>\$ 2,998,764</u>
Fund Balance	
Beginning of Year	<u>20,181,490</u>
End of Year	<u>\$ 23,180,254</u>
Non-Spendable	41,589
Restricted	5,003,450
Committed	1,292,880
Assigned	6,786,980
Unassigned	10,055,355
Fund Balance-June 30, 2023	<u>\$ 23,180,254</u>

The net change in the General Fund's fund balance from FY 2022 to FY 2023 is \$2,998,764 using the GASB 54 fund balance classifications as reflected in the following table:

	<u>06/30/22</u>	<u>06/30/23</u>	<u>Difference</u>
Non-Spendable	\$ 136,395	\$ 41,589	\$ (94,806)
Restricted	3,218,592	5,003,450	1,784,858
Committed	1,295,357	1,292,880	(2,477)
Assigned	6,241,345	6,786,980	545,635
Unassigned GF	10,780,421	11,146,575	366,154
Real Property Acquis	(1,490,620)	(1,091,220)	399,400
Total Unassigned	<u>9,289,801</u>	<u>10,055,355</u>	<u>765,554</u>
Total General Fund	<u>\$ 20,181,490</u>	<u>\$ 23,180,254</u>	<u>\$ 2,998,764</u>

The General Fund's revenue, expenditures, and fund balance as reported in the ACFR includes the City's internal service funds. The net change in the General Fund's fund balance, including the internal service fund designations, is reflected in the following table:

	06/30/22	06/30/23	Difference
General Fund	\$ 14,451,977	\$ 14,154,704	\$ (297,273)
Measure S Fund	0	1,192,079	1,192,079
Self-Insurance	486,289	203,597	(282,692)
Workers Comp	734,017	719,394	(14,623)
Asset Replacement	1,951,582	2,061,074	109,492
Facilities Replacement	623,096	733,095	109,999
OPEB	206,557	204,081	(2,476)
Pensions	3,218,592	5,003,450	1,784,858
Real Property Acquisition	(1,490,620)	(1,091,220)	399,400
Total General Fund	<u>\$ 20,181,490</u>	<u>\$ 23,180,254</u>	<u>\$ 2,998,764</u>

Other Governmental Funds

The Special Revenue Funds, Capital Improvement Funds, and Debt Service Funds had the following combined activity for FY 2023:

Total Revenues	\$ 15,538,430
Total Expenditures	(13,466,225)
Other Financing Uses (net)	1,440,131
Net Change in Fund Balance	<u>\$ 3,512,335</u>
Fund Balance	
Beginning of Year	<u>14,572,817</u>
End of Year	<u>\$ 18,085,152</u>
Non-Spendable	47,545
Restricted	16,960,567
Committed	-
Assigned	-
Unassigned	1,077,040
Fund Balance-June 30, 2023	<u>\$ 18,085,152</u>

The Proprietary Funds, which include Sanitation and Other Proprietary Funds, had the following activity for FY 2023 as shown in the following table:

Total Revenues	\$ 6,136,147
Total Expenditures	(3,849,852)
Non-Operating Revenues	146,640
Non-Operating Expenditures	<u>(1,188,983)</u>
Change in Net Position	<u>\$ 1,243,952</u>
Net Position	
Beginning of Year	<u>49,796,801</u>
End of Year	<u><u>\$ 51,043,753</u></u>
Net Position	
Net Investment in Capital Assets	11,547,573
Restricted for Debt Service	-
Unrestricted	<u>39,496,180</u>
Net Position-June 30, 2023	<u><u>\$ 51,043,753</u></u>

The Management's Discussion and Analysis Section of the ACFR provides a more in-depth view of the City's current financial health. The Statement of Auditing Standards (SAS) No. 115, Communication of Internal Control Related Matters Identified in an Audit (Attachment 2), received from the City's auditor states that there were no material instances of noncompliance, no material weaknesses in internal controls, and no reportable conditions.

In SAS No. 114, the Auditor's Communication with Those Charged with Governance (Attachment 3) regarding their responsibilities under auditing standards generally accepted in the United States of America and Government Auditing Standards, the auditors reported on the implementation of various GASBs, among other findings.

The City's audit was conducted in conformity with Generally Accepted Auditing Standards (GAAS). These are the standards that a CPA must follow when auditing financial statements. In an independent audit, the CPA expresses an opinion as to whether the financial statements present fairly the financial position and results of operations for the year ended. The Fiscal Year 2023 audit report contains this unmodified opinion.

The City was proud to accept the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the ACFR for the fiscal year ended June 30, 2022. Staff is confident that this report will again earn this distinction.

CEQA COMPLIANCE STATEMENT:

Not a project as defined by CEQA.

FISCAL IMPACT:

None with this action.

WORK PLAN:

N/A

OPTIONS:

- Approve Staff recommendation.
- Provide alternative direction.

DEPARTMENT RECOMMENDATION:

Staff recommends that the City Council:

1. Accept and file the City of Solana Beach Annual Comprehensive Financial Report (ACFR) for the fiscal year July 1, 2022 – June 30, 2023.
2. Accept and file The Auditor's Communication with Those Charged with Governance letter.

CITY MANAGER'S RECOMMENDATION:

Approve Department Recommendation.



Daniel King, Interim City Manager

Attachments:

1. ACFR Fiscal Year Ended June 30, 2023
2. Communication of Internal Control Related Matters Identified in an Audit
3. The Auditor's Communication with Those Charged with Governance letter



CITY OF SOLANA BEACH, CALIFORNIA

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

FISCAL YEAR ENDING

JUNE 30, 2023

ATTACHMENT 1

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**CITY OF SOLANA BEACH, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

**PREPARED BY THE FINANCE DEPARTMENT
OF THE CITY OF SOLANA BEACH**

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CITY OF SOLANA BEACH, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

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CITY OF SOLANA BEACH

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January 30, 2024

To the Honorable Mayor, Members of the City Council, and Citizens of Solana Beach:

It is with great pleasure that we present to you the City of Solana Beach (City) Annual Comprehensive Financial Report (ACFR) for the Fiscal Year ended June 30, 2023.

This year's report was prepared by the City's Finance Department in conformity with Generally Accepted Accounting Principles (GAAP) and has been audited in accordance with Generally Accepted Auditing Standards (GAAS) by a firm of licensed Certified Public Accountants. The report consists of management representations concerning the finances of the City. Consequently, responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position of the City. All disclosures necessary to enable an understanding of the City's financial activities have been included.

The ACFR includes the financial activity for all funds of the City. The City provides a wide range of services including planning; public works; engineering; maintenance of streets, parks, and public facilities; community services and recreation; fire and marine safety; sanitation; and general administrative activities. Contracted services include building services through a third-party consultant, law enforcement with the San Diego County Sheriff and animal control with the San Diego Humane Society.

Internal Controls

The management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the costs of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of State, County, and Federal financial resources, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control structure is subject to periodic evaluation by the management of the City.

Annual Audit

Davis Farr LLP, appointed by the City Council, has audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2023, are free of material misstatements. As part of the City's annual audit, reviews are made to determine the adequacy of the internal control structure as well as to determine that the City has complied with applicable laws and regulations.

The results of the City's annual audit for the fiscal year ended June 30, 2023, provided no instance of material weakness in the internal control structure and no violations of applicable laws and regulations. The independent auditor concluded there was a reasonable basis for rendering an unmodified opinion and the City's financial statements are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MDA)

This letter of transmittal is designed to complement the Management's Discussion and Analysis (MDA) and should be read in conjunction with it. The MDA provides "financial highlights" and interprets financial reports by analyzing trends and by explaining changes, fluctuations, and variances in the financial data. In addition, the MDA is intended to disclose any known significant events or decisions that affect the financial condition of the City. The City's MDA can be found immediately following the report of the independent auditors.

Government Profile

The City was incorporated on July 1, 1986, under the general laws of the State of California and is home to a population of 12,601 residents per the Bureau of Labor and Statistics. Included within the City's financial statements is the financial information of the Solana Beach Public Facilities Corporation. The City is considered the primary government, and the Public Facilities Corporation is a component unit. Additionally, since the governing boards of the City and the component unit are the same, the financial statements of the City and the component unit are blended.

The Solana Beach Public Facilities Corporation was incorporated on July 25, 1990, as a nonprofit public benefit corporation duly organized and existing under the Nonprofit Public Benefit Corporation Law. Its purpose is to benefit the City by providing financing for the planning, development, acquisition, construction, improvement, extension, repair, and renovation of public works projects, public facilities, furnishings, and equipment for use by the City.

The City is a coastal community encompassing approximately 3.4 square miles and is located twenty-one miles north of the City of San Diego's downtown district. It is bordered to the North and South by the cities of Encinitas and Del Mar, respectively; to the East by the County of San Diego; to the southeast by the City of San Diego; and by the Pacific Ocean to the West.

The City is a general law city that operates under the Council-Manager form of government.

The City Council (Council) is comprised of four Council members elected within separate Council Districts to staggered four-year terms of office. The Mayor is elected at large to a four-year term and the Deputy Mayor is selected annually by the Council from among its four Councilmembers to serve a one-year term. The Council acts as the legislative and policy-making body of the City, enacting all laws and directing such actions as required providing for the general welfare of the community.

The City Manager, appointed by the Council, serves as the Chief Executive Officer and is responsible to the Council for the proper administration of all City affairs and for the implementation of all policies established by the Council. The City Attorney is the only other position appointed by the Council. All other department heads and employees are appointed by the City Manager.

Commissions play an important role in the governmental structure of Solana Beach. They provide many opportunities for citizens to participate in the affairs of the City. These Advisory Commissions assist in the performance of studies and the issuance of recommendations on various matters of concern to the Council.

The Advisory Commissions are the following:

- Budget & Finance Commission
- Climate Action Commission
- Parks & Recreation Commission
- Public Arts Commission
- View Assessment Commission

Budgetary Process and Controls

The process of adopting a budget for the City is generally a six-month process beginning in late December and ending in June when the Council adopts the budget and appropriates funds necessary for the City to provide services to its residents.

The process is all-inclusive as department directors work with the City Manager and representatives of the Finance Department to discuss departmental requests relative to the City’s available resources.

The City’s overall objectives and goals, along with the economic outlook, serve as a platform for the proposed budget that is distributed to the Council, and the Budget and Finance Commission, for preliminary review and analysis in preparation of public workshops and hearings. The public workshops and hearings are held to facilitate discussions of items contained within the proposed budget and to allow the citizenry to participate in the budget process.

In June 2023, the City Council approved a two-year budget for Fiscal Years (FY) 2024 and 2025. The budget is amended from time to time during this two-year budget cycle, with budget adjustments brought before the City Council for review and approval. The final General Fund Budget as amended is presented in the Required Supplementary Information section of this report.

In addition to internal controls, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Council. Activities of the General, Special Revenue, Debt Service, and Capital Projects Funds are included in the annual appropriated budget.

The budget is arranged by fund, function, and department and is presented to the Council by the City Manager and Finance Director. The budget is then adopted annually by the Council prior to the beginning of the financial year and serves as the foundation for the City's financial planning and control. Department directors may make transfers of appropriations within their own budget units' departments with City Manager approval. As previously noted, the City budget is reviewed and is periodically adjusted at the middle of the fiscal year and at the end of the fiscal year. These adjustments are approved by the Council.

The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. The adopted budget for Fiscal Year 2024 was prepared in accordance with Generally Accepted Accounting Principles.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Economic Condition and Outlook

Information presented in the City's financial statements is best understood within the context of our broader economic conditions. Fundamentals of the national economy have gained strength as the economy continues to rebound from the COVID-19 pandemic. Based on the most recent estimates from the Bureau of Economic Analysis, Real Gross Domestic Product (GDP) increased at an annual rate of 1.3% in the first quarter of 2023.

In July 2023, the U.S. Bureau of Labor Statistics (BLS) reported the Consumer Price Index for All Urban Consumers (CPI-U) increased 3.2% before seasonal adjustment after rising 0.2% for the month of June. This reflected the slowing economy due to actions by the federal reserve including raising interest rates.

The index for all items rose 3.2% over the past 12 months, ending July 2023.

Local Economy

Solana Beach is home to citizens who enjoy the benefits of a coastal community that is within close proximity to the City of San Diego. The local beaches are a big attraction to both residents and non-residents. The City is comprised mainly of single-family homes and condominiums with retail, office, and light industrial uses and service entities providing a tax base for the City.

As a somewhat suburban community, Solana Beach's economic base is linked primarily to the economy of the greater San Diego region. In particular, the greater San Diego economic base sustains the City's residential and industrial facilities.

The local economy is primarily based on small to medium sized retail establishments and specialty stores selling general merchandise, furniture, arts and crafts, clothing, food, and gasoline. Local economic generators such as vacation tourism support a significant portion of the City's commercial base.

The United States Bureau of Labor Statistics (BLS) reported the San Diego region's unemployment rate was 3.9% in July 2023. The region's unemployment rate remained lower than California's unemployment rate of 4.6% in July 2023.

Solana Beach housing prices have continued to climb. Despite higher mortgage rates and with continued low inventory of available homes price growth continues. According to the San Diego Association of Realtors, the median single family home price in Solana Beach in December 2022 was \$2.6 Million, up 18% from the year prior. The San Diego region's median home price was \$935,000 in December 2022, an increase of 11% as compared to the same month in 2021.

In June 2023, Governor Gavin Newsom signed a \$310 billion budget for the 2024 fiscal year, an increase of 0.65% from the adopted FY 2023 budget. The state budget includes a \$225.9 Billion General Fund, a \$8.6 billion or 3.7% decrease, as compared to the adopted FY 2023 budget appropriations. The largest increases were in Health & Human Services (\$12.2 billion), Education K-12 (\$2 billion) and General Government Statewide Expenditures (\$3 billion).

Long-Term Financial Planning

Solana Beach's conservative fiscal policies have helped the City build and maintain a healthy reserve and management will continue to keep costs in line with available resources.

General Fund property taxes have been, and continue to be, the highest revenue generator for the City. Sales tax is the City's second largest revenue source. Property Taxes in FY 2023 increased \$831,546 to \$9,962,980, or 9.1%, as compared to the prior year. Regular Sales tax receipts increased \$235,657 to \$4,648,922, or by 5.3%, which is due to the continued strong recovery in sales from the negative impact of the pandemic as well as the impact of inflation on the cost of taxable goods. In addition, the City of Solana Beach voters approved a local 1% sales and use tax measure for "Solana Beach Streets, Parks, Beaches, and Services Measure" (Measure S). These new sales tax receipts totaled \$1,197,045 for FY 2023, which was only the first quarter of collection as this new tax was implemented in April.

Overall, the City's General Fund revenues increased by \$4,942,246, or 20.6%, from \$23,935,023 in FY 2022 to \$28,877,269 in FY 2023.

For FY 2024, budgeted property taxes are expected to increase as compared to actual amounts received for the prior fiscal year. Sales tax is also projected to realize an increase as the local economy continues to rebound from the pandemic.

It is the City's continued goal not to rely on General Fund reserves to operate the City annually.

Relevant Financial Policies

The City of Solana Beach has financial policies that help guide it during the preparation of the annual budget. One such policy is the 17% reserve requirement. This policy, as in the adoption of the FYs 2024 and 2025 Budgets, is one that has been continuously adhered to by Council.

The Equipment Replacement Reserve Fund is used to provide for the replacement of the City's existing equipment, vehicles, computers, and furnishings and the City's financial policy is to annually budget funds to this Reserve. During the FYs 2024 and 2025 budget process, the Council again ensured that funds were appropriated to maintain adequate reserves in the Asset Replacement Fund.

The City established a Facilities Replacement Fund to ensure that funds are available in the future for the replacement of buildings and improvements. Through the end of FY 2023, the balance in this fund is \$733,095.

Cash Management Policies and Practices

Cash resources of the individual funds are combined to form a pool of cash and investments. Cash temporarily idle during the year was invested primarily with Chandler Asset Management and with the Local Agency Investment Fund (LAIF) consistent with the City's Investment Policy.

The City's longstanding Investment Policy was amended by the Council on February 10, 2016, and provides the City more flexibility to invest its excess funds to provide safety to ensure the preservation of capital in the portfolio, provide sufficient liquidity for cash needs, and to realize a market rate of return consistent with the investment program while staying within the requirements of California Government Code Section 53601.

The City's Investment Policy is designed to maximize the productive use of assets entrusted to its care and to invest and manage those funds wisely and prudently. Criteria for selecting investments and the order of priority are: (1) safety (2) liquidity and (3) yield. The basic premise underlying the City's Investment Policy is to ensure that money is safe, always available, and earning the highest and best returns.

Investment income includes appreciation/depreciation in the fair market value of investments (FMV). The total investment gain for all funds for the fiscal year ended June 30, 2023, was \$688,090 (\$568,651 investment income received plus \$119,439 gain on the FMV), an increase of \$2,122,009 from the prior fiscal year's investment loss amount of \$1,433,919 (\$582,910 investment income received minus \$2,016,829 loss on the FMV).

Major Projects and Financial Planning

Annual Street Maintenance Program

The City has been increasing its level of commitment to maintain city streets. In 2021, a City-wide pavement condition assessment was performed to determine the most effective way to budget, repair, replace and preserve City streets. Based upon this condition assessment report, the consultant prepared a priority list for the City's pavement repairs and maintenance. This list was used to select street segments for the street maintenance and repair program. The 2024 Annual Street Maintenance Program is currently being designed and will be presented to the City Council for consideration in early spring 2024.

The City strives to prioritize the streets most in need of maintenance. Overlay is an important part of preserving streets. This limits the need for major repairs which are much more costly to the City. The City Council approved allocating additional funds to this program at the end of FY 2022 and budgeted utilizing Measure S tax towards the program for FY 2024 and FY 2025 as this was identified as a priority of Measure S supporters. This signifies Council's commitment to this very impactful program.

Annual Sewer Main Maintenance Storm Drain Rehabilitation Program

The City budgets annually to clean sewer mains and rehabilitate Storm Drains citywide. The City maintains annual service agreements for basic cleaning of sewer mains and as-needed maintenance services for the City's storm drain system that includes an annual scheduled cleaning of an estimated 255,000 feet of sewer line. Preventative maintenance is also performed from time to time on low-flow diverters located at the Fletcher Cove Park and Seascape Sur Beach Access, the siphon structure in San Elijo Lagoon, sewer laterals at several City facilities and over 35 storm drain catch basins throughout the City.

In addition to routine cleaning and preventative maintenance, the service agreement includes a video inspection component and an "on-call" component to the Agreements to handle investigations, emergencies and spills as directed by Staff. These video inspections are also used to prioritize cleaning and replacement projects. Targeted prioritization limits the risk of sewer spills and storm drain related damage to roads and private properties.

Marine Safety Center Design



The existing Marine Safety Center (MSC) at Fletcher Cove, shown above, was constructed in or around the 1940s and is showing signs of its age. As part of the FY 2015/16 Adopted Budget, funding was allocated to perform a needs assessment and feasibility study to determine the best course of action for the renovation/replacement of the existing facility.

To accomplish this task, a Professional Services Agreement with Stephen Dalton Architects (SDA) was approved at the March 23, 2016, City Council meeting. During FY 2017, Staff worked with SDA on the preparation of the Fletcher Cove MSC Feasibility/Needs Assessment Study. The results of the Study indicated that nearly all building components are degraded and are past their useful lifespan. Spatially, the current building layout does not meet the functional needs of the Lifeguards.

To continue with this task, a Professional Services Agreement with Domus Studios Architects was approved at the October 24, 2018, City Council meeting. Since that time, Staff has been working with domus on the preparation of preliminary design plans for the Fletcher Cove MSC. A community meeting was held in February 2019 and presentations occurred at Council meetings in November 2019 and October 2020. At the November 2019 Council meeting, three design options were presented and Council directed Staff to pursue the above-ground option. At the October 2020 Council meeting, a refined version of the above-ground option was presented.

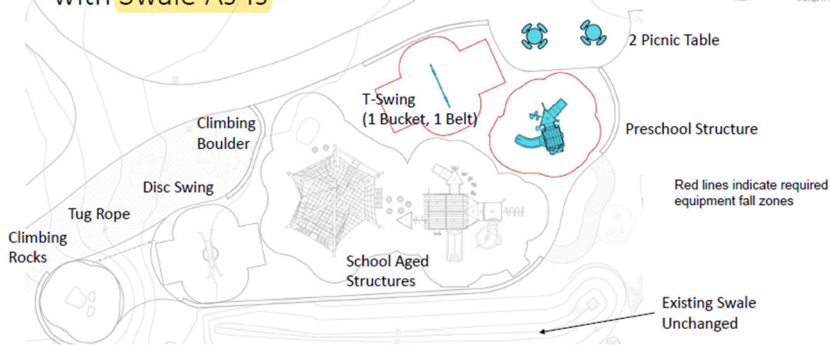
During the past fiscal year, in collaboration with the City Staff and following the City Council's direction, the consultant team continued the design work on the preferred design options. Story poles were installed, and preliminary view assessment was carried out by Staff. At the City Council meeting on February 8, 2023, the City Council provided direction to Staff based on a review of potential view impacts associated with the preliminary design. The project will be moving into the final design phase in FY 2023 subject to the City Council's approval of the preliminary design. A total of \$500,000 was appropriated in the FY 2024 budget for design and engineering for the project.

At their meeting on January 24, 2024, Council directed Staff to proceed with the permitting process for a new Marine Safety Center building by installing story poles for the proposed project (shown on next page).



La Colonia Park TOT Lot

La Colonia Tot Lot – Addt'l Elements with Swale As-Is



In FY 2007, a community based La Colonia Park Needs Assessment Advisory Committee developed recommendations for improvements throughout La Colonia Park including ADA Transition Plan recommendations. The City completed the conceptual design for the park improvements in FY 2010 and preliminary design of the park during FY 2011.

More recently, Staff has been engaged with Van Dyke Landscape Architects (VDLA) to design a new Tot Lot at La Colonia Park. In FY 2022 the City budgeted \$479,000 to design and construct the new Tot Lot and renovate the playground.

The estimated cost for the design and construction of the Tot Lot is \$1,500,000. A Prop 68 Parks grant was received in the amount of \$233,089, which includes \$186,471 from the State and a City match of \$46,618. Staff has also successfully submitted a grant application to the County of San Diego for the Neighborhood Reinvestment Program and was awarded \$50,000. The project began construction in late 2023.

Additionally, with the City’s purchase of the property immediately north of the new Skate Park, an assessment of how to incorporate the property into the existing park is being conducted by Staff and VDLA.

Fletcher Cove Community Park and Community Center Improvements

Fletcher Cove Tot Lot

An inviting umbrella stands over a variety of play opportunities that focuses on inclusivity of all ages and all abilities.

Elements Include:

- Central Disc Net Climber
- Slide
- Sound Play
- Monkey Bars
- Custom Activity Panels
- Swing Set
- Boogie Board



This project is to perform maintenance on various components of Fletcher Cove Park and the Community Center.

Work also included reconstruction of the Tot Lot at Fletcher Cove. The construction of Fletcher Cove Park Tot Lot was awarded by the City Council in February 2023 and completed in July 2023. The total construction cost was \$460,600.



Other work included repairs to the community center including a new roof and siding which is now complete. Finally, these improvements will also include reconstructing the handrail and lower portion of the concrete beach access ramp, which recently was approved by the Coastal Commission. Maintenance on the boardwalk, sun plaza and basketball court have been completed during late April and early summer 2023.

Lomas Santa Fe Corridor Project



The project study area for the Lomas Santa Fe (LSF) Drive Corridor Project extends from Cedros Avenue on the east side of Highway 101 to Highland Drive at the City’s eastern boundary. The City’s goal for the Lomas Santa Fe Corridor Project is to design physical improvements that could be constructed to improve the community character, safety, walkability, bike ability, and circulation along this key east-west arterial through the City of Solana Beach. With the variation in character along the corridor, the Project will evaluate feasible improvements that address transportation improvements that integrate with the surrounding land use, activity centers and community character along the Corridor.

During the past fiscal year, Phase III of the project was completed. Phase III of the project included the final design of the improvements to LSF and was funded primarily through a grant from SANDAG. Some of the elements designed during Phase III include a multi-use path on the north side of LSF, striping and signal improvements, added parking, landscaping, and other items intended to slow down traffic and increase use of the corridor by pedestrians and bicycles. Staff is in the process of preparing a stand-alone construction plan from Highland Drive to the I-5 freeway consistent with the available Federal funding that has been successfully awarded due to significant efforts by Congressman Levin’s office for this project.

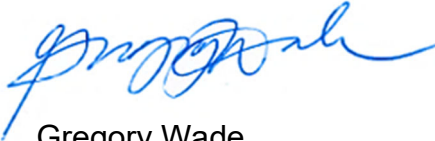
Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Solana Beach for its ACFR for the fiscal year ended June 30, 2022. This was the twenty-first year in the past twenty-two years that the City has received this award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement program’s requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of the Annual Comprehensive Financial Report in accordance with the GASB 34 financial reporting model was made possible by the dedicated work of the Finance Department staff. We would also like to thank the Mayor and Council for their continued support in maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Gregory Wade
City Manager

Respectfully submitted,



Rachel Jacobs
Finance Director/City Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Solana Beach
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

**CITY OF SOLANA BEACH
LIST OF OFFICIALS AND ADVISORY BODIES**

CITY COUNCIL

LESA HEEBNER
Mayor

JEWEL EDSON
Deputy Mayor

KRISTI BECKER
Council Member

DAVID A. ZITO
Council Member

JILL MACDONALD
Council Member

ADVISORY COMMISSIONS

Budget & Finance Commission
Climate Action Commission
Parks & Recreation Commission
Public Arts Commission
View Assessment Commission

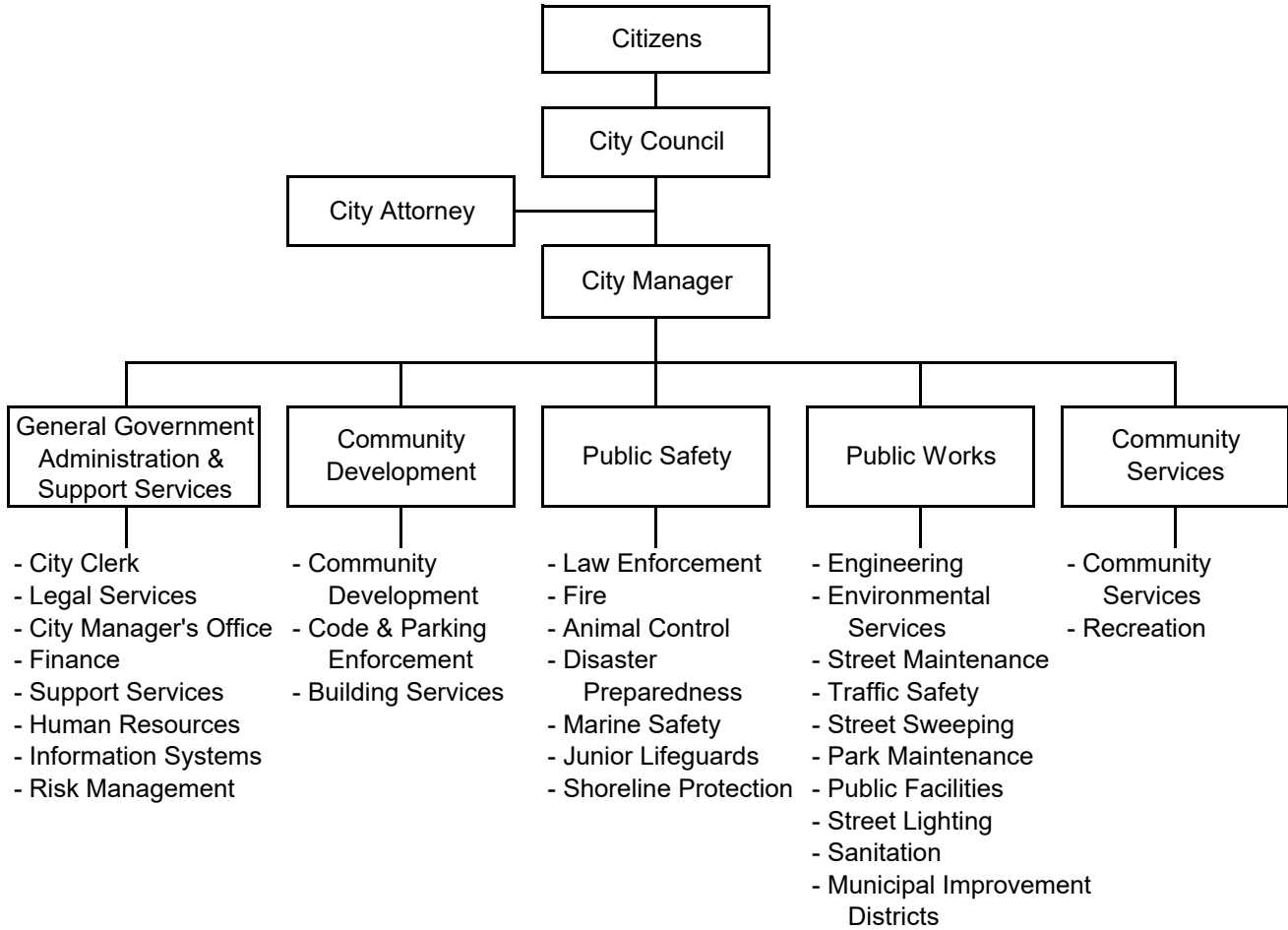
CITY ADMINISTRATION

GREGORY WADE
City Manager

Dan King, Assistant City Manager
Johanna Canlas, City Attorney
Pouneh Sammak, Human Resources Director
Rachel Jacobs, Finance Director/City Treasurer
Mohammed Sammak, Director of Public Works/City Engineer
Joseph Lim, Director of Community Development
Angela Ivey, City Clerk
Michael Manriquez, Information Technology Director

CITY OF SOLANA BEACH

Organizational Chart
Fiscal Year 2022-2023



FINANCIAL SECTION

Independent Auditor's Report

City Council
City of Solana Beach
City of Solana Beach, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Solana Beach (the "City"), as of and for the year June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, budgetary comparison schedule for the General Fund and pension and other post-employment benefit schedules* be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Report on Summarized Comparative Information

The financial statements of the City for the year ended June 30, 2022 were audited by other auditors whose report dated February 2, 2023 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's and are not a required part of the basic financial statements.

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

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the *introductory section* and *statistical section* but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

DavisFarrLLP

Irvine, California
January 30, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Solana Beach (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023 (Fiscal Year (FY) 2023). It should be read in conjunction with the accompanying transmittal letter beginning on page i and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The City's net position increased to \$112,974,537, or by \$18,520,158, due to FY 2023 operations.
- Governmental net position equaled \$61,930,784.
- The total revenues for all governmental fund sources were \$47,406,498.
- The total expenditures for all governmental funds were \$28,886,340.
- The General Fund reported an excess of revenues over expenditures and other financing sources and uses by \$2,998,764.
- The General Fund's actual resources received exceeded the final revenue budget by \$5,624,929 while actual expenditures were \$1,123,948 less than the final budget.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are:

- (1) Government-wide financial statements, which include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the City as a whole.
- (2) Fund financial statements describe how City services are financed in the short term as well as what resources are available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.
- (3) Notes to the financial statements.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities (Government-wide)

A frequently asked question regarding the City's financial health is whether the year's activities contributed positively to the City's overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All the current year's revenues and expenses are accounted for regardless of when cash is received or paid.

These two statements report the City's net position and changes thereto. Net position, the difference between assets and liabilities, is one way to measure the City's financial health, or financial position. Over time, increases or decreases in net position are an indicator of whether financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the City's property tax base or condition of the City's roads to assess accurately the overall health of the City.

The Statement of Net Position and the Statement of Activities present information about the following:

- Governmental activities - All the City's basic services are considered governmental activities, including general government, community development, public safety, public works, and community services. Property taxes, transient occupancy taxes, sales taxes, and franchise fees finance most of these activities.
- Proprietary activities/Business type activities - The City charges a fee to customers to cover all or most of the cost of the services provided. The City's Sanitation system and Solana Energy Alliance, which provides clean energy services to the public, are reported in this category.
- Component units - The City's governmental activities include the blending of the City of Solana Beach Public Facilities Corporation, a separate legal entity. Although legally separate, this "component unit" is important because the City is financially accountable for the corporation. A separate component unit financial statement was not issued for the Solana Beach Public Facilities Corporation since it has had no transactions, nor any assets, liabilities, or equity over the past three fiscal years.

Reporting the City's Most Significant Funds Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds that aid in the administration of resources for particular purposes or to meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The City's two kinds of funds, governmental and proprietary, use different accounting approaches:

- *Governmental funds* - Most of the City's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual*, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* through the Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements.

- *Proprietary funds* - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

The City as Trustee Reporting the City's Fiduciary Responsibilities

The City is the trustee, or *fiduciary*, for certain amounts held on behalf of developers, property owners, and others. These fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Assets and Liabilities. The City is responsible for ensuring that the assets are used for their intended purposes. Therefore, fiduciary activities are excluded from the City's other financial statements because the assets cannot be used to finance operations.

After the date of the dissolution of the Solana Beach Redevelopment Agency (RDA) on February 1, 2012, the assets and liabilities of the former redevelopment agency were transferred to the Successor Agency to the former Solana Beach RDA (Successor Agency) and are reported in a fiduciary fund (private-purpose trust fund).

THE CITY AS A WHOLE

Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business activities.

Table 1
City of Solana Beach Net Position

	Governmental Activities		Business Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	\$ 48,847,596	\$ 41,783,836	\$ 51,169,143	\$ 49,880,265	\$ 100,016,739	\$ 91,664,101
Capital assets, net	41,808,198	34,056,404	17,094,784	17,533,954	58,902,982	51,590,358
Total Assets	90,655,794	75,840,240	68,263,927	67,414,219	158,919,721	143,254,459
Deferred Outflows	8,005,746	3,817,131	646,308	200,619	8,652,054	4,017,750
Liabilities:						
Long-term debt outstanding	27,355,767	19,861,127	17,385,545	16,963,985	44,741,312	36,825,112
Other liabilities	7,582,795	6,815,603	336,252	384,932	7,919,047	7,200,535
Total Liabilities	34,938,562	26,676,730	17,721,797	17,348,917	52,660,359	44,025,647
Deferred Inflows	1,792,194	8,323,063	144,685	469,120	1,936,879	8,792,183
Net Position:						
Net investment in capital assets	34,677,741	26,396,682	11,547,573	11,656,188	46,225,314	38,052,870
Restricted	21,964,017	17,970,956	-	-	21,964,017	17,970,956
Unrestricted	5,289,026	289,940	39,496,180	38,140,613	44,785,206	38,430,553
Total Net Position	\$ 61,930,784	\$ 44,657,578	\$ 51,043,753	\$ 49,796,801	\$ 112,974,537	\$ 94,454,379

The City's combined net position for the fiscal year ended June 30, 2023, was \$112,974,537. The City's net position for governmental activities increased from \$44,657,578 to \$61,930,784. The following is an explanation of the governmental activity changes between fiscal years as shown in Table 1:

- Current and other assets increased \$7,063,760 or 16.9% primarily due to increased cash and investments.
- Capital Assets net of depreciation increased \$7,751,794 or 22.8% mainly due to the Sand Retention project. More information is provided following Table 4.
- Other liabilities increased by \$767,192 or 11.3% mainly due to the increase in deposits payable related to residential and commercial development activity.

Changes related to Business activities are as follows:

- Current and other assets increased \$1,288,878 or 2.6% primarily due to increased cash and investments and the investment in San Elijo Joint Powers Authority offset by decreases in receivables.
- Capital Assets net of depreciation decreased \$439,170 or 2.5% primarily due to current year depreciation on existing assets. More information is provided in the following Table 4.
- Other liabilities decreased by \$48,680 or 12.6% mainly due to the decrease in accounts payable at year end.

Governmental Activities

The cost of all Governmental activities in FY 2023 was \$23,847,505 as shown on Tables 2 and 2.1. Of this cost, \$4,339,427 was paid for by those who directly benefited from the programs; \$11,638,857 was subsidized by grants received from other governmental organizations for both capital and operating activities; and \$7,869,221 was financed through general City revenues.

Table 2
City of Solana Beach Changes in Net Position

	Governmental Activities		Business Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 4,339,427	\$ 3,637,223	\$ 5,847,517	\$ 5,818,187	\$ 10,186,944	\$ 9,455,410
Operating grants and contributions	3,172,914	3,287,775	-	-	3,172,914	3,287,775
Capital grants and contributions	8,465,943	-	-	-	8,465,943	-
General revenues:						
Property tax	11,638,632	10,523,133	-	-	11,638,632	10,523,133
Sales & Use Tax	5,845,967	4,413,265	-	-	5,845,967	4,413,265
Transient Tax	2,904,236	2,575,173	-	-	2,904,236	2,575,173
Franchise Tax	897,472	873,791	-	-	897,472	873,791
Motor VLF - unrestricted	2,053,486	3,880,489	-	-	2,053,486	3,880,489
Use of Money and Property	783,458	(399,689)	149,640	35,005	933,098	(364,684)
Other	1,019,176	3,342,715	288,630	365,344	1,307,806	3,708,059
Total revenues	41,120,711	32,133,875	6,285,787	6,218,536	47,406,498	38,352,411
Expenses:						
General government	4,490,903	4,569,515	-	-	4,490,903	4,569,515
Public safety	11,414,093	13,906,293	-	-	11,414,093	13,906,293
Public works	5,377,186	5,411,937	-	-	5,377,186	5,411,937
Community Development	1,260,610	1,505,023	-	-	1,260,610	1,505,023
Community Services	919,234	1,218,243	-	-	919,234	1,218,243
Interest	385,479	346,224	-	-	385,479	346,224
Sanitation	-	-	5,019,606	4,308,057	5,019,606	4,308,057
Solana Energy	-	-	19,229	189,465	19,229	189,465
Total expenses	23,847,505	26,957,235	5,038,835	4,497,522	28,886,340	31,454,757
Increase/(decrease) in net position	17,273,206	5,176,640	1,246,952	1,721,014	18,520,158	6,897,654
Net position - July 1	44,657,578	39,480,938	49,796,801	48,075,787	94,454,379	87,556,725
Net position - June 30	\$ 61,930,784	\$ 44,657,578	\$ 51,043,753	\$ 49,796,801	\$ 112,974,537	\$ 94,454,379

Items of significance within Table 2 are:

Revenues:

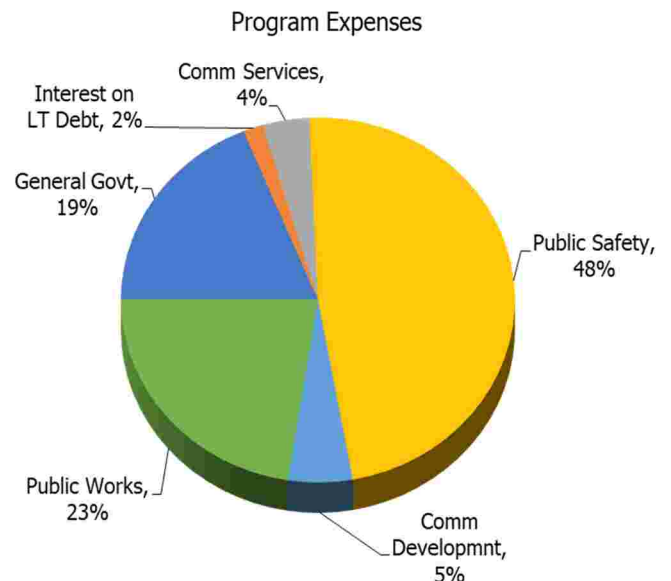
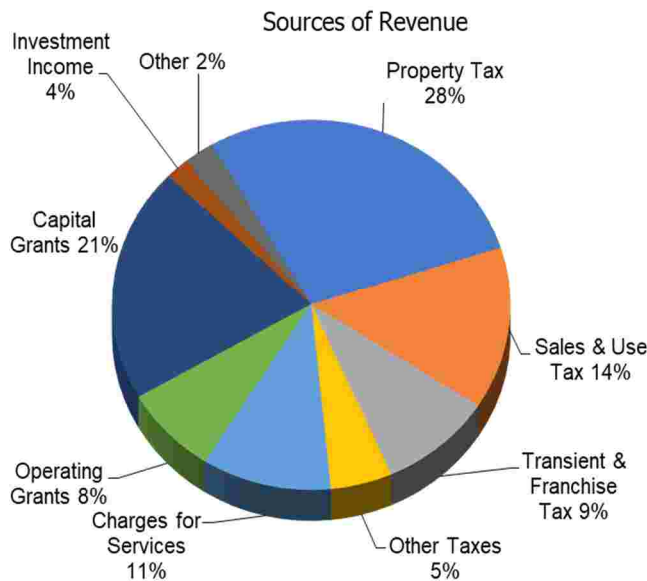
- Operating and Capital grants and contributions increased by a net 254% or \$8,351,082 over the prior fiscal year amount mainly due to Sand Replenishment grant funds.

- Tax revenue including Property, Sales & Use, Transient Occupancy, Franchise and Other (comprised of the Motor Vehicle In-Lieu, Benefit and National Pollution Discharge Elimination Fees as well as Real Property Transfer taxes) increased by a combined net 4.8% or \$1.1 million mainly driven by a 12.8% or \$329k increase in Transient Occupancy taxes and a 32.5% or \$1.4 million increase in Sales & Use taxes.

Expenses:

- General Government expenses decreased in FY 2023 by 1.7% or \$78k from the prior fiscal year primarily due to changes in the City’s Pension and Other Pension Employee Benefits (OPEB) liabilities.
- Public Safety decreased by 17.9% or \$2.5 million due decreased admin costs, OPEB liabilities, and equipment maintenance costs.
- Solana Energy Alliance expenses decreased to near zero due to the transition of operations to the Clean Energy Alliance in FY 2021. As of June 30, 2022, Clean Energy Alliance was operating on its own, however a full reconciliation has yet to be completed to wrap up some remaining items on the City’s books.

**Fiscal Year 2023
Governmental Activities**
(Graphic representation of Table 2 in percentages)

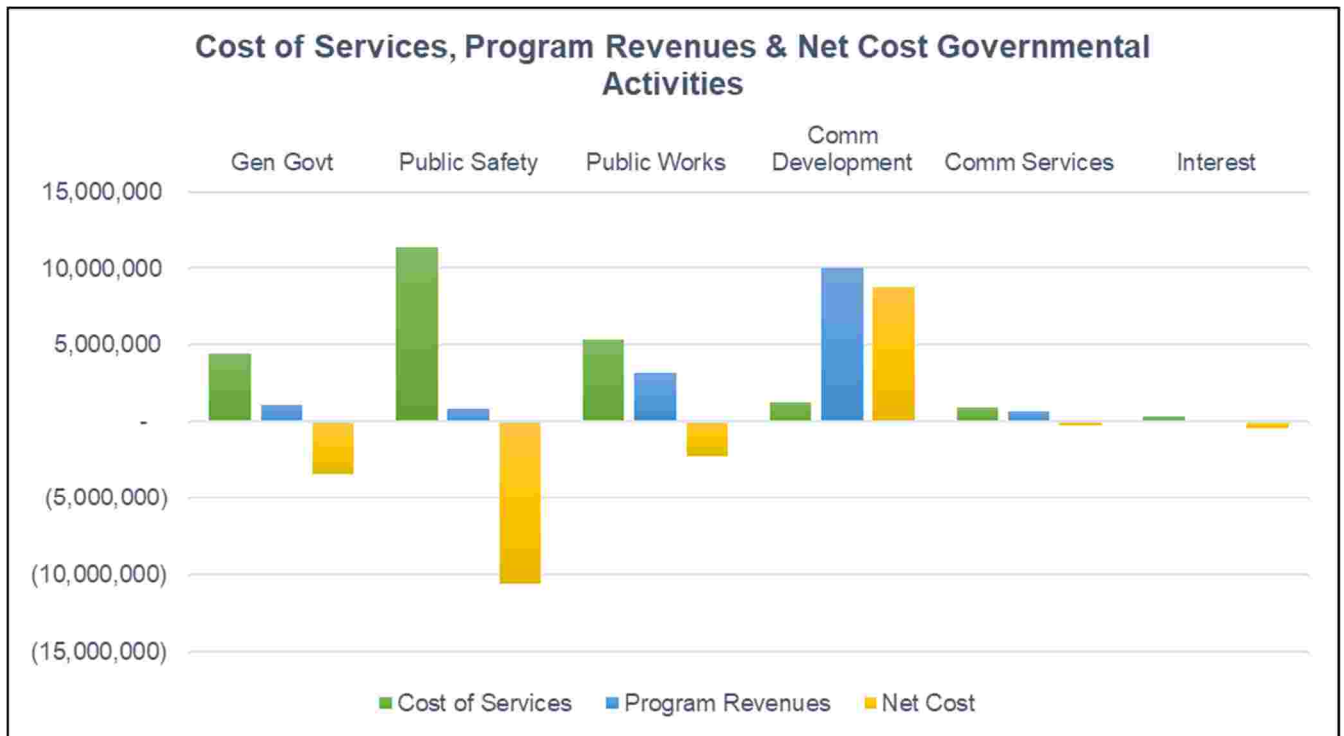


Net Cost of Governmental Activities

The City's programs include General Government, Public Safety, Public Works, Community Development, and Community Services. Each programs' net cost (total cost less revenues generated by the activities) is presented in Table 2.1. The net cost shows the extent to which the City's general taxes support each of the City's programs.

Table 2.1
Net Cost of Governmental Activities

	Total Cost of Services		Program Revenues		Net Cost of Services	
	2023	2022	2023	2022	2023	2022
General government	\$ 4,490,903	\$ 4,569,515	\$ 1,126,175	\$ 16,529	\$ (3,364,728)	\$ (4,552,986)
Public safety	11,414,093	13,906,293	881,452	837,769	(10,532,641)	(13,068,524)
Public works	5,377,186	5,411,937	3,191,868	4,239,591	(2,185,318)	(1,172,346)
Community development	1,260,610	1,505,023	10,064,991	1,162,512	8,804,381	(342,511)
Community services	919,234	1,218,243	713,798	668,597	(205,436)	(549,646)
Interest on long-term debt	385,479	346,224	-	-	(385,479)	(346,224)
Totals	\$ 23,847,505	\$ 26,957,235	\$ 15,978,284	\$ 6,924,998	\$ (7,869,221)	\$ (20,032,237)



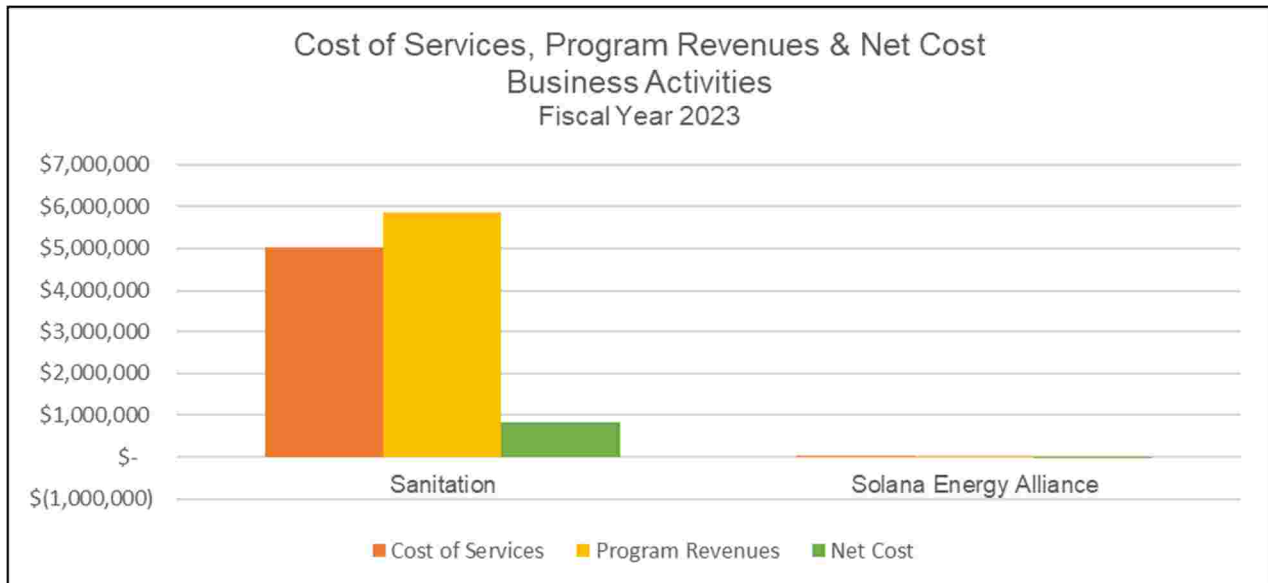
Total resources available during the year to finance governmental operations were \$85,778,289 consisting of a net position on July 1, 2022, of \$44,657,578, program revenues of \$15,978,284, and general revenues of \$25,142,427. Total governmental activities during the year were \$23,847,505, and as a result, net position increased by \$17,273,206 to \$61,930,784.

Business Type Activities

Net position of the Proprietary Fund (Business Type activities) on June 30, 2023, as reflected in Table 1, was \$51,043,753. As shown in Table 3, amounts paid by users of the Sanitation system and other operating revenue were \$5,846,765 while the cost of providing Sanitation Services in FY 2023 was \$5,019,606 resulting in a change in net position of \$827,159. The total cost of providing Solana Energy Alliance services was \$19,229 while program revenues totaled \$752 resulting in a change in net position of (\$18,477).

Table 3
Net Cost of Business Activities

	Total Cost of Services		Program Revenue		Net Cost of Services	
	2023	2022	2023	2022	2023	2022
Sanitation	\$ 5,019,606	\$ 4,308,057	\$ 5,846,765	\$ 5,816,828	\$ 827,159	\$ 1,508,771
Solana Energy Alliance	19,229	189,465	752	1,359	(18,477)	(188,106)
Total Business Activities	\$ 5,038,835	\$ 4,497,522	\$ 5,847,517	\$ 5,818,187	\$ 808,682	\$ 1,320,665



Governmental Funds

The net change in Governmental Fund Balances is shown below in Table 4:

Table 4
City of Solana Beach Governmental Funds
Changes in Fund Balances (In Thousands)

	General Fund		Capital Projects Fund Sand Replenishment		Capital Projects Fund City CIP		Other Governmental Funds		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenues:										
Taxes, Licenses, Fees and Intergovernmental Charges for Services	\$ 23,198	\$ 20,448	\$ 8,913	\$ 396	\$ -	\$ -	\$ 5,204	\$ 5,354	\$ 37,314	\$ 26,198
Other	890	1,044	-	-	265	1,056	646	655	1,802	2,754
	4,783	2,444	5	(27)	337	253	168	517	5,294	3,188
Total Revenues	28,871	23,935	8,917	369	602	1,310	6,019	6,525	44,410	32,139
Expenditures:										
Current	24,209	21,189	-	-	2	2	2,347	2,380	26,557	23,571
Capital Outlay	178	370	9,012	168	1,147	463	416	522	10,752	1,522
Debt	46	-	-	-	-	-	544	220	588	220
Total Expenditures	24,433	21,558	9,012	168	1,148	465	3,306	3,123	37,899	25,314
Net Transfers	(1,440)	259	-	-	2,842	1,182	(1,402)	(1,440)	-	-
Net Change in Fund Balances	\$ 2,999	\$ 2,636	\$ (95)	\$ 202	\$ 2,296	\$ 2,026	\$ 1,311	\$ 1,962	\$ 6,511	\$ 6,826

The General Fund - Fund Balance increased by \$2,998,764 or 14.9% to \$23,180,254 from June 30, 2022, to June 30, 2023. This was mainly due to a 12.8% (\$329k) increase in transient occupancy tax and a 32.5% (\$1.4 million) increase in sales tax revenues. Property Tax revenue increased 10.6% (\$1.1 million) primarily due to Prop 13 assessment increases and new assessments from construction and sales.

General Fund Budgetary Highlights

Revenues:

Actual revenues received were above the final year-end budget by \$5,624,929 or 13.0%. The largest variance was Sales tax with a \$1.7 million positive variance due to the continued improvement in the local economy following COVID-19. Another large variance was Transient Occupancy Tax revenue variance to budget of a positive \$709k due mainly to the growth in short-term vacation rentals.

There was a significant revenue variance in the Capital Projects Sand Replenishment Fund due to the receipt of the Sand Project Grant revenue funds, which was not budgeted as revenue.

Expenditures:

Actual expenditures incurred were lower than the final budget by \$1,123,948 or 4.3%. The largest variance to budget was in Public Works which came in \$308k under budget. This was mainly due to the deferred maintenance projects shifting into the next fiscal year. General Government department expenditures were below the final budget by \$464k. This was mainly the result of vacancy savings and professional service savings in legal, information system and building permit services.

Actual Expenditures, in the Capital Projects City CIP fund, were \$1.8 million lower than budgeted due to ongoing projects that will be completed in FY 24.

Ending Fund Balance: Ending Fund Balance for the year increased by 14.9% from FY 2022, for a total ending balance of \$23,180,254. Included in the fund balance are non-spendable, restricted, committed, and assigned funds which total \$13,124,899. The unassigned portion is the part of the fund balance that is available for use without constraints established by legal requirements and totals \$10,055,355.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the City are those assets that are used in the performance of City functions including infrastructure assets. Capital assets include equipment, buildings, land, park facilities, and roads.

As of June 30, 2023, net capital assets of the governmental activities totaled \$41,808,198 and the net capital assets of the business-type activities totaled \$17,094,784. Depreciation of capital assets is recognized in government-wide financial statements. (See Table 5 below and Note 5 to the financial statements.)

Over the next five years, funding for capital assets will come from current fund balances and revenues such as Gas Tax and TransNet. Significant projects are the Annual Pavement and Storm Drain projects, La Colonia Park Improvements, Lomas Santa Fe Drive Corridor Improvements, Marine Safety Center Renovations, and sewer pipeline improvements and replacement projects.

Table 5
City of Solana Beach Capital Assets at Year-End
(Net of Depreciation)

	Governmental Activities		Business Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 5,337,440	\$ 5,337,440	\$ 111,706	\$ 111,706	\$ 5,449,146	\$ 5,449,146
Buildings	9,678,488	10,285,398	6,134,497	6,134,497	15,812,985	16,419,895
Equipment & Vehicles	874,744	1,219,816	231,452	247,984	1,106,196	1,467,800
Infrastructure	15,135,078	15,118,543	10,554,309	10,976,947	25,689,387	26,095,490
Work in Progress	10,782,448	2,095,207	62,820	62,820	10,845,268	2,158,027
	<u>\$ 41,808,198</u>	<u>\$ 34,056,404</u>	<u>\$ 17,094,784</u>	<u>\$ 17,533,954</u>	<u>\$ 58,902,982</u>	<u>\$ 51,590,358</u>

Debt

At year-end, the City had \$7,299,507 in governmental type debt and \$15,766,391 in proprietary debt (both net of any premiums or discounts) totaling \$23,065,898. In addition to Bonds and Leases, debt as displayed here in the MD&A includes Claims, Judgements and Compensated Absences. These are liabilities of the city and amount to \$1,830 per capita as of June 30, 2023, which is a decrease of \$32 from \$1,862 on June 30, 2022.

See Table 6 below and Notes 9 through 11 to the financial statements for detailed descriptions.

Table 6
City of Solana Beach Outstanding Debt at Year-End

	Governmental Activities		Business Activities		Total	
	2023	2022	2023	2022	2023	2022
Refunding lease Bond	\$ -	\$ 145,000	\$ -	\$ -	\$ -	\$ 145,000
Loan Payable	291,010	349,819	-	-	291,010	349,819
SEJPA Loan Payable-2017	-	-	10,147,500	10,385,000	10,147,500	10,385,000
2017 Wastewater Refunding Bond	-	-	5,215,000	5,520,000	5,215,000	5,520,000
TransNet Bond	5,500,000	5,500,000	-	-	5,500,000	5,500,000
Bond premiums	-	-	332,211	357,766	332,211	357,766
Bond discounts	-	(577)	-	-	-	(577)
Claims and judgements Compensated absences	838,000	1,098,000	-	-	838,000	1,098,000
	<u>670,497</u>	<u>546,979</u>	<u>71,680</u>	<u>52,449</u>	<u>742,177</u>	<u>599,428</u>
	<u>\$ 7,299,507</u>	<u>\$ 7,639,221</u>	<u>\$ 15,766,391</u>	<u>\$ 16,315,215</u>	<u>\$ 23,065,898</u>	<u>\$ 23,954,436</u>

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In June 2023, the City Council adopted a two-year budget for fiscal years ending June 30, 2024, and June 30, 2025.

In considering the City Budget, the City Council and management focused on the challenge of balancing the budget amid economic climate rebound after the COVID-19 pandemic. Fiscal Years 2024 and 2025 budget projections were filled with uncertainty as the City's revenue stream for certain revenues was unknown and the need to manage the rate of any expenditure cost increase had to be closely evaluated and monitored. The challenge given these circumstances was to prepare a budget that held costs in line while continuing to provide high quality services and to move forward implementing the City's five-year capital improvement plan.

Overall, General Fund revenues are projected to increase for FY 2024 by \$963k, or 3.1%, as compared to the FY 2023 actual revenues. The primary increases are Sales tax, Transient Occupancy tax, and Measure S transaction tax.

General Fund expenditures are projected to increase by \$703k or 2.50% in FY 2024 compared to FY 2023 actual expenditures. This is due to the COLA and CPI increase.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's fiduciary responsibility for the funds it receives. If you have questions about this report or need additional financial information, contact the City's Finance Department, at the City of Solana Beach, 635 South Highway 101, Solana Beach, California 92075 or online: <https://www.cityofsolanabeach.org>

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF NET POSITION

JUNE 30, 2023

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	
			2023	2022
ASSETS				
Cash and investments (Note 3)	\$ 41,028,483	\$ 12,424,542	\$ 53,453,025	\$ 48,125,425
Restricted cash and investments (Note 3)	5,003,450	-	5,003,450	3,218,592
Investment in joint venture (Note 13)	-	37,054,566	37,054,566	36,460,678
Receivables:				
Accounts, net	1,224,378	121,560	1,345,938	1,481,032
Interest	100,188	30,049	130,237	7,722
Intergovernmental	2,135,538	804,851	2,940,389	2,186,712
Internal balances	(733,575)	733,575	-	-
Inventories	47,545	-	47,545	47,545
Prepaid costs	41,589	-	41,589	136,395
Capital assets not being depreciated (Note 4)	16,119,888	174,526	16,294,414	7,607,173
Capital assets, net of accumulated depreciation (Note 4)	25,688,310	16,920,258	42,608,568	43,983,185
Total Assets	90,655,794	68,263,927	158,919,721	143,254,459
DEFERRED OUTFLOWS OF RESOURCES				
Pension related (Note 5)	7,918,832	639,292	8,558,124	3,873,790
OPEB related (Note 6)	86,914	7,016	93,930	143,960
Total Deferred Outflows of Resources	8,005,746	646,308	8,652,054	4,017,750
LIABILITIES				
Accounts payable	2,369,367	67,655	2,437,022	2,509,432
Accrued liabilities	259,192	64,966	324,158	426,177
Accrued interest payable	605	203,631	204,236	211,211
Deposits payable	4,403,446	-	4,403,446	3,610,384
Unearned revenue	550,185	-	550,185	443,331
Noncurrent Liabilities:				
Due within one year: bonds, loans, claims, compensated absences (Note 9)	747,792	601,550	1,349,342	1,349,127
Due in more than one year:				
Net pension liability (Note 5)	17,982,962	1,451,775	19,434,737	10,454,487
Net OPEB liability (Note 6)	2,073,298	167,379	2,240,677	2,416,189
Bonds, loans, claims, compensated absences (Note 9)	6,551,715	15,164,841	21,716,556	22,605,309
Total Liabilities	34,938,562	17,721,797	52,660,359	44,025,647
DEFERRED INFLOWS OF RESOURCES				
Pension related (Note 5)	1,364,040	110,120	1,474,160	8,041,888
OPEB related (Note 6)	428,154	34,565	462,719	750,295
Total Deferred Inflows of Resources	1,792,194	144,685	1,936,879	8,792,183
NET POSITION				
Net investment in capital assets (Note 11)	34,677,741	11,547,573	46,225,314	38,052,870
Restricted:				
Redevelopment activities	2,454,458	-	2,454,458	2,389,310
Public safety	1,122,185	-	1,122,185	1,005,411
Parks and recreation	38,306	-	38,306	138,697
Public works	4,782,223	-	4,782,223	4,685,845
Capital projects	8,537,510	-	8,537,510	6,507,277
Debt service	25,885	-	25,885	25,824
Pensions	5,003,450	-	5,003,450	3,218,592
Unrestricted	5,289,026	39,496,180	44,785,206	38,430,553
Total Net Position	\$ 61,930,784	\$ 51,043,753	\$ 112,974,537	\$ 94,454,379

See Accompanying Notes to the Basic Financial Statements.

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2023
 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 4,490,903	\$ 1,126,175	\$ -	\$ -
Public safety	11,414,093	463,056	418,396	-
Community development	1,260,610	1,597,048	2,000	8,465,943
Community services	919,234	548,527	165,271	-
Public works	5,377,186	604,621	2,587,247	-
Interest	385,479	-	-	-
Total Governmental Activities	<u>23,847,505</u>	<u>4,339,427</u>	<u>3,172,914</u>	<u>8,465,943</u>
Business-Type Activities:				
Sanitation Fund	5,019,606	5,846,765	-	-
Solana Energy Alliance Fund	19,229	752	-	-
Total Business-Type Activities	<u>5,038,835</u>	<u>5,847,517</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 28,886,340</u>	<u>\$ 10,186,944</u>	<u>\$ 3,172,914</u>	<u>\$ 8,465,943</u>

General Revenues:

Taxes:

Property taxes, levied for general purpose

Sales taxes

Transient occupancy taxes

Franchise taxes

Motor Vehicle in Lieu - unrestricted

Use of money and property

Other

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

See Accompanying Notes to the Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	
		2023	2022
\$ (3,364,728)	\$ -	\$ (3,364,728)	\$ (3,347,438)
(10,532,641)	-	(10,532,641)	(13,068,524)
8,804,381	-	8,804,381	(342,511)
(205,436)	-	(205,436)	(549,646)
(2,185,318)	-	(2,185,318)	(716,427)
(385,479)	-	(385,479)	(346,224)
<u>(7,869,221)</u>	<u>-</u>	<u>(7,869,221)</u>	<u>(18,370,770)</u>
-	827,159	827,159	1,508,771
<u>-</u>	<u>(18,477)</u>	<u>(18,477)</u>	<u>(188,106)</u>
-	808,682	808,682	1,320,665
<u>(7,869,221)</u>	<u>808,682</u>	<u>(7,060,539)</u>	<u>(17,050,105)</u>
11,638,632	-	11,638,632	10,844,785
5,845,967	-	5,845,967	4,413,265
2,904,236	-	2,904,236	2,575,173
897,472	-	897,472	873,791
2,053,486	-	2,053,486	1,897,370
783,458	149,640	933,098	(364,684)
1,019,176	288,630	1,307,806	3,708,059
<u>25,142,427</u>	<u>438,270</u>	<u>25,580,697</u>	<u>23,947,759</u>
<u>17,273,206</u>	<u>1,246,952</u>	<u>18,520,158</u>	<u>6,897,654</u>
<u>44,657,578</u>	<u>49,796,801</u>	<u>94,454,379</u>	<u>87,556,725</u>
<u>\$ 61,930,784</u>	<u>\$ 51,043,753</u>	<u>\$ 112,974,537</u>	<u>\$ 94,454,379</u>

FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements
Proprietary Fund Financial Statements
Fiduciary Fund Financial Statements

GOVERNMENTAL FUND FINANCIAL STATEMENTS

CITY OF SOLANA BEACH, CALIFORNIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)

	Capital Projects Fund			Other Governmental Funds	Totals	
	General	Sand Replenishment	City CIP		2023	2022
ASSETS						
Cash and investments	\$ 21,999,812	\$ 1,198,762	\$ 6,934,876	\$ 10,895,033	\$ 41,028,483	\$ 37,024,194
Restricted cash and investments	5,003,450	-	-	-	5,003,450	3,218,592
Receivables:						
Accounts	1,106,211	-	-	118,167	1,224,378	1,084,339
Accrued interest	65,331	2,193	6,523	26,141	100,188	5,930
Deposits						
Intergovernmental	1,954,920	-	-	180,618	2,135,538	1,241,359
Due from other funds (Note 12)	600,791	-	-	-	600,791	900,977
Inventories	-	-	-	47,545	47,545	47,545
Prepaid costs	41,589	-	-	-	41,589	136,395
Total Assets	\$ 30,772,104	\$ 1,200,955	\$ 6,941,399	\$ 11,267,504	\$ 50,181,962	\$ 43,659,331
LIABILITIES						
Accounts payable	\$ 1,793,533	\$ 107,178	\$ 234,708	\$ 233,948	\$ 2,369,367	\$ 2,397,334
Accrued liabilities	213,996	-	-	45,196	259,192	363,416
Deposits payable	4,318,260	-	15,960	69,226	4,403,446	3,610,384
Due to other funds (Note 12)	-	-	-	68,305	68,305	210,035
Advances from other funds (Note 12)	1,266,061	-	-	-	1,266,061	1,665,460
Unearned revenues	-	-	-	550,185	550,185	443,331
Total Liabilities	7,591,850	107,178	250,668	966,860	8,916,556	8,689,960
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	-	-	-	-	-	215,064
Total Deferred Inflows of Resources	-	-	-	-	-	215,064
FUND BALANCES						
Nonspendable	41,589	-	-	47,545	89,134	183,940
Restricted	5,003,450	-	6,690,731	10,269,836	21,964,017	17,970,956
Committed	1,292,880	-	-	-	1,292,880	1,295,357
Assigned	6,786,980	-	-	-	6,786,980	6,241,345
Unassigned (Deficit)	10,055,355	1,093,777	-	(16,737)	11,132,395	9,062,709
Total Fund Balances	23,180,254	1,093,777	6,690,731	10,300,644	41,265,406	34,754,307
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 30,772,104	\$ 1,200,955	\$ 6,941,399	\$ 11,267,504	\$ 50,181,962	\$ 43,659,331

See Accompanying Notes to the Basic Financial Statements.

CITY OF SOLANA BEACH, CALIFORNIA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total Fund Balances - Governmental Funds	\$ 41,265,406
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Capital assets of \$117,351,712, net of accumulated depreciation of \$75,543,514, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	41,808,198
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Differences between expected and actual experiences, assumption changes, and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the Statement of Net Position.

Deferred outflows - pension related	7,918,832	
Deferred outflows - OPEB related	86,914	
Deferred inflows - pension related	(1,364,040)	
Deferred inflows - OPEB related	<u>(428,154)</u>	
Total Deferred Outflows and Inflows Related to Postemployment Benefits		6,213,552

Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.

Bonds payable	(5,500,000)	
Compensated absences	(670,497)	
Claims	(838,000)	
Loans payable	(291,010)	
Accrued interest payable on long-term debt	(605)	
Net OPEB liability	(2,073,298)	
Net pension liability	<u>(17,982,962)</u>	
Total Long-term Liabilities		<u>(27,356,372)</u>

Net Position of Governmental Activities	<u>\$ 61,930,784</u>
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CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)

	Capital Projects Fund			Other Governmental Funds	Total Governmental Funds	
	Sand		City CIP		2023	2022
	General	Replenishment				
REVENUES						
Taxes and assessments	\$ 22,145,018	\$ 446,805	\$ -	\$ 2,351,678	\$ 24,943,501	\$ 22,265,851
Licenses, permits and fees	1,002,304	-	-	86,970	1,089,274	773,593
Intergovernmental	56,047	8,465,943	-	2,764,865	11,286,855	3,322,539
Charges for services	890,968	-	264,997	646,173	1,802,138	2,754,210
Use of money and property	643,126	4,717	(29,288)	164,903	783,458	(399,689)
Fines and forfeitures	408,220	-	-	-	408,220	261,932
Other revenues	3,731,586	-	366,516	4,151	4,102,253	3,348,906
Total Revenues	28,877,269	8,917,465	602,225	6,018,740	44,415,699	32,327,342
EXPENDITURES						
Current:						
General government	7,061,076	-	-	-	7,061,076	5,598,530
Public safety	11,851,744	-	-	857,032	12,708,776	12,043,209
Public works	3,075,754	-	1,517	1,247,126	4,324,397	3,792,133
Community development	1,467,099	-	-	157,928	1,625,027	1,347,528
Community services	758,666	-	-	85,002	843,668	825,180
Capital outlay	177,735	9,012,336	1,146,827	415,513	10,752,411	1,430,880
Debt service:						
Principal retirement	-	-	-	203,808	203,808	199,531
Interest and fiscal charges	46,300	-	-	339,136	385,436	346,004
Total Expenditures	24,438,374	9,012,336	1,148,344	3,305,545	37,904,599	25,582,995
Excess (Deficiency) of Revenue Over (Under) Expenditures	4,438,895	(94,871)	(546,119)	2,713,195	6,511,100	6,744,347
OTHER FINANCING SOURCES (USES)						
Transfers in (Note 12)	1,991,285	-	2,841,916	259,900	5,093,101	2,992,483
Transfers out (Note 12)	(3,431,416)	-	-	(1,661,685)	(5,093,101)	(2,992,483)
Total Other Financing Sources (Uses)	(1,440,131)	-	2,841,916	(1,401,785)	-	-
Net Change in Fund Balances	2,998,764	(94,871)	2,295,797	1,311,410	6,511,100	6,744,347
Fund Balances - Beginning	20,181,490	1,188,648	4,394,934	8,989,234	34,754,306	28,009,960
Fund Balances - Ending	\$ 23,180,254	\$ 1,093,777	\$ 6,690,731	\$ 10,300,644	\$ 41,265,406	\$ 34,754,307

CITY OF SOLANA BEACH, CALIFORNIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

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

Net Change in Fund Balances - Total Governmental Funds	\$ 6,511,100
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	7,751,794
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(215,062)
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Principal paid on long-term liabilities	203,808
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Accrued interest on long-term debt	(43)
Compensated absences	(123,518)
Claims and judgments	260,000
Changes in pension liabilities and related deferred outflows and inflows of resources	2,502,923
Changes in OPEB liabilities and related deferred outflows and inflows of resources	<u>382,204</u>
Total Expenses	<u>3,021,566</u>
Change in Net Position of Governmental Activities	<u>\$ 17,273,206</u>

See Accompanying Notes to the Basic Financial Statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2023
 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)

	<u>Total Proprietary Funds</u>			
	<u>Sanitation Fund</u>	<u>Solana Energy Alliance Fund</u>	<u>2023</u>	<u>2022</u>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 12,424,542	\$ -	\$ 12,424,542	\$ 11,101,231
Receivables:				
Accounts	64,789	56,771	121,560	396,693
Interest	30,049	-	30,049	1,792
Intergovernmental	643,976	160,875	804,851	945,353
Total Current Assets	<u>13,163,356</u>	<u>217,646</u>	<u>13,381,002</u>	<u>12,445,069</u>
Noncurrent Assets:				
Advances to other funds (Note 12)	1,266,061	-	1,266,061	1,665,460
Investment in joint venture	37,054,566	-	37,054,566	36,460,678
Capital assets not being depreciated (Note 4)	174,526	-	174,526	174,526
Capital assets, net of accumulated depreciation (Note 4)	16,920,258	-	16,920,258	17,359,428
Total Noncurrent Assets	<u>55,415,411</u>	<u>-</u>	<u>55,415,411</u>	<u>55,660,092</u>
Total Assets	<u>68,578,767</u>	<u>217,646</u>	<u>68,796,413</u>	<u>68,105,161</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	639,292	-	639,292	189,865
OPEB related	7,016	-	7,016	10,754
Total Deferred Outflows of Resources	<u>646,308</u>	<u>-</u>	<u>646,308</u>	<u>200,619</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	67,475	180	67,655	112,098
Accrued liabilities	20,697	44,269	64,966	62,761
Compensated absences	36,550	-	36,550	25,591
Accrued interest payable	203,631	-	203,631	210,073
Due to other funds (Note 12)	-	532,486	532,486	690,942
Loans and bonds payable - current	565,000	-	565,000	542,500
Total Current Liabilities	<u>893,353</u>	<u>576,935</u>	<u>1,470,288</u>	<u>1,643,965</u>
Noncurrent Liabilities:				
Compensated absences	35,130	-	35,130	26,858
Loans and bonds payable	15,129,711	-	15,129,711	15,720,266
Net pension liability	1,451,775	-	1,451,775	468,281
Net OPEB liability	167,379	-	167,379	180,489
Total Noncurrent Liabilities	<u>16,783,995</u>	<u>-</u>	<u>16,783,995</u>	<u>16,395,894</u>
Total Liabilities	<u>17,677,348</u>	<u>576,935</u>	<u>18,254,283</u>	<u>18,039,859</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related	110,120	-	110,120	413,073
OPEB related	34,565	-	34,565	56,047
Total Deferred Inflows of Resources	<u>144,685</u>	<u>-</u>	<u>144,685</u>	<u>469,120</u>
NET POSITION				
Net investment in capital assets	11,547,573	-	11,547,573	11,656,188
Unrestricted (Deficit)	39,855,469	(359,289)	39,496,180	38,140,613
Total Net Position (Deficit)	<u>\$ 51,403,042</u>	<u>\$ (359,289)</u>	<u>\$ 51,043,753</u>	<u>\$ 49,796,801</u>

See Accompanying Notes to the Basic Financial Statements.

CITY OF SOLANA BEACH, CALIFORNIA

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)**

	<u>Total Proprietary Funds</u>			
	Solana Energy		2023	2022
	Sanitation Fund	Alliance Fund		
OPERATING REVENUES				
Charges for services	\$ 5,846,765	\$ 752	\$ 5,847,517	\$ 5,818,187
Miscellaneous Revenue	111,414	177,216	288,630	365,344
Total Operating Revenues	<u>5,958,179</u>	<u>177,968</u>	<u>6,136,147</u>	<u>6,183,531</u>
OPERATING EXPENSES				
Cost of sales and services	2,182,563	16,951	2,199,514	2,220,296
Administration	1,093,580	2,278	1,095,858	933,798
Depreciation	554,480	-	554,480	525,060
Total Operating Expenses	<u>3,830,623</u>	<u>19,229</u>	<u>3,849,852</u>	<u>3,679,154</u>
Operating Income (Loss)	<u>2,127,556</u>	<u>158,739</u>	<u>2,286,295</u>	<u>2,504,377</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	144,964	4,676	149,640	35,005
Interest expense	(598,127)	-	(598,127)	(615,256)
Amortization of investment premium	-	-	-	5,100
Gain (loss) on disposal of capital assets	-	-	-	(369,845)
Share in joint venture net gain/(loss)	(590,856)	-	(590,856)	161,633
Total Nonoperating Revenues (Expenses)	<u>(1,044,019)</u>	<u>4,676</u>	<u>(1,039,343)</u>	<u>(783,363)</u>
Change in Net Position	1,083,537	163,415	1,246,952	1,721,014
Net Position - Beginning (Deficit)	<u>50,319,505</u>	<u>(522,704)</u>	<u>49,796,801</u>	<u>48,075,787</u>
Net Position - Ending (Deficit)	<u>\$ 51,403,042</u>	<u>\$ (359,289)</u>	<u>\$ 51,043,753</u>	<u>\$ 49,796,801</u>

See Accompanying Notes to the Basic Financial Statements.

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023
 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)

	Total Proprietary Funds			
	Sanitation Fund	Solana Energy Alliance Fund	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 6,374,406	\$ 177,376	\$ 6,551,782	\$ 7,027,324
Payments to suppliers and service providers	(2,220,434)	(21,318)	(2,241,752)	(3,123,995)
Payments to employees for salaries and benefits	(874,089)	(2,278)	(876,367)	(731,934)
Net Cash Provided by (Used for) Operating Activities	<u>3,279,883</u>	<u>153,780</u>	<u>3,433,663</u>	<u>3,171,395</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payment to other funds	-	-	-	(47,045)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(47,045)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Repayment received from capital-related interfund borrowings	399,399	-	399,399	388,596
Advances made for capital-related interfund borrowings	-	(158,456)	(158,456)	-
Acquisition and construction of capital assets	(115,310)	-	(115,310)	(669,803)
Principal paid on capital debt	(542,500)	-	(542,500)	(530,000)
Interest paid on capital debt	(630,124)	-	(630,124)	(646,111)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(888,535)</u>	<u>(158,456)</u>	<u>(1,046,991)</u>	<u>(1,457,318)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	116,707	4,676	121,383	(308,972)
Investment in joint venture	(1,184,744)	-	(1,184,744)	(738,352)
Net Cash Provided by (Used for) Investing Activities	<u>(1,068,037)</u>	<u>4,676</u>	<u>(1,063,361)</u>	<u>(1,047,324)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,323,311	-	1,323,311	619,708
Cash and Cash Equivalents - Beginning	11,101,231	-	11,101,231	10,481,523
Cash and Cash Equivalents - Ending	<u>\$ 12,424,542</u>	<u>\$ -</u>	<u>\$ 12,424,542</u>	<u>\$ 11,101,231</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating income (loss)	\$ 2,127,556	\$ 158,739	2,286,295	\$ 2,504,377
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation expense	554,480	-	554,480	525,060
(Increase) decrease in accounts receivable	275,725	(592)	275,133	274,196
(Increase) decrease in intergovernmental receivables	140,502	-	140,502	569,597
(Increase) decrease in pension related deferred outflows of resources	(449,427)	-	(449,427)	9,177
(Increase) decrease in OPEB related deferred outflows of resources	3,738	-	3,738	(10,754)
Increase (decrease) in accounts payable	(40,604)	(3,839)	(44,443)	(584,988)
Increase (decrease) in accrued liabilities	2,733	(528)	2,205	2,285
Increase (decrease) in compensated absences	19,231	-	19,231	1,147
Increase (decrease) in net pension liability	983,494	-	983,494	(459,468)
Increase (decrease) in net OPEB liability	(13,110)	-	(13,110)	(16,807)
Increase (decrease) in pension related deferred inflows of resources	(302,953)	-	(302,953)	395,187
Increase (decrease) in OPEB related deferred inflows of resources	(21,482)	-	(21,482)	(37,614)
Total Adjustments	<u>1,152,327</u>	<u>(4,959)</u>	<u>1,147,368</u>	<u>667,018</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 3,279,883</u>	<u>\$ 153,780</u>	<u>\$ 3,433,663</u>	<u>\$ 3,171,395</u>
Schedule of Non-Cash Investing, Capital, and Financing Activities:				
Amortization of bonds premium/discount	\$ 25,555	\$ -	\$ 25,555	\$ 68,647
Unrealized gain on investment in joint venture	-	-	-	161,633

See Accompanying Notes to the Basic Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2023

	Pension (and Other		
	Trust Fund	Private-Purpose Trust Fund	Custodial Funds
	OPEB Trust Fund	Successor Agency of the Former RDA	
ASSETS			
Cash and cash equivalents	\$ -	\$ 66,170	\$ 265,992
Investments:			
Money market mutual funds	1,442,775	-	418
Local Agency Investment Fund	-	-	58,452
Asset-backed securities	-	-	14,713
Federal agency securities	-	-	43,965
Medium term corporate notes	-	-	38,809
Supranational securities	-	-	3,766
US Treasury securities	-	-	92,074
Receivables:			
Accrued interest	-	-	1,246
Due from other governments	-	-	898
Total Assets	<u>1,442,775</u>	<u>66,170</u>	<u>520,333</u>
LIABILITIES			
Accounts payable	-	1,106	3,721
Accrued liabilities	-	809	-
Accrued interest	-	5,701	-
Long-term liabilities:			
Due in one year (Note 16)	-	133,500	-
Due in more than one year (Note 16)	-	1,902,400	-
Total Liabilities	<u>-</u>	<u>2,043,516</u>	<u>3,721</u>
NET POSITION			
Restricted for:			
Postemployment benefits other than pensions	1,442,775	-	-
Individuals, organizations, and other governments	-	(1,977,346)	516,612
Total Net Position	<u>\$ 1,442,775</u>	<u>\$ (1,977,346)</u>	<u>\$ 516,612</u>

See Accompanying Notes to the Basic Financial Statements.

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Pension (and Other Employee Benefit) Trust Fund	Private-Purpose Trust Fund	
	OPEB Trust Fund	Successor Agency of the Former RDA	Custodial Funds
ADDITIONS			
Employers contributions	\$ 137,000	\$ -	\$ -
Investment earnings	106,050	171	5,190
Property taxes	-	281,204	-
Special assessment collections	-	-	234,502
Total Additions	<u>243,050</u>	<u>281,375</u>	<u>239,692</u>
DEDUCTIONS			
Administrative expenses	-	31,639	-
Contractual services	7,423	-	10,981
Principal expense	-	-	100,000
Interest expense	-	71,316	106,432
Total Deductions	<u>7,423</u>	<u>102,955</u>	<u>217,413</u>
Net Increase (Decrease) in Fiduciary Net Position	235,627	178,420	22,279
Net Position (Deficit) - Beginning	<u>1,207,148</u>	<u>(2,155,766)</u>	<u>494,333</u>
Net Position (Deficit) - Ending	<u>\$ 1,442,775</u>	<u>\$ (1,977,346)</u>	<u>\$ 516,612</u>

See Accompanying Notes to the Basic Financial Statements.

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

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NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1: Summary of Significant Accounting Policies

The basic financial statements of the City of Solana Beach, California (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") as applied to governmental agencies. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

a. Financial Reporting Entity

The City was formed July 1, 1986 after an election held June 3, 1986 in the proposed incorporated area. The City's incorporation involved a reorganization consisting primarily of the incorporation of the City of Solana Beach; the detachment of territory from the Cardiff Sanitation District and annexation of the same territory to the Solana Beach Sanitation District; the establishment of the Solana Fire Protection District and Solana Beach Sanitation District as subsidiary districts of the City; and the establishment of five improvement districts of the City, which coincided with five previously existing county service areas (CSAs). The City merged the Fire District ("District") into the City by dissolving the District and creating a separate Fire Department within the City's General Fund effective January 1, 1988. Effective July 1, 1990, the Solana Beach Sanitation District was dissolved and is now a department of the City.

The Solana Beach Public Facilities Corporation (Corporation) was incorporated on July 25, 1990 as a nonprofit public benefit corporation duly organized and existing under the Nonprofit Public Benefit Corporation Law. Its purpose is to benefit the City by providing financing for the planning, development, acquisition, construction, improvement, extension, repair, and renovation of public works projects, public facilities, furnishings, and equipment for use by the City. The Corporation does not issue separate financial statements. The City's basic financial statements have the Corporation included using the blended method since the governing bodies of the component unit is substantially the same as the governing body of the City. The Corporation provides services entirely to the City.

b. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental and Business-Type Activities for the City, the primary government, accompanied by a total column. Fiduciary activities of the City are not included in these statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

The Government-Wide Financial Statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets and related infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to, Due from other funds
- Advances to, Advances from other funds
- Transfers in, Transfers out

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Revenues are recorded when received in cash, except those revenues subject to accrual (90 days after year-end, with the exception of property taxes, which is 60 days) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, sales taxes, franchise taxes, gas taxes, transient occupancy taxes, intergovernmental revenues, and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Unavailable revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unavailable revenue is removed from the balance sheet and revenue is recognized.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences.

The City reports the following major governmental fund:

General Fund - accounts for all revenues and expenditures used to finance the traditional services associated with a municipal government which are not accounted for in the other funds. In Solana Beach, these services include general government, public safety, public works, community development, and community services.

Sand Replenishment Fund – accounts for sand replenishment, sand retention, and coastal improvement projects.

City CIP Capital Projects Fund - accounts for the acquisition, construction and improvement of capital facilities and infrastructure. Projects are funded by transfers from the General Fund.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Change in Net Position, and a Statement of Cash Flows for all proprietary funds.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Operating revenues, such as charges for services, in the proprietary funds are those revenues that are generated from exchange transactions as the primary operations of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. All other revenues, such as subsidies, taxes, and investment earnings, which result from non-exchange transactions or ancillary activities are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the following major proprietary fund:

Sanitation Fund - is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs of providing sewage and wastewater treatment services to the general public on a continuing basis be financed or recovered primarily through user charges.

Solana Energy Alliance Fund - is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs of providing clean energy services to the general public on a continuing basis be financed or recovered primarily through user charges.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The City's fiduciary funds include custodial funds, one pension (and other employee benefits) trust fund, and one private-purpose trust fund.

Custodial funds are used to account for collections received from special assessment districts and their disbursement to bondholders. Spending of Custodial fund resources is controlled primarily through legal agreements and applicable State and Federal laws.

The Pension (and Other Employee Benefit) Trust fund is used to report resources held in trust for retirees and beneficiaries covered by the City.

The Private-Purpose Trust Fund is used to account for the assets and liabilities of the former redevelopment agency and the allocated revenue to pay estimated installment payments of enforceable obligations until the obligations of the former redevelopment agency are paid in full and assets have been liquidated.

The Fiduciary Funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

c. Cash, Cash Equivalents, and Investments

The City pools its available cash for investment purposes. The City considers pooled cash and investment amounts, with original maturities of three months or less, to be cash equivalents.

Note 1: Summary of Significant Accounting Policies (Continued)

c. Cash, Cash Equivalents, and Investments (Continued)

The cash flow statements require presentation of “cash and cash equivalents”. For the purpose of the statement of cash flows, the City considers all proprietary fund pooled cash and investments as “cash and cash equivalents”, as such funds are available to the various funds as needed.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California titled *Local Agency Investment Fund* (LAIF) which has invested a portion of the pool funds in structured notes and asset-backed securities. LAIF’s investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk and to changes in interest rates.

d. Restricted Cash and Investments

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt and for acquisition and construction of capital projects.

e. Fair Value Measurement

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are inactive;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the City’s own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include the City’s own data.

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

f. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value at the time of acquisition by the City. City policy has set the capitalization threshold for reporting infrastructure and all other capital assets at \$5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings and improvements	20-50 years
Equipment	3-25 years
Vehicles	5-10 years
Infrastructure - sewer lines	40-50 years
Infrastructure - other	20-60 years

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include roads and streets, curbs, gutters and sidewalks, streetlights, signs and signals, park equipment, and storm drains. The appropriate operating department maintains information regarding the infrastructure assets.

For all infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. The City commissioned an appraisal of City owned infrastructure and property that determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition.

Original costs were developed in one of three ways: (1) historical records; (2) standard unit costs appropriate for the construction/acquisition date; or (3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost

Note 1: Summary of Significant Accounting Policies (Continued)

g. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and governmental fund balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has two items that qualify for reporting in this category. These are the deferred outflows relating to the net pension and other post-employment benefit (OPEB) obligations reported in the government-wide statement of net position and proprietary statement of net position.

In addition to liabilities, the statement of financial position or governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net asset that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports one item, which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. The item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues related to resources received outside of the City's availability period. The City reports two other items that qualify for reporting in this category which are the deferred inflows related to the pensions and deferred inflows relating to other post-employment benefits reported in the government-wide statement of net position and proprietary statement of net position.

h. Long-Term Liabilities

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

i. Compensated Absences

Government-Wide Financial Statements

For governmental activities, compensated absences are recorded as incurred and the related expenses and liabilities are reported.

Fund Financial Statements

In governmental funds, compensated absences are recorded as expenditures in the years paid, as it is the City's policy to liquidate any unpaid vacation or sick leave at June 30 from future resources, rather than currently available financial resources. Accordingly, the entire unpaid liability for the governmental funds is recorded in the government-wide financial statements, as these amounts will be liquidated from future resources. In the proprietary fund, compensated absences are expensed in the period they are earned, and the unpaid liability is recorded as a long-term liability of the fund.

j. Pensions

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

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

k. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan), the assets of which are held by Public Agency Retirement Services (PARS), and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary.

For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

k. Other Post-Employment Benefits (OPEB) (Continued)

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss with the net difference between projected and actual earnings on OPEB plan investments being recognized over five years and all other amounts being recognized over the expected average remaining service lifetime (EARS�) of 7.2 years at June 30, 2023.

l. Net Position

In the Government-Wide and Proprietary Fund Financial Statements, net position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets, net of accumulated depreciation and reduced by outstanding debt that was issued for the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position.”

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City’s policy is to apply restricted net position first.

m. Net Position Flow Assumption

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

n. Fund Balances

In the Governmental Fund Financial Statements, fund balances are classified in the following categories:

Nonspendable – Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws, or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body, and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City. The formal action required to establish, modify, or rescind a fund balance commitment is through a resolution.

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has authorized through a resolution the City Manager and the Director of Finance for that purpose.

Unassigned – This is the residual classification that includes all spendable amounts not contained in the other classifications. The General Fund is the only fund that reports a positive unassigned fund balance. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the City's policy is to apply restricted fund balances first, then unrestricted fund balances as they are needed.

o. Fund Balance Flow Assumptions

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

o. Fund Balance Flow Assumptions (Continued)

When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in the following order: committed, assigned, and unassigned.

p. Property Taxes

Property taxes are levied on July 1 and are payable in two installments: November 1 and February 1 of each year. Property taxes become delinquent on December 10 and April 10, for the first and second installments, respectively. The lien date is January 1. The County of San Diego, California (County) bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when received in cash except at year end when they are accrued pursuant to the modified accrual basis of accounting. The City recognizes as revenues at June 30 available taxes or those collected within 90 days. The County is permitted by State law to levy taxes at 1% of full market value (at time of purchase) and can increase the assessed values no more than 2% per year. The City receives a share of this basic levy.

q. Use of Estimates

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

r. Comparative Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 2: Stewardship, Compliance, and Accountability

a. Excess of Expenditures over Appropriations

On June 30, 2023, the Sand Replenishment/Retention and Coastal Access capital projects fund, the COPS special revenue fund, and the CDBG special revenue fund reported expenditures exceeding appropriations in the amount of \$6,897,856, \$65,511, and \$308, respectively.

b. Deficit Fund Equity

At June 30, 2023, the following nonmajor fund reported deficit fund balance:

Nonmajor Fund Name	Classification	Deficit
CDBG	Special Revenue Fund	\$ 16,737

This deficit is due to the timing of reimbursements and revenues for these activities and is expected to be eliminated through future revenues.

c. Budgetary Compliance

The Assessment Districts CIP capital projects fund and Boating and Waterways fund did not adopt a budget for the fiscal year ended June 30, 2023.

Note 3: Cash and Investments

The following is a summary of pooled cash and investments and restricted cash and investments at June 30, 2023:

	Government-Wide Statement of Net Position		Fiduciary Funds Statement of Net Position	Total
	Governmental Activities	Business-Type Activities		
Cash and investments	\$ 41,028,483	\$ 12,424,542	\$ 332,162	\$ 53,785,187
Restricted cash and investments	5,003,450	-	1,694,972	6,698,422
Total	\$ 46,031,933	\$ 12,424,542	\$ 2,027,134	\$ 60,483,609

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 3: Cash and Investments (Continued)

Cash and investments consisted of the following at June 30, 2023:

Cash:	
Cash on hand	\$ 400
Demand deposits	<u>4,921,376</u>
Total cash	<u>4,921,776</u>
Investments:	
Local Agency Investment Fund	18,456,311
Investments	30,661,420
Cash and investments held in PARS Section 115 Trust	<u>6,444,102</u>
Total investments	<u>55,561,833</u>
Total cash and investments	<u>\$ 60,483,609</u>

a. Cash Deposits

The carrying amounts of the City's cash deposits were \$4,921,376 at June 30, 2023. Bank balances were \$5,351,850 at that date. The total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name is discussed below. The \$430,474 difference represents outstanding checks and other reconciling items.

The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2023, none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. For investments identified herein as held by fiscal agent, the fiscal agent selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the City.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 3: Cash and Investments (Continued)

b. Investments

Investments Authorized by the California Government Code and the City's Investment Policy

The following table identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk and concentration of credit risk. The City has no investments held by bond trustee.

Investment Types Authorized by State Law	Authorized by Investment Policy	Maximum Maturity	*Maximum Percentage of Portfolio	*Maximum Investment in One Issuer
Local agency bonds	Yes	5 years	30%	5%
U.S. Treasury bills	Yes	5 years	None	None
U.S. Treasury notes	Yes	5 years	None	None
State obligations - CA and others	Yes	5 years	30%	5%
California local agency obligations	Yes	5 years	30%	5%
U.S. agency securities	Yes	5 years	None	None
Banker's acceptances	Yes	180 days	40%	5%
Commercial paper	Yes	270 days	25%	10%
Non-Negotiable certificates of deposit	Yes	5 years	20%	None
Negotiable certificates of deposit	Yes	5 years	30%	5%
Certificate of Deposit Placement Services	Yes	5 years	30%	None
Collateralized Bank Deposits	Yes	N/A	None	None
Repurchase agreements	Yes	1 year	None	None
Medium-term notes	Yes	5 years	30%	5%
Mutual and money market funds	Yes	N/A	20%	10%
Mortgage pass-through and asset-backed securities	Yes	5 years	20%	5%
Asset backed security	Yes	5 years	20%	5%
County pooled investment funds	Yes	N/A	None	None
Joint powers authority pool	Yes	N/A	None	None
Supranational	Yes	5 years	30%	10%
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None

* Based on state law or investment policy requirements, whichever is more restrictive.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by fiscal agent are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 3: Cash and Investments (Continued)

b. Investments (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury obligations	None	None	None
U.S. agency securities	None	None	None
Banker's acceptances	180 days	None	None
Commercial paper	270 days	None	None
Money market mutual funds	90 days	None	None
Investment contracts	None	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

c. External Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based on the City's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on accounting records maintained by LAIF, which are recorded on an amortized cost basis. The entire balance of the City's share of the investment pool is available for withdrawal at any time. LAIF is not registered with the Securities and Exchange Commission and is not rated. Deposits and withdrawals in LAIF are made on the basis of \$1 and not fair value. Accordingly, the City's investment in this pool is measured on uncategorized inputs not defined as Level 1, 2, or 3.

d. Risk Disclosures

Interest Rate Risk

Interest rate risk is the risk that the market value of investments in the portfolio will fall due to changes in market interest rates. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City manages this risk by investing its operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools to ensure liquidity and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 3: Cash and Investments (Continued)

d. Risk Disclosures (Continued)

Investments	Fair Value	Remaining Investment Maturities		
		12 Months or Less	13 to 24 Months	25 to 60 Months
Local Agency Investment Fund	\$ 18,456,311	\$ 18,456,311	\$ -	\$ -
U.S. Treasury	14,571,526	2,820,528	9,440,782	2,310,216
U.S. Government Agency Securities:				
Federal Home Loan Bank	1,570,219	-	376,013	1,194,206
Federal Farm Credit Bank	2,185,305	917,765	674,534	593,006
Federal National Mortgage Association	1,429,992	975,017	454,975	-
Federal Home Loan Mortgage Corporation	1,772,133	1,772,133	-	-
Medium-term Notes	6,141,720	2,118,848	3,392,201	630,671
Money Market Mutual Funds	66,060	66,060	-	-
Supranationals	596,066	186,231	409,835	-
Asset Backed Securities	2,328,398	2,176	1,120,075	1,206,147
Investments Held in Section 115 Trust:				
Equity Mutual Fund	2,745,693	2,745,693	-	-
Fixed Income Mutual Fund	2,726,043	2,726,043	-	-
Cash/Money Market	972,367	972,367	-	-
	<u>\$ 55,561,833</u>	<u>\$ 33,759,172</u>	<u>\$ 15,868,415</u>	<u>\$ 5,934,246</u>

Credit Risk

Credit Risk is the risk of loss due to failure of the security issuer. The risk can be identified through the rating assigned by a nationally recognized statistical rating organization to the issuers of securities. The City minimizes this risk by investing only in investment types allowed for municipalities by the Government Code as listed on the City's investment policy and investing only in instruments that are most creditworthy. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of June 30, 2023, for each investment type.

Investments	Total as of June 30, 2023	Minimum Legal Rating	Rating		
			AAA	AA+/Aa1	Not Rated
Local Agency Investment Fund	\$ 18,456,311	N/A	\$ -	\$ -	\$ 18,456,311
U.S. Treasury *	14,571,526	N/A	-	-	14,571,526
U.S. Government Agency Securities:					
Federal Home Loan Bank	1,570,219	N/A	1,570,219	-	-
Federal Farm Credit Bank	2,185,305	N/A	2,185,305	-	-
Federal National Mortgage Association	1,429,992	N/A	1,429,992	-	-
Federal Home Loan Mortgage Corporation	1,772,133	N/A	1,772,133	-	-
Medium-term Notes	6,141,720	A	232,922	5,908,798	-
Money Market Mutual Funds	66,060	AAA	66,060	-	-
Supranationals	596,066	AA	596,066	-	-
Asset Backed Securities	2,328,398	AA	2,328,398	-	-
Investments Held in Section 115 Trust:					
Equity Mutual Fund	2,745,693	AA	2,745,693	-	-
Fixed Income Mutual Fund	2,726,043	AA	2,726,043	-	-
Money Market	972,367	AA	972,367	-	-
	<u>\$ 55,561,833</u>		<u>\$ 16,625,198</u>	<u>\$ 5,908,798</u>	<u>\$ 33,027,837</u>

* Exempt from rating disclosure

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 3: Cash and Investments (Continued)**d. Risk Disclosures (Continued)**Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The City had no investments in the following US Government Agency issuers which held more than 5% of the investment portfolio.

e. Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The following table represents the fair value measurements of investments recognized in the accompanying Statement of Net Position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2023:

	Level 1	Level 2	Uncategorized	Total
Local Agency Investment Fund	\$ -	\$ -	\$ 18,456,311	\$ 18,456,311
U.S. Treasury	14,571,526	-	-	14,571,526
U.S. Government Agency Securities	-	6,957,649	-	6,957,649
Medium-term Notes	-	6,141,720	-	6,141,720
Supranationals	-	596,066	-	596,066
Asset Backed Securities	-	2,328,398	-	2,328,398
Equity Mutual Fund	2,745,693	-	-	2,745,693
Fixed Income Mutual Fund	2,726,043	-	-	2,726,043
Money Market	1,038,427	-	-	1,038,427
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Total	\$ 21,081,689	\$ 16,023,833	\$ 18,456,311	\$ 55,561,833

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 4: Capital Assets

The following is a summary of changes in capital assets for governmental activities for the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
<i>Governmental Activities</i>				
<i>Non-Depreciable Assets:</i>				
Land	\$ 5,337,440	\$ -	\$ -	\$ 5,337,440
Construction in progress	<u>2,095,207</u>	<u>9,924,038</u>	<u>(1,236,797)</u>	<u>10,782,448</u>
Total non-depreciable assets	<u>7,432,647</u>	<u>9,924,038</u>	<u>(1,236,797)</u>	<u>16,119,888</u>
<i>Depreciable Assets:</i>				
Buildings	6,016,915	-	2,013	6,014,902
Improvements	14,238,363	-	52,197	14,186,166
Equipment	3,243,402	38,208	355,617	2,925,993
Vehicles	2,559,556	17,000	216,812	2,359,744
Infrastructure	<u>74,425,269</u>	<u>1,363,414</u>	<u>43,664</u>	<u>75,745,019</u>
Total depreciable assets	<u>100,483,505</u>	<u>1,418,622</u>	<u>670,303</u>	<u>101,231,824</u>
<i>Less Accumulated Depreciation:</i>				
Buildings	(3,361,860)	(120,790)	(1,543)	(3,481,107)
Improvements	(6,608,020)	(482,188)	(48,735)	(7,041,473)
Equipment	(2,588,942)	(236,348)	(353,097)	(2,472,193)
Vehicles	(1,994,200)	(145,445)	(200,845)	(1,938,800)
Infrastructure	<u>(59,306,726)</u>	<u>(1,342,148)</u>	<u>(38,933)</u>	<u>(60,609,941)</u>
Total accumulated depreciation	<u>(73,859,748)</u>	<u>(2,326,919)</u>	<u>(643,153)</u>	<u>(75,543,514)</u>
Total depreciable assets, net	<u>26,623,757</u>	<u>(908,297)</u>	<u>27,150</u>	<u>25,688,310</u>
Total capital assets, net	<u>\$ 34,056,404</u>	<u>\$ 9,015,741</u>	<u>\$ (1,209,647)</u>	<u>\$ 41,808,198</u>

Governmental activities depreciation expense for capital assets for the year ended June 30, 2023, is as follows:

General Government	\$ 253,282
Public Safety	247,149
Public Works	1,390,234
Community Development	5,926
Community Services	<u>430,328</u>
Total Depreciation Expense	<u>\$ 2,326,919</u>

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 4: Capital Assets (Continued)

The following is a summary of changes in capital assets for business-type activities for the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
<i>Business-Type Activities</i>				
<i>Non-Depreciable Assets:</i>				
Land	\$ 111,706	\$ -	\$ -	\$ 111,706
Construction in progress	62,820	115,310	(115,310)	62,820
Total non-depreciable assets	<u>174,526</u>	<u>115,310</u>	<u>(115,310)</u>	<u>174,526</u>
<i>Depreciable Assets:</i>				
Buildings	6,766,498	-	-	6,766,498
Improvements	18,516,952	115,310	-	18,632,262
Equipment	828,705	-	-	828,705
Total depreciable assets	<u>26,112,155</u>	<u>115,310</u>	<u>-</u>	<u>26,227,465</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and improvements	(8,172,006)	(537,948)	-	(8,709,954)
Equipment	(580,721)	(16,532)	-	(597,253)
Total accumulated depreciation	<u>(8,752,727)</u>	<u>(554,480)</u>	<u>-</u>	<u>(9,307,207)</u>
Total depreciable assets, net	<u>17,359,428</u>	<u>(439,170)</u>	<u>-</u>	<u>16,920,258</u>
Total capital assets, net	<u>\$ 17,533,954</u>	<u>\$ (323,860)</u>	<u>\$ (115,310)</u>	<u>\$ 17,094,784</u>

Business-type activities depreciation expense for capital assets for the year ended June 30, 2023, is \$554,480, recorded in the Sanitation Fund.

Note 5: City Employees Retirement Plan - Pension Plans

a. General Information about the Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefits tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors nine rate plans (three miscellaneous and six safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023

Note 5: City Employees Retirement Plan - Pension Plans (Continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after ten years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Below is a summary of the plans' provisions and benefits in effect at June 30, 2023, for which the City has contracted:

<u>Major Benefit Options</u>	<u>Miscellaneous*</u>	<u>Miscellaneous Second Tier</u>	<u>Miscellaneous PEPRA</u>	<u>Safety Fire First Tier*</u>	<u>Safety Fire Second Tier</u>	<u>Safety Fire PEPRA</u>	<u>Safety Lifeguard First Tier*</u>	<u>Safety Lifeguard Second Tier*</u>	<u>PEPRA Other Safety</u>
Hire Date	Prior to January 1, 2010	January 1, 2010 but prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2010	January 1, 2010 but prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2010	January 1, 2010 but prior to January 1, 2013	On or after January 1, 2013
Benefit Provision	2.5% @ 55	2.0% @ 60	2% @ 62	3.0% @ 50	2.0% @ 50	2.7% @ 57	3.0% @ 50	2.0% @ 50	2.7% @ 57
Benefit Formula	No	No	No	No	No	No	No	No	No
Social Security Full/Modified	Full	Full	Full	Full	Full	Full	Full	Full	Full
Benefit Vesting Schedule	5 Years Service	5 Years Service	5 Years Service	5 Years Service	5 Years Service	5 Years Service	5 Years Service	5 Years Service	5 Years Service
Benefit Payments	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life
Retirement Age	50 - 63	50 - 63	52 - 67;	50	50 - 55	50 - 57	50 - 55	50 - 55	52 - 67
Monthly Benefits as a Percentage of Eligible Compensation	1.426% to 2.418%	1.092% to 2.418%	1.0% to 2.5%	3.0%	2.0% to 2.7%	2.0% to 2.7%	1.423% to 2.0%	1.423% to 2.0%	2.0% to 2.7%
Required Employer Contribution Rates	12.21%	8.63%	7.47%	23.75%	18.17%	12.78%	23.75%	18.17%	12.78%
Required Employee Contribution Rates	7.96%	6.93%	6.75%	8.99%	8.95%	13.00%	8.99%	8.95%	13.00%

* Closed to new member entrants.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2023, the contributions recognized as a reduction to the net pension liability was \$1,938,134.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023

Note 5: City Employees Retirement Plan - Pension Plans (Continued)

b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2023, the City of Solana Beach reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 7,283,498
Safety	<u>12,151,239</u>
Total	<u>\$ 19,434,737</u>

The net pension liability of each of the Plans is measured as of June 30, 2022, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan measured as of June 30, 2021 and 2022, respectively, was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Combined</u>
Proportion - June 30, 2022	0.18924%	0.19550%	0.19330%
Proportion - June 30, 2023	<u>0.15566%</u>	<u>0.17683%</u>	<u>0.16825%</u>
Change	<u>-0.03358%</u>	<u>-0.01867%</u>	<u>-0.02505%</u>

For the year ended June 30, 2023, the City recognized pension expense as follows:

<u>Miscellaneous</u>	<u>Safety</u>	<u>Total Plans</u>
\$ 31,950	\$ (108,428)	\$ (76,478)

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 5: City Employees Retirement Plan - Pension Plans (Continued)

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Miscellaneous Plan</u>		
Pension contributions subsequent to measurement date	\$ 886,210	\$ -
Changes of assumptions	746,347	-
Difference between expected and actual experience	146,267	97,963
Net difference between projected and actual earnings on plan investments	1,334,143	-
Differences between actual contributions and the proportionate share of contributions	-	297,773
Change in employer's proportion	38,943	148,988
	<u>3,151,910</u>	<u>544,724</u>
<u>Safety Plan</u>		
Pension contributions subsequent to measurement date	1,309,122	-
Changes in assumptions	1,225,213	-
Difference between expected and actual experience	502,896	131,953
Net difference between projected and actual earnings on plan investments	1,918,850	-
Differences between actual contributions and the proportionate share of contributions	-	797,483
Change in employer's proportion	450,133	-
	<u>5,406,214</u>	<u>929,436</u>
Total All Plans	<u>\$ 8,558,124</u>	<u>\$ 1,474,160</u>

The \$2,195,332 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources		
	Miscellaneous Plan	Safety Plan	Total
2024	\$ 389,482	\$ 891,489	\$ 1,280,971
2025	332,162	706,374	1,038,536
2026	183,324	399,271	582,595
2027	816,008	1,170,522	1,986,530
	<u>\$ 1,720,976</u>	<u>\$ 3,167,656</u>	<u>\$ 4,888,632</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 5: City Employees Retirement Plan - Pension Plans (Continued)

c. Actuarial Methods and Assumptions

Actuarial Assumptions

For the measurement period ended June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. The June 30, 2021, total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by entry age and service
Mortality Rate Table ⁽¹⁾	Derived using CalPERS Membership Data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

(1) The mortality table used was developed based on CalPERS specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 5: City Employees Retirement Plan - Pension Plans (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

The expected real rates of return by asset class are as followed:

Asset Class ¹	Assumed Asset	
	Allocation	Real Return ^{1,2}
Global Equity - Cap-weighted	30.00%	4.45%
Global Equity - Non-Cap-weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	(0.59)

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021-22 Asset Liability Management Study.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability of the Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower (5.90 percent) or 1% point higher (7.90 percent) than the current rate:

Plan Type	Discount Rate - 1%	Current Discount Rate	Discount Rate + 1%
	5.90%	6.90%	7.90%
Miscellaneous	\$ 10,979,736	\$ 7,283,498	\$ 4,242,411
Safety	17,608,873	12,151,239	7,690,856
Total	\$ 28,588,609	\$ 19,434,737	\$ 11,933,267

d. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6: Other Post-Employment Benefits**a. Plan Description**

The City of Solana Beach Retiree Healthcare Plan ("Plan") is a single employer defined benefit healthcare plan administered by the City. The Plan provides healthcare benefits to eligible retirees and their dependents through the California Public Employees' Retirement System healthcare program (PEMHCA). Benefit provisions are established and may be amended through agreements and memorandums of understanding between the City, its non-represented employees and the unions representing City employees. The Retiree Healthcare Plan does not issue a financial report.

The City provides the PEMHCA minimum benefit (\$151 per month for 2023) but no less than \$325 per month for employees retired before January 1, 2007 and \$290 per month for employees hired before January 1, 2007.

b. Plan Membership

At June 30, 2023, the measurement date, the following numbers of participants were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	51
Inactive plan members entitled to but not yet receiving benefit payments	13
Active plan members	67
	<u>131</u>

c. Contributions

The contribution requirements of the Plan participants and the City are established by and may be amended by the City pursuant to agreements with its non-represented employees and the unions representing City Employees. The City pays cash and implied subsidy benefit payments and PEMHCA administrative fees directly from City assets. Contributions made to the trust are on an ad-hoc basis. On average over the past 5 years, 0.98 percent of payroll was contributed to the trust each year.

The City contributed \$398,228 during the 2023 fiscal year which consisted of \$181,055 of pay-as-you-go benefit payments, \$137,000 in contributions to the trust, \$763 in non-trust administration expenses, and \$79,410 in implied subsidy benefits. Retired plan members and their beneficiaries pay the annual premium cost not paid by the employer.

d. Net OPEB Liability of the City

	Fiscal Year Ending	
	June 30, 2023	June 30, 2022
Total OPEB Liability (TOL)	\$ 3,674,391	\$ 3,620,210
Fiduciary Net Position (FNP)	<u>1,433,714</u>	<u>1,204,021</u>
Net OPEB Liability (NOL)	<u>\$ 2,240,677</u>	<u>\$ 2,416,189</u>
Funded Status (FNP/TOL)	39.0%	33.3%

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6: Other Post-Employment Benefits (Continued)

The City's net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021 that was rolled forward to determine the June 30, 2023 total OPEB liability, based on the following actuarial methods and assumptions:

e. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date: June 30, 2021

Contribution Policy: City contributes at least the full ADC

Discount Rate and Long-Term Expected Rate of Return on Assets: 5.50% at June 30, 2023; Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust

General Inflation: 2.50% annually

Mortality, Retirement, Disability, Termination: CalPERS 1997-2015 Experience Study

Mortality Improvement: Mortality projected fully generational with Scale MP-2020

Salary Increases: Aggregate – 2.75% annually; Merit – CalPERS 1997-2015 Experience Study

Medical Trend: Non-Medicare – 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076; Medicare (Non-Kaiser) – 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076

PEMHCA Minimum Increases: 3.75% annually

Cap Increases: 0%

Healthcare Participation for Future Retirees: Actives & Surviving Spouses Hired < 1/1/07: Covered – 90%; Waived – 70%. Actives & Surviving Spouses Hired > 1/1/07: Covered – 60%; Waived – 50%. Retirees & Surviving Spouses: Covered 100%; Waived < 65 – 20% at 65; Waived > 65 – 0%

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023
Note 6: Other Post-Employment Benefits (Continued)**e. Changes in the OPEB Liability**

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2022	\$ 3,620,210	\$ 1,204,021	\$ 2,416,189
Changes for the year:			
Service cost	116,300	-	116,300
Interest	198,346	-	198,346
Assumption changes	-	-	-
Actual vs. expected experience	-	-	-
Contributions - employer	-	398,228	(398,228)
Net investment income	-	95,935	(95,935)
Benefit payments*	(260,465)	(260,465)	-
Administrative expenses	-	(4,005)	4,005
Net changes	<u>54,181</u>	<u>229,693</u>	<u>(175,512)</u>
Balance at June 30, 2023	<u>\$ 3,674,391</u>	<u>\$ 1,433,714</u>	<u>\$ 2,240,677</u>

*Benefit payments include an implied subsidy of \$79,410 for the measurement date June 30, 2023.

f. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (4.50%)	Current Rate (5.50%)	1% Increase (6.50%)
Net OPEB Liability	\$ 2,706,387	\$ 2,240,677	\$ 1,857,616

g. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	\$ 1,920,043	\$ 2,240,677	\$ 2,703,439

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 6: Other Post-Employment Benefits (Continued)

h. OPEB Plan Fiduciary Net Position

The plan fiduciary net position is reported in the OPEB Trust Fund included in the City's Statement of Fiduciary Net Position.

i. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2023, the City recognized OPEB income of \$14,830. As of fiscal year ended June 30, 2023, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 49,696
Changes in assumptions	8,549	413,023
Net difference between projected and actual earnings on plan investments	85,381	-
Total	<u>\$ 93,930</u>	<u>\$ 462,719</u>

Amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30,	Outflows/(Inflows) of Resources
2024	\$ (235,701)
2025	(101,491)
2026	(16,760)
2027	(9,552)
2028	(4,406)
Thereafter	(879)
Total	<u>\$ (368,789)</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 7: Commitments and Contingencies

a. Litigation

The City is a defendant in certain legal actions arising in the normal course of operations. The accompanying basic financial statements reflect a liability for the probable amounts of loss associated with these claims.

b. Construction Commitments

The following material construction commitments existed at June 30, 2023:

<u>Project Name</u>	<u>Remaining Contract Amount</u>
Sewer and Storm Drain Rehab	\$ 649,634
Pavement Maintenance Project	1,088,838

c. Sales Tax – TransNet Debt Commitment

On November 10, 2010, Solana Beach executed an agreement with The San Diego Association of Governments (SANDAG) relating to the 2010 Series A Bonds Build American Bonds (BABs) for the completion of several projects including the Highway 101 streetscape and traffic calming project and other eligible projects. In the agreement, SANDAG withholds one-sixth of the interest due each month when Sales Tax is sent from the Board of Equalization (BOE) in an effort to have the full amount with the Trustee by the 1st of April and 1st of October.

Note 8: Risk Management

a. General Liability Insurance

Public Risk Innovation, Solutions, and Management (PRISM), formerly known as CSAC – Excess Insurance Authority, is a member-directed risk sharing pool of counties and public entities. With the dissolution of SANDPIPA, the City elected to join the PRISM pool as a new member and procured all lines of insurance coverage for the City. PRISM is ranked as the second largest public entity risk pool and the largest property and casualty pool in the nation.

The City has a Self-Insured Retention (SIR) of \$100,000 per claim and additional coverage above its SIR with PRISM to \$5 million per claim; there is an additional \$45 million of reinsurance above PRISM coverage bringing the total coverage to over \$50 million per claim.

b. Workers' Compensation

Beginning October 1, 2004, the City became fully self-insured with respect to Workers' Compensation. The City has an SIR of \$125,000 per claim and additional coverage above its SIR with PRISM to \$5 million per claim; there is an additional \$45 million of reinsurance above PRISM coverage bringing the total coverage to over \$50 million per claim, up to the statutory workers' compensation limits set by the State of California.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 8: Risk Management (Continued)

The workers' compensation and general liability claims payable of \$838,000 reported at June 30, 2023, includes all claims for which information prior to the issuance of the financial statements indicates that it was probable that a liability had been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. During the past three fiscal (claims) years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage in the prior year. Changes in the claims liability amounts were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2021 - 2022	\$ 1,177,000	\$ 111,933	\$ (190,933)	\$ 1,098,000
2022 - 2023	1,098,000	(121,075)	(138,925)	838,000

The City also maintains insurance coverage in the following specific areas: real and personal property damage, special events, cyber liability, pollution, and master crime.

Note 9: Long-Term Liabilities

a. Changes in Long-term Liabilities

The following is a summary of changes in long-term debt for the year ended June 30, 2023:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Amount Due Within One Year
Governmental Activities:					
Bonds Payable					
Limited Tax Bonds, Series 2010A	\$ 5,500,000	\$ -	\$ -	\$ 5,500,000	\$ -
Total Bonds Payable	5,500,000	-	-	5,500,000	-
Direct Borrowings and Direct Placements					
Lease Revenue Bonds - ABAG	145,000	-	145,000	-	-
Discount	(577)	-	(577)	-	-
Total Direct Borrowings and Direct Placements	144,423	-	144,423	-	-
Loan Payable	349,819	-	58,809	291,010	60,855
Compensated Absences	546,979	522,030	398,512	670,497	488,503
Claims (Note 8)	1,098,000	-	260,000	838,000	198,434
Total Governmental Activities	\$ 7,639,221	\$ 522,030	\$ 861,744	\$ 7,299,507	\$ 747,792
Business-Type Activities:					
Bonds Payable					
2017 Wastewater Revenue Refunding Bonds	\$ 5,520,000	\$ -	\$ 305,000	\$ 5,215,000	\$ 320,000
Premium	357,766	-	25,555	332,211	-
Total Bonds Payable	5,877,766	-	330,555	5,547,211	320,000
Direct Borrowings and Direct Placements					
San Elijo JPA Loan Payable - 2017	10,385,000	-	237,500	10,147,500	245,000
Total Direct Borrowings and Direct Placements	10,385,000	-	237,500	10,147,500	245,000
Compensated Absences	52,449	45,975	26,744	71,680	36,550
Total Business-Type Activities	\$ 16,315,215	\$ 45,975	\$ 594,799	\$ 15,766,391	\$ 601,550

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 9: Long-Term Liabilities (Continued)**b. Governmental Activities****Bonds Payable****San Diego County Regional Transportation Commission Sales Tax Revenue Bonds**

On October 28, 2010, the San Diego Association of Governments (SANDAG), acting as the San Diego County Regional Transportation Commission, issued \$338,960,000 Taxable Build America Bonds 2010 Series A (Limited Tax Bonds). SANDAG is responsible for the administration of programs under the TransNet Extension ordinance, Proposition A, which sets forth the permitted uses for revenues from a half cent transaction and use tax in San Diego County (TransNet Extension Program). In fiscal year ended June 2010, the City borrowed \$5,500,000 from the TransNet debt financing program for the Highway 101 Streetscaping/Traffic Calming Project and other projects eligible under the terms of the debt financing and applicable SANDAG policies and approved projects. 2017 Wastewater Revenue Refunding Bonds. The bond is wholly secured by sales tax revenues pledged for the payment of debt service. In the event of default, all sales tax revenues pledged for the payment of the debt must be transferred to the bond trustee; however, there is no acceleration of payment on outstanding debt service. The total amount of the bond outstanding at June 30, 2023, is \$5,500,000.

The future principal and interest payments as of June 30, 2023, were as follows:

Year Ending June 30,	Bonds Payable	
	Principal	Interest
2024	\$ -	\$ 325,105
2025	-	325,105
2026	-	325,105
2027	-	325,105
2028	-	325,105
2029 - 2033	-	1,625,525
2034 - 2038	-	1,625,525
2039 - 2043	2,491,824	1,305,244
2044 - 2048	3,008,176	502,413
Total	\$ 5,500,000	\$ 6,684,232

Loan Payable**Energy Efficiency/Conservation Upgrades**

On May 9, 2012, the City entered into a loan financing agreement with Municipal Finance Corporation for various energy efficiency/conservation upgrades at City facilities. The loan was executed in the amount of \$818,696. Payments are due in thirty-one semi-annual payments of \$35,187 and include interest at the rate of 3.45%. The City also executed an acquisition fund agreement with Deutsche Bank National Trust Company for distribution of the funds. At June 30, 2023, the balance of the loan liability was \$291,010.

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 9: Long-Term Liabilities (Continued)**b. Governmental Activities (Continued)**

The future principal and interest payments as of June 30, 2023, were as follows:

Year Ending June 30,	Total
2024	\$ 70,374
2025	70,374
2026	70,374
2027	70,374
2028	35,187
Total minimum payments	316,683
Less: amount representing interest	(25,673)
Present value of minimum payments	<u>\$ 291,010</u>

c. Business Type Activities**2017 Wastewater Revenue Refunding Bonds**

On August 1, 2017, the City, issued \$6,865,000 of 2017 Wastewater Revenue Refunding Bonds to refund, on a current basis, the outstanding Solana Beach Public Financing Authority Subordinate Wastewater Revenue Bonds, Series 2006, which were issued to finance the improvement, betterment, renovation, and expansion of certain facilities within the City's municipal wastewater enterprise. These bonds have a 19-year maturity with principal payments ranging from \$210,000 to \$485,000 with the final maturity paid on March 1, 2036. Interest on the bonds is payable semi-annually March 1 and September 1 commencing on March 1, 2018. Interest rates range from 4.00% to 4.375%. Failure by the City to make debt service payments on the Bonds constitutes an event of default under the Indenture and the Trustee is permitted to pursue remedies at law or in equity to enforce the City's obligation to make such payments. Although the Trustee has the right to accelerate the total unpaid principal amount of the debt service payments on the Bonds, there is no assurance that the City would have sufficient funds to pay the accelerated amounts.

The Bonds are paid solely from, and secured by a pledge of, installment payments and moneys in the funds and account held under the indenture. The installment payments are special limited obligations of the City payable solely from and secured by a pledge of and first lien on residual net revenues of the Wastewater System. Residual net revenues consist of revenues derived from the Wastewater System and remaining after the payment of operating and maintenance expense and debt service on the JPA Loan Payable. The loan amount outstanding at June 30, 2023, is \$5,215,000.

The future principal and interest payments as of June 30, 2023, were as follows:

Year Ending June 30,	Bonds Payable	
	Principal	Interest
2024	\$ 320,000	\$ 186,806
2025	330,000	174,006
2026	340,000	164,106
2027	350,000	153,906
2028	370,000	136,406
2029 - 2033	2,080,000	437,924
2034 - 2038	1,425,000	89,106
Total	<u>\$ 5,215,000</u>	<u>\$ 1,342,260</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 9: Long-Term Liabilities (Continued)**c. Business Type Activities (Continued)****San Elijo JPA Loan Payable - 2017**

On June 1, 2017, the San Elijo Joint Powers Authority issued the 2017 Revenue Bonds for the purpose of funding facilities and improvements as part of the Authority's capital improvement plan. Each local agency entered into a "Series 2017 Loan Agreement" on June 1, 2017 to assist in the financing of the Local Agencies' respective share of the Bonds. The City of Encinitas and the City of Solana Beach will each be paying 50 percent of total debt service on the bonds, respectively. In the event of default, the trustee may accelerate the payment of outstanding principal and interest. The loan is wholly secured by revenues pledged for the payment of the loan. The loan matures on March 1, 2047. The interest rates on the bonds range from 3.00% to 5.00% per year. The City of Solana Beach's portion of annual principal installments range from \$217,500 to \$642,500. The total amount of the bond outstanding at June 30, 2023, is \$10,147,500.

The future principal and interest payments as of June 30, 2023, were as follows:

Year Ending June 30,	Direct Borrowings	
	Principal	Interest
2024	\$ 245,000	\$ 424,088
2025	255,000	414,288
2026	267,500	401,538
2027	280,000	388,163
2028	295,000	374,163
2029 - 2033	1,707,500	1,634,440
2034 - 2038	2,125,000	1,220,402
2039 - 2043	2,545,000	795,157
2044 - 2047	2,427,500	247,400
Total	<u>\$ 10,147,500</u>	<u>\$ 5,899,639</u>

Compensated absences do not have a fixed repayment schedule and become payable when leave is used by employees. Governmental activities' compensated absences are typically liquidated through the General Fund, and business-type activities' compensated absences are liquidated through the Water Utility Fund.

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023
Note 10: Debt Covenant Compliance for JPA Loans

In Compliance with bond issuance covenants, specifically, the 2011 and 2017 San Elijo JPA Bonds, the City is including this table showing debt service coverage for the fiscal year of at least 1.30 times (i) the loan installments coming due and payable during the fiscal year, (ii) all payments required with respect to parity debt, and (iii) amount required to replenish the Reserve Fund as required by the indenture. The City covenants under the 2017 Wastewater Revenue Refunding Bond agreement require while the Bonds remain outstanding and to the extent permitted by law, the City will fix, prescribe, and collect rates and charges which will be at least sufficient to yield during each fiscal year Residual Net Revenues equal to one hundred thirty percent (130%) of Debt Service. The debt coverage ratios for the 2011 and 2017 San Elijo JPA Loans Payable and the 2017 Wastewater Revenue Refunding Bonds are calculated as follows:

	2017 JPA Loan	2017 Wastewater Bonds
Revenues:		
Operating revenues	\$ 5,847,517	\$ 5,847,517
Other operating	177,216	177,216
Non-operating	<u>261,054</u>	<u>261,054</u>
Gross revenues	<u>6,285,787</u>	<u>6,285,787</u>
Expenses	<u>3,971,483</u>	<u>3,971,483</u>
Net Income	2,314,304	2,314,304
Add Back:		
Interest expense	598,127	598,127
Depreciation	554,480	554,480
Loss on disposal of capital assets	<u>53,371</u>	<u>53,371</u>
Net Revenues Available for Debt Service (2011 and 2017 JPA Loans)	<u>\$ 3,520,282</u>	<u>3,520,282</u>
2017 Refunding Revenue Bonds Debt Service:		
Principal repayment	237,500	237,500
Interest charges	<u>423,213</u>	<u>423,213</u>
Total debt service	<u>\$ 660,713</u>	<u>660,713</u>
Net Revenues Available for Debt Service (2017 Wastewater Bonds)		<u>\$ 2,859,569</u>
2017 Wastewater Revenue Refunding Bonds Debt Service:		
Principal repayment		\$ 305,000
Interest charges		<u>199,006</u>
Total debt service		<u>\$ 504,006</u>
Coverage Ratio	<u>5.3</u>	<u>5.7</u>

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 11: Classification of Fund Balances

The City has adopted the provisions of GASB Statement No. 54 Fund Balance and Governmental Fund Type Definitions. GASB 54 establishes Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Governmental Fund statements conform to this new classification.

Classification	General	Sand Replenishment	City CIP	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventories	\$ -	\$ -	\$ -	\$ 47,545	\$ 47,545
Prepaid Costs	41,589	-	-	-	41,589
Total Nonspendable	41,589	-	-	47,545	89,134
Restricted:					
Section 115 Pension Stabilization Trust	5,003,450	-	-	-	5,003,450
TransNet	-	-	-	386,935	386,935
Gas Tax	-	-	-	672,674	672,674
Municipal Improvement Districts	-	-	-	1,262,782	1,262,782
Lighting District	-	-	-	3,519,441	3,519,441
COPS	-	-	-	346,115	346,115
Public Safety	-	-	-	711,199	711,199
Fire Mitigation	-	-	-	64,871	64,871
Coastal Area Business/Visitor Assistance & Enhancement	-	-	-	1,159,661	1,159,661
Miscellaneous Grants	-	-	-	88,296	88,296
Boating & Waterways	-	-	-	3,967	3,967
Housing	-	-	-	1,394,849	1,394,849
Camp Programs	-	-	-	38,306	38,306
SB1 Streets & Roads	-	-	-	520,973	520,973
Capital Projects	-	-	6,690,731	73,882	6,764,613
Debt Service	-	-	-	25,885	25,885
Total Restricted	5,003,450	-	6,690,731	10,269,836	21,964,017
Committed:					
Parks & Recreation	37,057	-	-	-	37,057
Public Facilities	924,228	-	-	-	924,228
Public Art	26,728	-	-	-	26,728
In-Lieu Housing	100,786	-	-	-	100,786
Other Post-Employment Benefits	204,081	-	-	-	204,081
Total Committed	1,292,880	-	-	-	1,292,880
Assigned:					
Housing	1,499,500	-	-	-	1,499,500
Community TV	87,740	-	-	-	87,740
Street Sweeping	134,706	-	-	-	134,706
Park Fees	44,518	-	-	-	44,518
Asset Replacement	3,364,430	-	-	-	3,364,430
Self-Insurance	203,597	-	-	-	203,597
Workers' Compensation	719,394	-	-	-	719,394
Public Facilities	733,095	-	-	-	733,095
Total Assigned	6,786,980	-	-	-	6,786,980
Unassigned	10,055,355	1,093,777	-	(16,737)	11,132,395
Total Fund Balance	\$ 23,180,254	\$ 1,093,777	\$ 6,690,731	\$ 10,300,644	\$ 41,265,406

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 11: Classification of Fund Balances (Continued)

a. Net investment in capital assets

The detail of net investment in capital assets for the year ended June 30, 2023 is as follows:

	Governmental Activities	Business-Type Activities <u>Sanitation Fund</u>
Capital assets, net of accumulated depreciation	\$ 41,808,198	\$ 17,094,784
Less:		
Bonds, notes and finance purchase agreements	(5,791,010)	(5,215,000)
Capital related, non-debt payable	(1,339,447)	-
Add:		
Unamortized premiums/(discounts)	-	(332,211)
Net investment in capital assets	<u>\$ 34,677,741</u>	<u>\$ 11,547,573</u>

Note 12: Interfund Transactions

a. Due From and To Other Funds

At June 30, 2023, the City had the following short-term interfund receivables and payables:

	<u>Due to Other Funds</u>	<u>Due From Other Funds</u>
Governmental Funds:		
General Fund	\$ -	\$ 600,791
CDBG	68,305	-
Enterprise Fund:		
Solana Energy Alliance	<u>532,486</u>	<u>-</u>
Total	<u>\$ 600,791</u>	<u>\$ 600,791</u>

Due from/to other funds balances arise from the short-term borrowing made from the City's General Fund to various other funds to cover cash shortages during the year.

b. Interfund Transfers

For the year ended June 30, 2023, the City had the following transfers:

Transfers Out	<u>Transfers In</u>			Totals
	General Fund	City CIP Fund	Non-Major Governmental Funds	
General Fund	\$ 329,600	\$ 2,841,916	\$ 259,900	\$ 3,431,416
Non-Major Governmental Funds	<u>1,661,685</u>	<u>-</u>	<u>-</u>	<u>1,661,685</u>
Total	<u>\$ 1,991,285</u>	<u>\$ 2,841,916</u>	<u>\$ 259,900</u>	<u>\$ 5,093,101</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 12: Interfund Transactions (Continued)

Transfers were made from the General Fund and the Lighting District, Miscellaneous Grants nonmajor special revenue fund to the City Debt Service nonmajor debt service fund to provide resources for debt service payments. Transfer was also made to the City CIP fund for the purposes of funding capital projects. During the fiscal year ended June 30, 2023, there were no significant interfund transfers that were not expected, budgeted for, unusual, nor of a non-routine nature.

c. Advances to, Advances from other funds

On July 11, 2018, the City Council adopted Resolution 2018-069 approving the purchase and sale agreement for 700 Stevens Avenue (“Property”) for \$2.8 million; establishing an internal General Fund service fund named “Real Property Acquisition” to receive funds from the Sanitation fund to pay for the acquisition of the Property; and authorizing the transfer of \$2.8 million from the Sanitation Fund to the Real Property Acquisition fund as a loan payable to the Sanitation fund at an annual interest rate of 2.78% for seven years with annual payments equal to \$445,699.

The City is a built-out coastal community and availability of vacant land is scarce. The Property is three parcels of vacant land totaling approximately 28,978 square feet and is located immediately north of and adjacent to La Colonia Park. The purchase of the Property offered the City an opportunity to expand the existing open space, recreation and park use in the future.

The City has the ability to make this kind of transfer from one fund to another so long as there is no prohibition on the use of the funds. In this case, the Sanitation funds are not specifically prohibited for other uses (except for connection fees, which cannot be used for any other purpose). See Health & Safety Code §§ 5473 et seq.

The City elected to borrow funds from its Sanitation Fund to pay for the purchase of the Property. Repayment to the Sanitation Fund will be as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 410,503	\$ 35,196	\$ 445,699
2025	421,914	23,785	445,699
2026	433,644	12,055	445,699
Total	\$ 1,266,061	\$ 71,036	\$ 1,337,097

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 13: Investment in Joint Venture

On June 17, 1987, the Cardiff Sanitation District and the City of Solana Beach established the San Elijo Joint Powers Authority (SEJPA), a separate legal entity, whose function is to manage, operate, maintain, and expand a plant for the treatment and disposal of sewage or wastewater and to determine the joint and separate obligations of the members concerning the transmission, treatment, disposal and reclamation of sewage and wastewater within the respective service territories. The SEJPA's governing board consists of two members from each entity. The City of Solana Beach's investment in the SEJPA has been recorded using the equity method of accounting and is shown as an investment in joint venture in the City's financial statements. Summarized audited information of the SEJPA for the fiscal year ended June 30, 2023, is as follows:

Operating revenues	\$ 9,979,094
Operating expenses	(11,718,136)
Net non-operating income	557,332
Capital contributions	<u>2,369,487</u>
Change in net position	<u>\$ 1,187,777</u>
Total assets and deferred outflows of resources	\$ 118,743,966
Total liabilities and deferred inflows of resources	<u>(44,634,834)</u>
Net position - total fund equity	<u>\$ 74,109,132</u>

Prior to the formation of the San Elijo Joint Powers Authority, the Cardiff Sanitation District and the City of Solana Beach operated the San Elijo water pollution control facility under an agreement whereby operating costs were shared based on usage and capital expansions were funded 56% by Cardiff and 44% by Solana Beach. Upon formation of the SEJPA in June 1987 the members continued funding SEJPA activities in this manner until May 1989, when the equity interests in the joint venture were revised to 50% Cardiff and 50% Solana Beach. To effect the change in equity interests, the City of Solana Beach agreed to pay Cardiff Sanitation District \$750,680, which included a premium on the value of the equity interest in the amount of \$437,782. This premium is being amortized over the estimated useful life of the facility of forty years.

A summary of the changes in the City's investment in the San Elijo Joint Powers Authority for the year ended June 30, 2023, is as follows:

Investment at June 30, 2022	\$ 36,460,678
Capital contribution	1,184,744
Current year share in the joint venture net income (loss)	<u>(590,856)</u>
Investment at June 30, 2023	<u>\$ 37,054,566</u>

The financial statements of the SEJPA can be obtained from the Solana Beach Finance Department located at Solana Beach City Hall, 635 S. Highway 101, Solana Beach, California 92075.

Note 14: Non-City Obligations – Special Assessment Debt

Bonds issued to finance public improvement projects in certain assessment districts are liabilities of the property owners and are secured by liens against the assessed property. The City acts as an agent for collection of principal and interest payments by the property owners and remittance of such monies to the bondholders.

The City has no obligation or duty to pay any delinquency out of any available funds of the City. Neither the faith, credit, nor the taxing power of the City is pledged to the payment of the bonds. Therefore, none of the following obligations are included in the accompanying basic financial statements.

a. Undergrounding Districts

During July 2006, the Solana Beach Public Financing Authority issued Assessment District Revenue Bonds totaling \$2,112,000 (less bond issuance costs of \$244,393) to finance the undergrounding of utility lines for the Barbara/Granados Avenue Utility Undergrounding District and the Pacific Avenue/East and West Circle Drive Utility Underground Assessment District. In July 2008, the City of Solana Beach issued \$480,000 (less bond issuance costs of \$87,775) to finance the undergrounding of utility lines on Marsolan Avenue. The outstanding bonds as of June 30, 2023, were \$1,665,000.

b. South Solana Sewer District

In November 2006, the Solana Beach Public Financing Authority issued Limited Obligation Improvement Bonds totaling \$570,000 (less bond issuance costs of \$5,742) to finance the construction of sewer improvements to connect 51 properties of the South Solana Beach Sewer District assessment district to the City's sewer system. The outstanding bonds as of June 30, 2023, were \$370,000.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 15: Successor Agency Trust for Assets of Former Redevelopment Agency

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

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations, or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

a. Long-Term Debt

The following debt was transferred from the Redevelopment Agency to the Successor Agency as of February 1, 2012, as a result of the dissolution. A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2023, follows:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
Fiduciary Funds:					
2017 Tax Allocation					
Refunding Bonds	\$ 2,165,000	\$ -	\$ 129,100	\$ 2,035,900	\$ 133,500

2017 Tax Allocation Refunding Bonds

On November 10, 2017, the Agency issued the 2017 Tax Allocation Bonds to be used for the purpose of providing funds to the Successor Agency to refund, on a current basis, the Solana Beach Redevelopment Agency, Solana Beach Redevelopment Project, Tax Allocation Bonds, Series and pay the costs of issuing the Bonds. These bonds have an 18-year maturity with the final maturity paid on December 1, 2035 and interest rate of 3.360% Interest on the bonds is payable semi-annually on June 1 and December 1, commencing December 1, 2035.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 15: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 133,500	\$ 67,302	\$ 200,802
2025	138,200	62,778	200,978
2026	142,700	38,098	180,798
2027	147,700	53,263	200,963
2028	152,500	48,260	200,760
2029 - 2033	844,300	160,163	1,004,463
2034 - 2036	477,000	24,308	501,308
Total	<u>\$ 2,035,900</u>	<u>\$ 454,172</u>	<u>\$ 2,490,072</u>

Pledged Revenue

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low- and Moderate-Income Housing set-aside and pass-through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low- and Moderate-Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$2,490,072 with annual debt service requirements as indicated above. For the current year, the total property tax revenue recognized by the City for the payment of indebtedness incurred by the dissolved redevelopment agency was \$281,203 and the debt service obligation on the bonds was \$200,777.

b. Insurance

The Successor Agency is covered under the City of Solana Beach's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 9.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 20,181,490	\$ 20,181,490	\$ 20,181,490	\$ -
Resources (Inflows):				
Taxes:				
Property	9,417,000	9,497,000	10,414,854	917,854
Transient occupancy	1,375,000	1,525,000	2,234,028	709,028
Sales	3,560,300	4,130,300	5,845,967	1,715,667
Franchise and other	3,401,400	3,551,400	3,650,169	98,769
Licenses and permits	453,000	640,500	1,002,304	361,804
Intergovernmental	289,500	289,500	56,047	(233,453)
Charges for services	791,000	868,500	890,968	22,468
Use of money and property	383,000	358,000	643,126	285,126
Fines and forfeitures	381,500	206,500	408,220	201,720
Other revenues	2,064,100	2,185,640	3,731,586	1,545,946
Amounts Available for Appropriations	42,297,290	43,433,830	49,058,759	5,624,929
Charges to Appropriations (Outflows):				
General Government:				
City Council	351,455	371,455	368,811	2,644
City Clerk	574,030	621,625	542,702	78,923
Legal Services	479,310	529,315	529,242	73
City Manager	540,945	596,230	490,738	105,492
Finance	1,388,105	2,885,190	2,853,887	31,303
Personnel	413,055	424,870	358,609	66,261
Information Systems	417,110	623,300	596,118	27,182
Support Services	1,263,590	1,474,083	1,320,969	153,114
Total General Government	5,427,600	7,526,068	7,061,076	464,992
Public Safety:				
Marine safety	1,019,990	1,246,985	1,177,052	69,933
Law enforcement	4,900,005	4,853,469	4,775,585	77,884
Code & parking enforcement	273,580	310,805	310,302	503
Fire department	5,441,775	5,227,180	5,321,204	(94,024)
Animal regulation	95,000	95,000	94,761	239
Civil defense	169,800	169,800	167,052	2,748
Total Public Safety	11,900,150	11,903,239	11,845,956	57,283
Public Works:				
Street and other	2,139,130	2,497,448	2,179,506	317,942
Engineering	462,410	784,636	782,294	2,342
Public Facilities	101,500	101,500	113,954	(12,454)
Total Public Works	2,703,040	3,383,584	3,075,754	307,830
Community Development:				
Planning	804,115	860,085	800,639	59,446
Building services	449,715	690,865	666,460	24,405
Total Community Development	1,253,830	1,550,950	1,467,099	83,851
Community Services:				
Community services	124,665	186,685	166,679	20,006
Recreation programs	643,870	656,425	591,987	64,438
Total Community Services	768,535	843,110	758,666	84,444
Capital Outlay	71,900	303,283	177,735	125,548
Interest Expense	46,300	46,300	46,300	-
Total Charges to Appropriations	22,171,355	25,556,534	24,432,586	1,123,948
Other Financing Sources (Uses):				
Transfers in	941,285	1,991,285	1,991,285	-
Transfers out	(507,500)	(3,431,416)	(3,431,416)	-
Total Other Financing Sources (Uses)	433,785	(1,440,131)	(1,440,131)	-
Budgetary Fund Balance, June 30	\$ 20,559,720	\$ 16,437,165	\$ 23,186,042	\$ 6,748,877

See Accompanying Notes to the Required Supplementary Information.

CITY OF SOLANA BEACH, CALIFORNIA

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MISCELLANEOUS EMPLOYEES PENSION PLAN
LAST TEN FISCAL YEARS
JUNE 30, 2023**

Measurement Date	2022	2021	2020	2019	2018
City of Solana Beach's Proportion of the Net Pension Liability	0.15566%	0.06644%	0.05654%	0.05532%	0.05550%
City of Solana Beach's Proportionate Share of the Net Pension Liability	\$ 7,283,498	\$ 3,593,385	\$ 6,151,557	\$ 5,668,839	\$ 5,177,151
City of Solana Beach's Miscellaneous Employees Plan Covered Payroll	\$ 3,483,076	\$ 3,353,666	\$ 3,312,829	\$ 3,058,602	\$ 2,879,582
City of Solana Beach's Proportionate Share of the Net Pension Liability as a Percentage of the Miscellaneous Employees Plan Covered Payroll	209.11%	107.15%	185.69%	185.34%	179.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.14%	88.29%	75.10%	75.26%	75.26%
Measurement Date	2017	2016	2015	2014	
City of Solana Beach's Proportion of the Net Pension Liability	0.05313%	0.05241%	0.05706%	0.04245%	
City of Solana Beach's Proportionate Share of the Net Pension Liability	\$ 5,268,836	\$ 4,534,940	\$ 3,550,604	\$ 2,651,591	
City of Solana Beach's Miscellaneous Employees Plan Covered Payroll	\$ 2,721,499	\$ 2,593,359	\$ 2,409,776	\$ 2,517,165	
City of Solana Beach's Proportionate Share of the Net Pension Liability as a Percentage of the Miscellaneous Employees Plan Covered Payroll	193.60%	174.87%	147.34%	105.34%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.59%	75.87%	79.82%	78.40%	

See Accompanying Notes to the Required Supplementary Information.

CITY OF SOLANA BEACH, CALIFORNIA

**SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
MISCELLANEOUS EMPLOYEES PENSION PLAN
LAST TEN FISCAL YEARS
JUNE 30, 2023**

Fiscal Year	2023	2022	2021	2020	2019
Actuarially Determined Contribution	\$ 886,210	\$ 768,847	\$ 685,457	\$ 636,152	\$ 541,582
Contribution in Relation to the Actuarially Determined Contribution	<u>886,210</u>	<u>768,847</u>	<u>685,457</u>	<u>636,152</u>	<u>541,582</u>
Contribution Excess (Deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Solana Beach's Miscellaneous Employees Plan Covered Payroll	\$ 4,807,042	\$ 3,483,076	\$ 3,353,666	\$ 3,312,829	\$ 3,058,602
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	18.44%	22.07%	20.44%	19.20%	17.71%

Fiscal Year	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 460,816	\$ 417,318	\$ 385,634	\$ 330,415
Contribution in Relation to the Actuarially Determined Contribution	<u>460,816</u>	<u>417,318</u>	<u>385,634</u>	<u>330,415</u>
Contribution Excess (Deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Solana Beach's Miscellaneous Employees Plan Covered Payroll	\$ 2,879,582	\$ 2,721,499	\$ 2,593,359	\$ 2,409,776
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	16.00%	15.33%	14.87%	13.71%

See Accompanying Notes to the Required Supplementary Information.

CITY OF SOLANA BEACH, CALIFORNIA

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SAFETY EMPLOYEES PENSION PLAN
LAST TEN FISCAL YEARS
JUNE 30, 2023**

Measurement Date	2022	2021	2020	2019	2018
City of Solana Beach's Proportion of the Net Pension Liability	0.17683%	0.12686%	0.09655%	0.09380%	0.09361%
City of Solana Beach's Proportionate Share of the Net Pension Liability	\$ 12,151,239	\$ 6,861,102	\$ 10,505,198	\$ 9,611,934	\$ 8,884,523
City of Solana Beach's Miscellaneous Employees Plan Covered Payroll	\$ 2,258,877	\$ 2,138,322	\$ 2,389,544	\$ 2,270,208	\$ 2,249,144
City of Solana Beach's Proportionate Share of the Net Pension Liability as a Percentage of the Miscellaneous Employees Plan Covered Payroll	537.93%	320.86%	439.63%	423.39%	395.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.25%	88.29%	75.10%	75.26%	75.26%
Measurement Date	2017	2016	2015	2014	
City of Solana Beach's Proportion of the Net Pension Liability	0.08816%	0.08774%	0.09490%	0.07208%	
City of Solana Beach's Proportionate Share of the Net Pension Liability	\$ 8,742,997	\$ 7,592,101	\$ 5,905,301	\$ 4,940,589	
City of Solana Beach's Miscellaneous Employees Plan Covered Payroll	\$ 2,115,191	\$ 2,116,065	\$ 1,997,991	\$ 1,925,616	
City of Solana Beach's Proportionate Share of the Net Pension Liability as a Percentage of the Miscellaneous Employees Plan Covered Payroll	413.34%	358.78%	295.56%	256.57%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.59%	75.87%	79.82%	78.40%	

See Accompanying Notes to the Required Supplementary Information.

CITY OF SOLANA BEACH, CALIFORNIA

**SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
SAFETY EMPLOYEES PENSION PLAN
LAST TEN FISCAL YEARS
JUNE 30, 2023**

Fiscal Year	2023	2022	2021	2020	2019
Actuarially Determined Contribution	\$ 1,309,122	\$ 1,169,287	\$ 1,045,632	\$ 988,753	\$ 838,065
Contribution in Relation to the Actuarially Determined Contribution	<u>1,309,122</u>	<u>1,169,287</u>	<u>1,045,632</u>	<u>988,753</u>	<u>838,065</u>
Contribution Excess (Deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Solana Beach's Miscellaneous Employees Plan Covered Payroll	\$ 3,640,252	\$ 2,258,877	\$ 2,138,322	\$ 2,389,544	\$ 2,270,208
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	35.96%	51.76%	48.90%	41.38%	36.92%
Fiscal Year	2018	2017	2016	2015	
Actuarially Determined Contribution	\$ 717,659	\$ 673,212	\$ 619,022	\$ 519,933	
Contribution in Relation to the Actuarially Determined Contribution	<u>717,659</u>	<u>673,212</u>	<u>619,022</u>	<u>519,933</u>	
Contribution Excess (Deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
City of Solana Beach's Miscellaneous Employees Plan Covered Payroll	\$ 2,249,144	\$ 2,115,191	\$ 2,116,065	\$ 1,997,991	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	31.91%	31.83%	29.25%	26.02%	

See Accompanying Notes to the Required Supplementary Information.

CITY OF SOLANA BEACH, CALIFORNIA

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
 RETIREE HEALTHCARE PLAN
 LAST TEN FISCAL YEARS
 JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017
TOTAL OPEB LIABILITY							
Service cost	\$ 116,300	\$ 118,609	\$ 115,154	\$ 140,334	\$ 218,793	\$ 231,577	\$ 225,000
Interest	198,346	214,173	210,592	231,171	187,559	172,035	164,000
Actual vs. expected experience	-	(43,558)	-	(42,558)	-	-	-
Assumption changes	-	11,837	-	(384,986)	(1,145,939)	(242,883)	-
Benefit payments	(260,465)	(263,592)	(275,453)	(248,040)	(230,041)	(219,042)	(147,532)
Net Changes	54,181	37,469	50,293	(304,079)	(969,628)	(58,313)	241,468
Total OPEB Liability - Beginning	3,620,210	3,582,741	3,532,448	3,836,527	4,806,155	4,864,468	4,623,000
Total OPEB Liability - Ending (a)	\$ 3,674,391	\$ 3,620,210	\$ 3,582,741	\$ 3,532,448	\$ 3,836,527	\$ 4,806,155	\$ 4,864,468
PLAN FIDUCIARY NET POSITION							
Contributions - employer	\$ 398,228	\$ 402,299	\$ 480,132	\$ 446,751	\$ 484,191	\$ 307,582	\$ 233,000
Net investment income	95,935	(189,608)	210,366	20,418	27,769	23,652	17,000
Benefit payments	(260,465)	(263,592)	(275,453)	(248,040)	(227,210)	(219,042)	(148,000)
Administrative expenses	(4,005)	(3,959)	(3,382)	(4,056)	(2,496)	(2,062)	-
Other changes	-	-	(1,390)	-	-	-	151
Net Changes	229,693	(54,860)	410,273	215,073	282,254	110,130	102,151
Plan Fiduciary Net Position - Beginning	1,204,021	1,258,881	848,608	633,535	351,281	241,151	139,000
Plan Fiduciary Net Position - Ending (b)	\$ 1,433,714	\$ 1,204,021	\$ 1,258,881	\$ 848,608	\$ 633,535	\$ 351,281	\$ 241,151
PLAN NET OPEB LIABILITY - ENDING (a) - (b)	\$ 2,240,677	\$ 2,416,189	\$ 2,323,860	\$ 2,683,840	\$ 3,202,992	\$ 4,454,874	\$ 4,623,317
Retiree Healthcare Plan Fiduciary Net Position as a Percentage of the Plan Total OPEB Liability	39.02%	33.26%	35.14%	24.02%	16.51%	7.31%	4.96%
City of Solana Beach's Retiree Healthcare Plan Covered-Employee Payroll	\$ 7,935,037	\$ 7,671,497	\$ 7,533,033	\$ 7,506,736	\$ 7,050,741	\$ 6,666,082	\$ 6,406,137
City of Solana Beach's Net Retiree Healthcare Plan OPEB Liability as a Percentage of Retiree Healthcare Plan Covered-Employee Payroll	28.24%	31.50%	30.85%	35.75%	45.43%	66.83%	72.17%

CITY OF SOLANA BEACH, CALIFORNIA

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
RETIREE HEALTHCARE PLAN
LAST TEN FISCAL YEARS
JUNE 30, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Retiree Healthcare Plan Actuarially Determined Contribution	\$ 321,907	\$ 318,390	\$ 389,000	\$ 378,000	\$ 484,191
Retiree Healthcare Plan Contributions in Relation to the Actuarially Determined Contribution	<u>398,228</u>	<u>402,299</u>	<u>480,132</u>	<u>446,751</u>	<u>484,191</u>
Contribution Excess (Deficiency)	<u>\$ 76,321</u>	<u>\$ 83,909</u>	<u>\$ 91,132</u>	<u>\$ 68,751</u>	<u>\$ -</u>
Retiree Healthcare Plan Covered-Employee Payroll	\$ 7,935,037	\$ 7,671,497	\$ 7,533,033	\$ 7,506,736	\$ 7,050,741
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	5.02%	5.24%	6.37%	5.95%	6.87%

	<u>2018</u>	<u>2017</u>
Actuarially Determined Contribution	\$ 220,491	\$ 531,000
Contribution in Relation to the Actuarially Determined Contribution	<u>252,055</u>	<u>233,000</u>
Contribution Excess (Deficiency)	<u>\$ 31,564</u>	<u>\$ (298,000)</u>
City of Solana Beach's Miscellaneous Employees Plan Covered Payroll	\$ 6,666,082	\$ 6,406,137
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	3.31%	3.64%

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

Note 1: Budgetary Information

The City is required by its municipal code to adopt an annual budget on or before June 30 for the ensuing fiscal year. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. From the effective date of the budget adoption, the amounts budgeted become the “annual appropriated budget.” The annual appropriated budget is adopted for the General Fund, special revenue funds, capital projects funds and debt service funds.

The City Council may amend the budget by motion during the fiscal year. The appropriations constitute the budget for the 2022-2023 fiscal year and the City Manager is authorized to transfer monies between accounts within a department, provided that the total budget for the department is not exceeded. Transfer of monies from one department of the City to another, or from one fund to another, shall be approved by the City Council. However, any revisions that alter total expenditures of any fund must be approved by the City Council.

Expenditures may not legally exceed appropriations at the fund level. Appropriations lapse at the end of the fiscal year. Selected appropriations are carried over. Project-length financial plans are adopted for the City capital projects. Supplemental appropriations, which increase appropriations, may be made during the fiscal year.

Note 2: Miscellaneous and Safety Employees’ Pension Plans

1. The schedules are intended to show information for ten years. Historical information is required only for years for which GASB Statement No. 68 is applicable; fiscal year 2014-15 was the first year of implementation. Additional years will be displayed as they become available.
2. Assumption Changes:
 - a. For Fiscal Year 2022-23: None
 - b. Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.
 - c. For Fiscal Year 2021-22: None
 - d. For Fiscal Year 2020-21: None
 - e. For Fiscal Year 2019-20: None
 - f. For Fiscal Year 2018-19: The CalPERS Board adopted new mortality assumptions. The new mortality table was developed from the December 2017 Experience Study. The inflation assumption was reduced from 2.75% to 2.50%. The assumption for salary increases and overall payroll growth was reduced from 3.00% to 2.75%.
 - g. For Fiscal Year 2017-18: The discount rate was reduced from 7.65% to 7.15%.
 - h. For Fiscal Year 2016-17: None
 - i. For Fiscal Year 2015-16: The discount rate was increased from 7.50% to 7.65%
 - j. For Fiscal Year 2014-15: None
3. There were no changes of benefit terms.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2023

Note 2: Miscellaneous and Safety Employees' Pension Plans (continued)

4. Methods and assumptions used to determine contribution rates for the most recent year include:
 - a. Valuation Date: June 30, 2020
 - b. Actuarial Cost Method: Entry Age Normal Cost Method
 - c. Amortization Method: Level Percent of Pay, Direct Rate Smoothing
 - d. Remaining Amortization Periods: Differs by Employer Rate Plan but not more than 28 Years
 - e. Asset Valuation Method: Fair value of assets
 - f. Inflation: 2.50%
 - g. Salary Increases: Varies by Entry Age and Service
 - h. Discount Rate: 7.00% (net of administrative expenses)
 - i. Mortality: Derived using CalPERS' Membership Data for all Funds. The post-retirement mortality rates include 15 years of projected ongoing mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.
 - j.

Note 3: Retiree Healthcare Plan Other Post-Employment Benefits Plan

1. The schedules are intended to show information for ten years. Historical information is required only for years for which GASB Statement Nos. 74 and 75 are applicable; fiscal year 2016-17 was the first year of implementation. Additional years will be displayed as they become available.
2. There were no changes of benefit terms.
3. Methods and assumptions used to determine contribution rates for the most recent year include:
 - a. Actuarial Valuation Date: June 30, 2021
 - b. Contribution Policy: City contributes at least the full ADC
 - c. Discount Rate and Long-Term Expected Rate of Return on Assets: 5.50% at
 - d. June 30, 2023; 5.50% at June 30, 2022; Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust
 - e. General Inflation: 2.50% annually
 - f. Mortality, Retirement, Disability, Termination: CalPERS 1997-2015 Experience Study
 - g. Mortality improvement: Mortality projected fully generational with Scale MP-2020.
 - h. The schedules are intended to show information for ten years. Historical information is required only for years for which GASB Statement Nos. 74 and 75 are applicable; fiscal year 2016-17 was the first year of implementation. Additional years will be displayed as they become available.
 - i. Salary Increases: Aggregate -2.75% annually
 - j. Medical Trend: Non-Medicare – 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076; Medicare (Non-Kaiser)– 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076; Medicare (Kaiser) – 4.60% for 2023, decreasing to an ultimate rate of 3.75% in 2076.
 - k. PEMHCA Minimum Increases: 3.75% annually
 - l. Cap Increases: 0%
 - m. Healthcare Participation for Future Retirees: Actives & Surviving Spouses Hired < 1/1/07: Covered – 90%; Waived – 70%. Actives & Surviving Spouses Hired > 1/1/07: Covered – 60%; Waived – 50%. Retirees & Surviving Spouses: Covered 100%; Waived < 65 – 20% at 65; Waived > 65 – 0%
 - n. Changes of Assumptions: None
 - o. Changes of benefit terms: None

SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

Gas Tax Fund - accounts for revenues received and expenditures made for street-related activities. Revenues are received from the State of California for the City's share of gasoline taxes pursuant to California Streets and Highways Code Sections 2105, 2106, 2107, and 2107.5.

Transnet Fund – accounts for revenues received and expenditures related to transportation development, transit, and related studies. Funding is provided to the City as a secondary recipient under an agreement with the County of San Diego and with San Diego Associations of Governments.

Municipal Improvement Districts Fund - accounts for receipts and expenditures related to landscape maintenance within the various improvement districts. The assessments are collected via the County tax roll.

Lighting District Fund - accounts for the revenues received and expenditures related to streetlights on the City's streets. The City determines the yearly budget, and property owners are charged their proportionate share on a per-unit basis. The assessments are collected via the County tax roll.

COPS Fund - accounts for federal and state grants received for police services.

Public Safety Fund - accounts for federal and state grants received for public safety.

Fire Mitigation Fund - accounts for fire mitigation fees collected during new structural development based on construction type and size. The fees are restricted to equipment purchases only.

CDBG Fund - accounts for the revenues and expenditures of the Community Development Block Grant program.

Coastal Area Business/Visitor Assistance and Enhancement Fund - accounts for expenditures that include local visitor and business promotion such as assistance to the Chamber of Commerce and North County Convention and Visitor's Bureau, special events such as the Fiesta Del Sol, public art, and visitor enhancements to the Highway 101 business corridor or the Cedros Design District.

Boating and Waterways Fund - accounts for grants received from the Department of Boating and Waterways. These funds are being used to fund the US Army Corps of Engineers beach replenishment study.

Miscellaneous Grants Fund - accounts for grants received to fund various ongoing capital projects.

Developer Pass-Thru Fund - accounts for resources reserved to developer deposits.

Housing Fund - accounts for resources reserved to provide for low- and moderate-income housing.

Camp Programs Fund - accounts for camp programs in the City.

SB1 Streets & Roads - accounts for revenues received and expenditures made for street-related activities. Revenues are received from the State of California for the City's share of SB1 taxes pursuant.

Assessment Districts CIP Fund - accounts for capital projects in the assessment districts.

City Debt Service Fund - accounts for debt service in the City.

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

	<u>Special Revenue Funds</u>		
	<u>Gas Tax</u>	<u>TransNet</u>	<u>Municipal Improvement Districts</u>
ASSETS			
Cash and investments	\$ 690,653	\$ 386,189	\$ 1,335,722
Receivables:			
Accounts	-	-	-
Interest	1,906	746	3,472
Intergovernmental	29,131	-	7,960
Inventories	-	-	-
Total Assets	<u>\$ 721,690</u>	<u>\$ 386,935</u>	<u>\$ 1,347,154</u>
LIABILITIES			
Accounts payable	\$ 49,016	\$ -	\$ 83,752
Accrued liabilities	-	-	620
Unearned revenues	-	-	-
Deposits payable	-	-	-
Due to other funds	-	-	-
Total Liabilities	<u>49,016</u>	<u>-</u>	<u>84,372</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	672,674	386,935	1,262,782
Unassigned (Deficit)	-	-	-
Total Fund Balances (Deficit)	<u>672,674</u>	<u>386,935</u>	<u>1,262,782</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	<u>\$ 721,690</u>	<u>\$ 386,935</u>	<u>\$ 1,347,154</u>

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

(continued)

	<u>Special Revenue Funds</u>		
	<u>Lighting District</u>	<u>COPS</u>	<u>Public Safety</u>
ASSETS			
Cash and investments	\$ 3,526,564	\$ 361,255	\$ 639,117
Receivables:			
Accounts	-	-	90,513
Interest	8,827	1,046	-
Intergovernmental	7,623	-	-
Inventories	-	-	-
Total Assets	<u>\$ 3,543,014</u>	<u>\$ 362,301</u>	<u>\$ 729,630</u>
LIABILITIES			
Accounts payable	\$ 19,127	\$ 16,186	\$ 17,924
Accrued liabilities	4,446	-	507
Unearned revenues	-	-	-
Deposits payable	-	-	-
Due to other funds	-	-	-
Total Liabilities	<u>23,573</u>	<u>16,186</u>	<u>18,431</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	3,519,441	346,115	711,199
Unassigned (Deficit)	-	-	-
Total Fund Balances (Deficit)	<u>3,519,441</u>	<u>346,115</u>	<u>711,199</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	<u>\$ 3,543,014</u>	<u>\$ 362,301</u>	<u>\$ 729,630</u>

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

(continued)

	<u>Special Revenue Funds</u>		
	<u>Fire Mitigation</u>	<u>CDBG</u>	<u>Coastal Area Business / Visitor Assistance & Enhancement</u>
ASSETS			
Cash and investments	\$ 64,871	\$ -	\$ 1,157,207
Receivables:			
Accounts	-	-	-
Interest	-	-	2,454
Intergovernmental	-	85,468	-
Inventories	-	-	-
Total Assets	<u>\$ 64,871</u>	<u>\$ 85,468</u>	<u>\$ 1,159,661</u>
LIABILITIES			
Accounts payable	\$ -	\$ 33,900	\$ -
Accrued liabilities	-	-	-
Unearned revenues	-	-	-
Deposits payable	-	-	-
Due to other funds	-	68,305	-
Total Liabilities	<u>-</u>	<u>102,205</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	64,871	-	1,159,661
Unassigned (Deficit)	<u>-</u>	<u>(16,737)</u>	<u>-</u>
Total Fund Balances (Deficit)	<u>64,871</u>	<u>(16,737)</u>	<u>1,159,661</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	<u>\$ 64,871</u>	<u>\$ 85,468</u>	<u>\$ 1,159,661</u>

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

(continued)

	<u>Special Revenue Funds</u>		
	<u>Boating & Waterways</u>	<u>Miscellaneous Grants</u>	<u>Developer Pass-Thru</u>
ASSETS			
Cash and investments	\$ 3,967	\$ 163,060	\$ 474,943
Receivables:			
Accounts	-	-	-
Interest	-	3,228	-
Intergovernmental	-	-	-
Inventories	-	-	-
Total Assets	<u>\$ 3,967</u>	<u>\$ 166,288</u>	<u>\$ 474,943</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 2,750
Accrued liabilities	-	-	-
Unearned revenues	-	77,992	472,193
Deposits payable	-	-	-
Due to other funds	-	-	-
Total Liabilities	<u>-</u>	<u>77,992</u>	<u>474,943</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	3,967	88,296	-
Unassigned (Deficit)	-	-	-
Total Fund Balances (Deficit)	<u>3,967</u>	<u>88,296</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	<u>\$ 3,967</u>	<u>\$ 166,288</u>	<u>\$ 474,943</u>

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

(continued)

	<u>Special Revenue Funds</u>		
	<u>Housing</u>	<u>Camp Programs</u>	<u>SB 1 Streets & Roads</u>
ASSETS			
Cash and investments	\$ 1,391,466	\$ 55,693	\$ 469,458
Receivables:			
Accounts	-	27,654	-
Interest	3,383	-	1,079
Intergovernmental	-	-	50,436
Inventories	-	47,545	-
Total Assets	<u>\$ 1,394,849</u>	<u>\$ 130,892</u>	<u>\$ 520,973</u>
LIABILITIES			
Accounts payable	\$ -	\$ 5,418	\$ -
Accrued liabilities	-	39,623	-
Unearned revenues	-	-	-
Deposits payable	-	-	-
Due to other funds	-	-	-
Total Liabilities	<u>-</u>	<u>45,041</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	47,545	-
Restricted	1,394,849	38,306	520,973
Unassigned (Deficit)	-	-	-
Total Fund Balances (Deficit)	<u>1,394,849</u>	<u>85,851</u>	<u>520,973</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	<u>\$ 1,394,849</u>	<u>\$ 130,892</u>	<u>\$ 520,973</u>

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

(continued)

	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	
	<u>Assessment Districts CIP</u>	<u>City Debt Service</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 148,983	\$ 25,885	\$ 10,895,033
Receivables:			
Accounts	-	-	118,167
Interest	-	-	26,141
Intergovernmental	-	-	180,618
Inventories	-	-	47,545
Total Assets	<u>\$ 148,983</u>	<u>\$ 25,885</u>	<u>\$ 11,267,504</u>
LIABILITIES			
Accounts payable	\$ 5,875	\$ -	\$ 233,948
Accrued liabilities	-	-	45,196
Unearned revenues	-	-	550,185
Deposits payable	69,226	-	69,226
Due to other funds	-	-	68,305
Total Liabilities	<u>75,101</u>	<u>-</u>	<u>966,860</u>
FUND BALANCES			
Nonspendable	-	-	47,545
Restricted	73,882	25,885	10,269,836
Unassigned (Deficit)	-	-	(16,737)
Total Fund Balances (Deficit)	<u>73,882</u>	<u>25,885</u>	<u>10,300,644</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	<u>\$ 148,983</u>	<u>\$ 25,885</u>	<u>\$ 11,267,504</u>

CITY OF SOLANA BEACH, CALIFORNIA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Special Revenue Funds</u>		
	<u>Gas Tax</u>	<u>TransNet</u>	<u>Municipal Improvement Districts</u>
REVENUES			
Taxes and assessments	\$ 334,336	\$ -	\$ 774,580
License and permits	-	86,970	-
Intergovernmental	-	484,676	2,663
Charges for services	-	-	-
Use of money and property	4,346	(1,042)	15,725
Other revenues	-	-	-
Total Revenues	<u>338,682</u>	<u>570,604</u>	<u>792,968</u>
EXPENDITURES			
Current:			
Public safety	-	-	-
Public works	429	29,786	791,551
Community development	-	-	-
Community services	-	-	-
Capital outlay	219,985	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	325,105	-
Total Expenditures	<u>220,414</u>	<u>354,891</u>	<u>791,551</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>118,268</u>	<u>215,713</u>	<u>1,417</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>118,268</u>	<u>215,713</u>	<u>1,417</u>
Fund Balances (Deficit):			
Fund Balance - Beginning	<u>554,406</u>	<u>171,222</u>	<u>1,261,365</u>
Fund Balance - Ending	<u>\$ 672,674</u>	<u>\$ 386,935</u>	<u>\$ 1,262,782</u>

CITY OF SOLANA BEACH, CALIFORNIA

**COMBINING STATEMENT OF REVENUES
EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

(continued)

	<u>Special Revenue Funds</u>		
	<u>Lighting District</u>	<u>COPS</u>	<u>Public Safety</u>
REVENUES			
Taxes and assessments	\$ 731,530	\$ -	\$ -
License and permits	-	-	-
Intergovernmental	3,163	165,271	286,934
Charges for services	-	-	-
Use of money and property	32,543	3,564	8,896
Other revenues	-	-	-
Total Revenues	<u>767,236</u>	<u>168,835</u>	<u>295,830</u>
EXPENDITURES			
Current:			
Public safety	-	165,511	191,198
Public works	402,121	-	-
Community development	-	-	-
Community services	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	<u>402,121</u>	<u>165,511</u>	<u>191,198</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>365,115</u>	<u>3,324</u>	<u>104,632</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	<u>(70,400)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(70,400)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>294,715</u>	<u>3,324</u>	<u>104,632</u>
Fund Balances (Deficit):			
Fund Balance - Beginning	<u>3,224,726</u>	<u>342,791</u>	<u>606,567</u>
Fund Balance - Ending	<u>\$ 3,519,441</u>	<u>\$ 346,115</u>	<u>\$ 711,199</u>

CITY OF SOLANA BEACH, CALIFORNIA

**COMBINING STATEMENT OF REVENUES
EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

(continued)

	<u>Special Revenue Funds</u>		
	Fire		Coastal Area Business/Visitor
	<u>Mitigation</u>	<u>CDBG</u>	<u>Assistance & Enhancement</u>
REVENUES			
Taxes and assessments	\$ -	\$ -	\$ 223,403
License and permits	-	-	-
Intergovernmental	-	137,476	-
Charges for services	16,384	-	-
Use of money and property	-	-	7,062
Other revenues	-	-	4,151
Total Revenues	<u>16,384</u>	<u>137,476</u>	<u>234,616</u>
EXPENDITURES			
Current:			
Public safety	7,566	31,150	-
Public works	-	-	-
Community development	-	-	75,888
Community services	-	-	-
Capital outlay	-	106,634	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	<u>7,566</u>	<u>137,784</u>	<u>75,888</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>8,818</u>	<u>(308)</u>	<u>158,728</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>8,818</u>	<u>(308)</u>	<u>158,728</u>
Fund Balances (Deficit):			
Fund Balance - Beginning	<u>56,053</u>	<u>(16,429)</u>	<u>1,000,933</u>
Fund Balance - Ending	<u>\$ 64,871</u>	<u>\$ (16,737)</u>	<u>\$ 1,159,661</u>

CITY OF SOLANA BEACH, CALIFORNIA

**COMBINING STATEMENT OF REVENUES
EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

(continued)

	<u>Special Revenue Funds</u>		
	<u>Boating & Waterways</u>	<u>Miscellaneous Grants</u>	<u>Developer Pass-Thru</u>
REVENUES			
Taxes and assessments	\$ -	\$ -	\$ -
License and permits	-	-	-
Intergovernmental	168,125	1,516,557	-
Charges for services	-	-	81,274
Use of money and property	-	16,079	-
Other revenues	-	-	-
Total Revenues	<u>168,125</u>	<u>1,532,636</u>	<u>81,274</u>
EXPENDITURES			
Current:			
Public safety	-	5,000	-
Public works	-	23,239	-
Community development	-	-	81,187
Community services	-	-	-
Capital outlay	-	62,338	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	<u>-</u>	<u>90,577</u>	<u>81,187</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>168,125</u>	<u>1,442,059</u>	<u>87</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	(1,591,285)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,591,285)</u>	<u>-</u>
Net Change in Fund Balance	<u>168,125</u>	<u>(149,226)</u>	<u>87</u>
Fund Balances (Deficit):			
Fund Balance - Beginning	<u>(164,158)</u>	<u>237,522</u>	<u>(87)</u>
Fund Balance - Ending	<u>\$ 3,967</u>	<u>\$ 88,296</u>	<u>\$ -</u>

CITY OF SOLANA BEACH, CALIFORNIA

**COMBINING STATEMENT OF REVENUES
EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

(continued)

	<u>Special Revenue Funds</u>		
	<u>Housing</u>	<u>Camp Programs</u>	<u>SB1 Streets & Roads</u>
REVENUES			
Taxes and assessments	\$ -	\$ -	\$ 287,829
License and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	548,515	-
Use of money and property	7,325	-	2,874
Other revenues	-	-	-
Total Revenues	<u>7,325</u>	<u>548,515</u>	<u>290,703</u>
EXPENDITURES			
Current:			
Public safety	-	456,703	-
Public works	-	-	-
Community development	853	-	-
Community services	-	85,002	-
Capital outlay	-	-	37,229
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	<u>853</u>	<u>541,705</u>	<u>37,229</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>6,472</u>	<u>6,810</u>	<u>253,474</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>6,472</u>	<u>6,810</u>	<u>253,474</u>
Fund Balances (Deficit):			
Fund Balance - Beginning	<u>1,388,377</u>	<u>79,041</u>	<u>267,499</u>
Fund Balance - Ending	<u>\$ 1,394,849</u>	<u>\$ 85,851</u>	<u>\$ 520,973</u>

CITY OF SOLANA BEACH, CALIFORNIA

**COMBINING STATEMENT OF REVENUES
EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

(continued)

	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	
	<u>Assessment Districts CIP</u>	<u>City Debt Service</u>	<u>Total</u>
REVENUES			
Taxes and assessments	\$ -	\$ -	\$ 2,351,678
License and permits	-	-	86,970
Intergovernmental	-	-	2,764,865
Charges for services	-	-	646,173
Use of money and property	67,531	-	164,903
Other revenues	<u>10,769</u>	-	<u>14,920</u>
Total Revenues	<u>78,300</u>	<u>-</u>	<u>6,029,509</u>
EXPENDITURES			
Current:			
Public safety	-	-	857,128
Public works	-	-	1,247,126
Community development	-	-	157,928
Community services	-	-	85,002
Capital outlay	-	-	426,186
Debt service:			
Principal retirement	-	203,808	203,808
Interest and fiscal charges	-	<u>14,031</u>	<u>339,136</u>
Total Expenditures	<u>-</u>	<u>217,839</u>	<u>3,316,314</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>78,300</u>	<u>(217,839)</u>	<u>2,713,195</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	42,000	217,900	259,900
Transfers out	<u>-</u>	<u>-</u>	<u>(1,661,685)</u>
Total Other Financing Sources (Uses)	<u>42,000</u>	<u>217,900</u>	<u>(1,401,785)</u>
Net Change in Fund Balance	<u>120,300</u>	<u>61</u>	<u>1,311,410</u>
Fund Balances (Deficit):			
Fund Balance - Beginning	<u>(46,418)</u>	<u>25,824</u>	<u>8,989,234</u>
Fund Balance - Ending	<u>\$ 73,882</u>	<u>\$ 25,885</u>	<u>\$ 10,300,644</u>

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 GAS TAX FUND
 FOR THE YEAR ENDED JUNE 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 554,406	\$ 554,406	\$ 554,406	\$ -
Resources (Inflows):				
Taxes and assessments	373,850	387,850	334,336	(53,514)
Use of money and property	2,000	2,000	4,346	2,346
Amounts Available for Appropriations	930,256	944,256	893,088	(51,168)
Charges to Appropriations (Outflows):				
Current:				
Public works	3,000	151,480	429	151,051
Capital outlay	220,000	464,482	219,985	244,497
Total Charges to Appropriations	223,000	615,962	220,414	395,548
Budgetary Fund Balance, June 30	\$ 707,256	\$ 328,295	\$ 672,674	\$ 344,380

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 TRANSNET FUND
 FOR THE YEAR ENDED JUNE 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 171,222	\$ 171,222	\$ 171,222	\$ -
Resources (Inflows):				
Taxes:				
Service fees	7,800	90,000	86,970	(3,030)
Intergovernmental	250,000	790,105	484,676	(305,429)
Use of money and property	1,500	1,500	(1,042)	(2,542)
Amounts Available for Appropriations	430,522	1,052,827	741,826	(311,001)
Charges to Appropriations (Outflows):				
Public works	-	44,980	29,786	15,194
Capital Outlay	250,000	487,348	-	487,348
Debt service:				
Interest and fiscal charges	-	325,105	325,105	-
Total Charges to Appropriations	250,000	857,433	354,891	502,542
Budgetary Fund Balance, June 30	\$ 180,522	\$ 195,394	\$ 386,935	\$ 191,541

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
MUNICIPAL IMPROVEMENT DISTRICTS FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 1,261,365	\$ 1,261,365	\$ 1,261,365	\$ -
Resources (Inflows):				
Taxes and assessments	680,300	680,300	774,580	94,280
Intergovernmental	2,500	2,500	2,663	163
Use of money and property	16,050	16,050	15,725	(325)
Amounts Available for Appropriations	1,960,215	1,960,215	2,054,333	94,118
Charges to Appropriations (Outflows):				
Current:				
Public works	680,290	884,158	791,551	92,607
Total Charges to Appropriations	680,290	884,158	791,551	92,607
Budgetary Fund Balance, June 30	\$ 1,279,925	\$ 1,076,057	\$ 1,262,782	\$ 186,725

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 LIGHTING DISTRICT FUND
 FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 3,224,726	\$ 3,224,726	\$ 3,224,726	\$ -
Resources (Inflows):				
Taxes and assessments	619,100	621,100	731,530	110,430
Intergovernmental	3,200	3,200	3,163	(37)
Use of money and property	40,500	40,500	32,543	(7,957)
Amounts Available for Appropriations	3,887,526	3,889,526	3,991,962	102,436
Charges to Appropriations (Outflows):				
Current:				
Public works	406,680	422,250	402,121	20,129
Transfers out	70,400	70,400	70,400	-
Total Charges to Appropriations	477,080	492,650	472,521	20,129
Budgetary Fund Balance, June 30	\$ 3,410,446	\$ 3,396,876	\$ 3,519,441	\$ 122,565

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 COPS FUND
 FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 342,791	\$ 342,791	\$ 342,791	\$ -
Resources (Inflows):				
Intergovernmental	100,000	165,272	165,271	(1)
Use of money and property	3,000	3,000	3,564	564
Amounts Available for Appropriations	445,791	511,063	511,626	563
Charges to Appropriations (Outflows):				
Current:				
Public safety	150,000	100,000	165,511	(65,511)
Total Charges to Appropriations	150,000	100,000	165,511	(65,511)
Budgetary Fund Balance, June 30	\$ 295,791	\$ 411,063	\$ 346,115	\$ (64,948)

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
PUBLIC SAFETY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 606,567	\$ 606,567	\$ 606,567	\$ -
Resources (Inflows):				
Intergovernmental	100,000	250,000	286,934	36,934
Use of money and property	-	-	8,896	8,896
Amounts Available for Appropriations	706,567	856,567	902,397	45,830
Charges to Appropriations (Outflows):				
Current:				
Public safety	-	206,950	191,102	15,848
Capital outlay	-	-	96	(96)
Total Charges to Appropriations	-	206,950	191,198	15,752
Budgetary Fund Balance, June 30	\$ 706,567	\$ 649,617	\$ 711,199	\$ 61,582

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
FIRE MITIGATION FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 56,053	\$ 56,053	\$ 56,053	\$ -
Resources (Inflows):				
Charges for services	<u>10,000</u>	<u>16,000</u>	<u>16,384</u>	<u>384</u>
Amounts Available for Appropriations	<u>66,053</u>	<u>72,053</u>	<u>72,437</u>	<u>384</u>
Charges to Appropriations (Outflows):				
Current:				
Public safety	<u>6,000</u>	<u>12,000</u>	<u>7,566</u>	<u>4,434</u>
Total Charges to Appropriations	<u>6,000</u>	<u>12,000</u>	<u>7,566</u>	<u>4,434</u>
Budgetary Fund Balance, June 30	<u>\$ 60,053</u>	<u>\$ 60,053</u>	<u>\$ 64,871</u>	<u>\$ 4,818</u>

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CDBG FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ (16,429)	\$ (16,429)	\$ (16,429)	\$ -
Resources (Inflows):				
Intergovernmental	<u>45,700</u>	<u>85,776</u>	<u>137,476</u>	<u>51,700</u>
Amounts Available for Appropriations	<u>29,271</u>	<u>69,347</u>	<u>121,047</u>	<u>51,700</u>
Charges to Appropriations (Outflows):				
Current:				
Public safety	-	31,150	31,150	-
Capital outlay	<u>45,700</u>	<u>106,326</u>	<u>106,634</u>	<u>(308)</u>
Total Charges to Appropriations	<u>45,700</u>	<u>137,476</u>	<u>137,784</u>	<u>(308)</u>
Budgetary Fund Balance, June 30	<u>\$ (16,429)</u>	<u>\$ (68,129)</u>	<u>\$ (16,737)</u>	<u>\$ 51,392</u>

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
 COASTAL AREA BUSINESS/VISITOR ASSISTANCE AND ENHANCEMENT FUND
 FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 1,000,933	\$ 1,000,933	\$ 1,000,933	\$ -
Resources (Inflows):				
Taxes and assessments	143,000	143,000	223,403	80,403
Use of money and property	10,000	10,000	7,062	(2,938)
Other revenues	-	-	4,151	4,151
Amounts Available for Appropriations	<u>1,153,933</u>	<u>1,153,933</u>	<u>1,235,549</u>	<u>81,616</u>
Charges to Appropriations (Outflows):				
Current:				
Community development	<u>53,100</u>	<u>93,100</u>	<u>75,888</u>	<u>17,212</u>
Total Charges to Appropriations	<u>53,100</u>	<u>93,100</u>	<u>75,888</u>	<u>17,212</u>
Budgetary Fund Balance, June 30	<u>\$ 1,100,833</u>	<u>\$ 1,060,833</u>	<u>\$ 1,159,661</u>	<u>\$ 98,828</u>

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
MISCELLANEOUS GRANTS FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 237,522	\$ 237,522	\$ 237,522	\$ -
Resources (Inflows):				
Intergovernmental	-	1,640,343	1,516,557	(123,786)
Use of money and property	-	-	16,079	16,079
Amounts Available for Appropriations	<u>237,522</u>	<u>1,877,865</u>	<u>1,770,158</u>	<u>(107,707)</u>
Charges to Appropriations (Outflows):				
Current:				
Public safety	-	-	5,000	(5,000)
Public works	-	-	23,239	(23,239)
Capital outlay	-	353,044	62,338	290,706
Transfers out	941,285	1,591,285	1,591,285	-
Total Charges to Appropriations	<u>941,285</u>	<u>1,944,329</u>	<u>1,681,862</u>	<u>262,467</u>
Budgetary Fund Balance, June 30	<u>\$ (703,763)</u>	<u>\$ (66,464)</u>	<u>\$ 88,296</u>	<u>\$ 154,760</u>

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
DEVELOPER PASS-THRU FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ (87)	\$ (87)	\$ (87)	\$ -
Resources (Inflows):				
Charges for services	<u>100,000</u>	<u>100,000</u>	<u>81,274</u>	<u>(18,726)</u>
Amounts Available for Appropriations	<u>99,913</u>	<u>99,913</u>	<u>81,187</u>	<u>(18,726)</u>
Charges to Appropriations (Outflows):				
Current:				
Community development	<u>100,000</u>	<u>115,288</u>	<u>81,187</u>	<u>34,101</u>
Total Charges to Appropriations	<u>100,000</u>	<u>115,288</u>	<u>81,187</u>	<u>34,101</u>
Budgetary Fund Balance, June 30	<u>\$ (87)</u>	<u>\$ (15,375)</u>	<u>\$ -</u>	<u>\$ 15,375</u>

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
HOUSING FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,388,377	\$ 1,388,377	\$ 1,388,377	\$ -
Resources (Inflows):				
Use of money and property	6,000	6,000	7,325	1,325
Amounts Available for Appropriations	1,394,377	1,394,377	1,395,702	1,325
Charges to Appropriations (Outflows):				
Current:				
Community development	10,000	10,000	853	9,147
Total Charges to Appropriations	10,000	10,000	853	9,147
Budgetary Fund Balance, June 30	\$ 1,384,377	\$ 1,384,377	\$ 1,394,849	\$ 10,472

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 CAMP PROGRAMS FUND
 FOR THE YEAR ENDED JUNE 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 79,041	\$ 79,041	\$ 79,041	\$ -
Resources (Inflows):				
Charges for services	525,000	525,000	548,515	23,515
Amounts Available for Appropriations	604,041	604,041	627,556	23,515
Charges to Appropriations (Outflows):				
Current:				
Public safety	455,885	501,169	456,703	44,466
Community services	85,055	104,916	85,002	19,914
Total Charges to Appropriations	540,940	606,085	541,705	64,380
Budgetary Fund Balance, June 30	\$ 63,101	\$ (2,044)	\$ 85,851	\$ 87,895

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 SB1 STREETS & ROADS FUND
 FOR THE YEAR ENDED JUNE 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 267,499	\$ 267,499	\$ 267,499	\$ -
Resources (Inflows):				
Taxes and assessments	280,400	305,400	287,829	(17,571)
Use of money and property	-	-	2,874	2,874
Amounts Available for Appropriations	547,899	572,899	558,202	(14,697)
Charges to Appropriations (Outflows):				
Capital outlay	290,000	457,311	37,229	420,082
Total Charges to Appropriations	290,000	457,311	37,229	420,082
Budgetary Fund Balance, June 30	\$ 257,899	\$ 115,588	\$ 520,973	\$ 405,385

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CITY CIP FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 4,394,934	\$ 4,394,934	\$ 4,394,934	\$ -
Resources (Inflows):				
Charges for services	50,000	270,000	264,997	(5,003)
Use of money and property	6,800	6,800	(29,288)	(36,088)
Other revenues	50,000	340,000	366,516	26,516
Transfers in	360,000	2,841,916	2,841,916	-
Amounts Available for Appropriations	4,861,734	7,853,650	7,839,075	(14,575)
Charges to Appropriations (Outflows):				
Current:				
Public works	-	-	1,517	(1,517)
Capital outlay	360,000	2,978,797	1,146,827	1,831,970
Total Charges to Appropriations	360,000	2,978,797	1,148,344	1,830,453
Budgetary Fund Balance, June 30	\$ 4,501,734	\$ 4,874,853	\$ 6,690,731	\$ 1,815,878

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 SAND REPLENISHMENT
 FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 1,188,648	\$ 1,188,648	\$ 1,188,648	\$ -
Resources (Inflows):				
Taxes and assessments	265,000	265,000	446,805	181,805
Intergovernmental	-	746,151	8,465,943	7,719,792
Use of money and property	8,000	8,000	4,717	(3,283)
Amounts Available for Appropriations	<u>1,461,648</u>	<u>2,207,799</u>	<u>10,106,113</u>	<u>7,898,314</u>
Charges to Appropriations (Outflows):				
Current:				
Capital outlay	191,850	2,114,480	9,012,336	(6,897,856)
Total Charges to Appropriations	<u>191,850</u>	<u>2,114,480</u>	<u>9,012,336</u>	<u>(6,897,856)</u>
Budgetary Fund Balance, June 30	<u>\$ 1,269,798</u>	<u>\$ 93,319</u>	<u>\$ 1,093,777</u>	<u>\$ 1,000,458</u>

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 CITY DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 25,824	\$ 25,824	\$ 25,824	\$ -
Resources (Inflows):				
Transfers in	217,900	217,900	217,900	-
Amounts Available for Appropriations	243,724	243,724	243,724	-
Charges to Appropriations (Outflows):				
Current:				
Debt service:				
Principal retirement	203,825	203,825	203,808	17
Interest and fiscal charges	14,040	14,040	14,031	9
Total Charges to Appropriations	217,865	217,865	217,839	26
Budgetary Fund Balance, June 30	\$ 25,859	\$ 25,859	\$ 25,885	\$ 26

FIDUCIARY FUNDS

Undergrounding District Funds - the Barbara/Granados Avenue, Pacific Avenue/East and West Circle Drive, and Marsalan Avenue Utility Underground Assessment Districts are utility districts created to finance the undergrounding of utility lines. These funds account for payments from property owners as well as debt service on bonds that were issued to pay for the underground improvements within the assessment districts. This is accounted for as a custodial fund because the City has no responsibility for the debt service on the bonds.

South Solana Sewer District Fund - this fund was formed to finance the construction of sewer improvements to connect the 51 properties of the assessment district to the City's sewer system. This fund accounts for payments from property owners as well as debt service on the bonds that were issued to pay for the sewer improvements. This is accounted as a custodial fund because the City has no responsibility for the debt service on the bonds.

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 JUNE 30, 2023

	Undergrounding Districts	South Solana Sewer District	Total
ASSETS			
Cash and cash equivalents	\$ 222,896	\$ 43,096	\$ 265,992
Investments:			
Money market mutual funds	368	50	418
Local Agency Investment Fund	58,452	-	58,452
Asset-backed securities	12,959	1,754	14,713
Federal agency securities	38,724	5,241	43,965
Medium term corporate notes	34,183	4,626	38,809
Supranational securities	3,317	449	3,766
US Treasury securities	81,100	10,974	92,074
Receivables:			
Accrued interest	1,088	158	1,246
Due from other governments	879	19	898
Total Assets	<u>453,966</u>	<u>66,367</u>	<u>520,333</u>
LIABILITIES			
Accounts payable	<u>2,541</u>	<u>1,180</u>	<u>3,721</u>
Total Liabilities	<u>2,541</u>	<u>1,180</u>	<u>3,721</u>
NET POSITION			
Restricted for:			
Individuals, organizations, and other governments	<u>451,425</u>	<u>65,187</u>	<u>516,612</u>
Total Net Position	<u>\$ 451,425</u>	<u>\$ 65,187</u>	<u>\$ 516,612</u>

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	<u>Undergrounding Districts</u>	<u>South Solana Sewer District</u>	<u>Total</u>
ADDITIONS			
Investment earnings	\$ 4,490	\$ 700	\$ 5,190
Special assessment collections	<u>192,492</u>	<u>42,010</u>	<u>234,502</u>
Total Additions	<u>196,982</u>	<u>42,710</u>	<u>239,692</u>
DEDUCTIONS			
Contractual services	9,748	1,233	10,981
Principal	80,000	20,000	100,000
Interest expense	<u>87,612</u>	<u>18,820</u>	<u>106,432</u>
Total Deductions	<u>177,360</u>	<u>40,053</u>	<u>217,413</u>
Net Increase (Decrease) in Fiduciary Net Position	19,622	2,657	22,279
Net Position - Beginning	<u>431,803</u>	<u>62,530</u>	<u>494,333</u>
Net Position - Ending	<u>\$ 451,425</u>	<u>\$ 65,187</u>	<u>\$ 516,612</u>

CITY OF SOLANA BEACH

Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
Government activities					
Net Investment in Capital Assets	\$ 34,095,894	\$ 32,415,836	\$ 30,365,711	\$ 28,412,121	\$ 27,241,251
Restricted	5,183,814	4,979,850	5,825,595	6,619,853	9,139,181
Unrestricted	6,871,872	(85,816)	1,230,929	1,795,456	(2,320,375)
Total governmental activities net position	\$ 46,151,580	\$ 37,309,870	\$ 37,422,235	\$ 36,827,430	\$ 34,060,057
Business-type activities					
Net Investment in Capital Assets	\$ 6,324,862	\$ 6,798,584	\$ 5,594,350	\$ 6,195,352	\$ 5,929,088
Restricted	-	-	-	-	54
Unrestricted	27,155,489	26,759,779	29,711,194	32,866,729	36,722,015
Total governmental activities net position	\$ 33,480,351	\$ 33,558,363	\$ 35,305,544	\$ 39,062,081	\$ 42,651,157
Primary government					
Net Investment in Capital Assets	\$ 40,420,756	\$ 39,214,420	\$ 35,960,061	\$ 34,607,473	\$ 33,170,339
Restricted	5,183,814	4,979,850	5,825,595	6,619,853	9,139,235
Unrestricted	34,027,361	26,673,963	30,942,123	34,662,185	34,401,640
Total governmental activities net position	\$ 79,631,931	\$ 70,868,233	\$ 72,727,779	\$ 75,889,511	\$ 76,711,214

CITY OF SOLANA BEACH

Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year				
	2019	2020	2021	2022	2023
Government activities					
Net Investment in Capital Assets	\$ 29,396,878	\$ 26,666,266	\$ 26,653,123	\$ 26,396,682	\$ 34,677,741
Restricted	11,238,745	12,664,581	14,173,748	17,970,956	21,964,017
Unrestricted	(3,911,422)	(1,487,812)	(1,345,933)	289,940	5,289,026
Total governmental activities net position	\$ 36,724,201	\$ 37,843,035	\$ 39,480,938	\$ 44,657,578	\$ 61,930,784
Business-type activities					
Net Investment in Capital Assets	\$ 8,892,771	\$ 12,052,987	\$ 11,185,890	\$ 11,656,188	\$ 11,547,573
Restricted	49	46	-	-	-
Unrestricted	35,710,517	34,349,803	36,889,897	38,140,613	39,496,180
Total governmental activities net position	\$ 44,603,337	\$ 46,402,836	\$ 48,075,787	\$ 49,796,801	\$ 51,043,753
Primary government					
Net Investment in Capital Assets	\$ 38,289,649	\$ 38,719,253	\$ 37,839,013	\$ 38,052,870	\$ 46,225,314
Restricted	11,238,794	12,664,627	14,173,748	17,970,956	21,964,017
Unrestricted	31,799,095	32,861,991	35,543,964	38,430,553	44,785,206
Total governmental activities net position	\$ 81,327,538	\$ 84,245,871	\$ 87,556,725	\$ 94,454,379	\$ 112,974,537

CITY OF SOLANA BEACH

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
Expenses					
Governmental Activities:					
General government	\$ 3,712,734	\$ 3,344,429	\$ 3,944,303	\$ 4,309,372	\$ 4,101,170
Public safety	8,416,330	8,441,144	9,162,345	9,628,140	10,539,671
Public works	5,008,665	5,181,223	5,438,407	5,487,183	5,944,432
Community development	1,361,588	1,281,059	1,378,130	1,745,101	1,754,910
Community services	579,088	622,608	627,748	1,122,128	730,645
Interest on long-term debt	439,918	388,144	398,408	389,077	381,634
Total Governmental Activities expenses	\$ 19,518,323	\$ 19,258,607	\$ 20,949,341	\$ 22,681,001	\$ 23,452,462
Business-Type Activities:					
Sanitation	\$ 2,855,368	\$ 4,566,357	\$ 3,568,901	\$ 1,602,359	\$ 2,100,256
Solana Energy Alliance Fund	-	-	-	-	390,533
Total Business-Type Activities Expenses	\$ 2,855,368	\$ 4,566,357	\$ 3,568,901	\$ 1,602,359	\$ 2,490,789
Total Primary Government Expenses	\$ 22,373,691	\$ 23,824,964	\$ 24,518,242	\$ 24,283,360	\$ 25,943,251
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	402,670	464,533	578,282	620,990	577,351
Public works	743,210	238,587	416,524	449,962	698,999
Community development	830,429	852,578	928,065	1,252,126	1,300,411
Community services	303,070	347,698	365,289	400,353	336,079
Operating Contributions:					
General government	-	-	-	-	-
Public safety	286,687	285,399	270,152	198,615	177,936
Public works	1,577,961	920,807	1,045,301	1,241,379	1,106,636
Community development	-	109,689	200,388	-	100,000
Community services	-	-	-	129,324	139,416
Capital Contributions and Grants:					
General government	-	-	-	-	-
Community development	-	-	-	-	-
Public safety	129,740	53,091	160,372	158,370	420,005
Total Governmental Activities Program Revenues	\$ 4,273,767	\$ 3,272,382	\$ 3,964,373	\$ 4,451,119	\$ 4,856,833
Business-Type Activities:					
Charges for services:					
Sanitation	\$ 4,775,489	\$ 4,949,069	\$ 5,151,671	\$ 5,255,483	\$ 5,415,690
Solana Energy Alliance Fund	-	-	-	-	494,307
Total Business-Type Activities Program Revenues	4,775,489	4,949,069	5,151,671	5,255,483	5,909,997
Total Primary Government Program Revenues	\$ 9,049,256	\$ 8,221,451	\$ 9,116,044	\$ 9,706,602	\$ 10,766,830
Net (Expense)/Revenue					
Governmental Activities	\$ (15,244,556)	\$ (15,986,225)	\$ (16,984,968)	\$ (18,229,882)	\$ (18,595,629)
Business-Type Activities	1,920,121	382,712	1,582,770	3,653,124	3,419,208
Total primary Government Net Expense	\$ (13,324,435)	\$ (15,603,513)	\$ (15,402,198)	\$ (14,576,758)	\$ (15,176,421)
General Revenues and Other Charges in Net Position					
Governmental Activities:					
Taxes:					
Property taxes, levied for general purpose	\$ 6,880,916	\$ 7,247,202	\$ 7,705,956	\$ 8,095,383	\$ 8,586,838
Transient occupancy taxes	1,220,075	1,467,373	1,605,685	1,740,208	1,827,753
Sales taxes	2,814,702	2,808,203	3,255,104	3,127,803	3,191,410
Franchise taxes	714,991	765,995	736,042	733,354	723,164
Motor Vehicle in Lieu - Unrestricted	2,736,146	2,747,073	2,797,559	2,868,629	3,170,331
Use of money and property	137,906	136,763	261,446	283,828	286,867
Other	1,399,850	914,672	735,521	785,872	722,186
Total Governmental Activities	\$ 15,904,586	\$ 16,087,281	\$ 17,097,313	\$ 17,635,077	\$ 18,508,549
Business-Type Activities:					
Use of money and property	\$ 71,541	\$ 71,973	\$ 115,321	\$ 88,940	\$ 81,629
Other	36,300	28,939	49,090	14,473	88,239
Total Business-Type Activities	107,841	100,912	164,411	103,413	169,868
Total Primary Government	\$ 16,012,427	\$ 16,188,193	\$ 17,261,724	\$ 17,738,490	\$ 18,678,417
Changes in Net Position					
Governmental Activities	\$ 660,030	\$ 101,056	\$ 112,345	\$ (594,805)	\$ (87,080)
Business-Type Activities	2,027,962	483,624	1,747,181	3,756,537	3,589,076
Total Primary Government	\$ 2,687,992	\$ 584,680	\$ 1,859,526	\$ 3,161,732	\$ 3,501,996

CITY OF SOLANA BEACH

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year				
	2019	2020	2021	2022	2023
Expenses					
Governmental Activities:					
General government	\$ 3,650,982	\$ 4,985,418	\$ 5,537,474	\$ 4,569,515	\$ 4,490,903
Public safety	11,050,684	12,629,778	13,116,915	13,906,293	11,414,093
Public works	5,937,131	4,887,985	4,665,830	5,411,937	5,377,186
Community development	1,482,428	1,585,952	1,506,502	1,505,023	1,260,610
Community services	1,178,128	1,220,410	1,193,256	1,218,243	919,234
Interest on long-term debt	368,495	363,326	356,001	346,224	385,479
Total Governmental Activities expenses	\$ 23,667,848	\$ 25,672,869	\$ 26,375,978	\$ 26,957,235	\$ 23,847,505
Business-Type Activities:					
Sanitation	\$ 4,204,504	\$ 4,221,307	\$ 3,891,241	\$ 4,308,057	\$ 5,019,606
Solana Energy Alliance Fund	5,210,816	4,350,085	3,841,312	(126,572)	19,229
Total Business-Type Activities Expenses	\$ 9,415,320	\$ 8,571,392	\$ 7,732,553	\$ 4,181,485	\$ 5,038,835
Total Primary Government Expenses	\$ 33,083,168	\$ 34,244,261	\$ 34,108,531	\$ 31,138,720	\$ 28,886,340
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ 194,122	\$ 205	\$ 91,875	\$ 31,397	\$ 1,126,175
Public safety	581,313	401,633	325,042	384,525	463,056
Public works	1,005,828	358,450	493,597	1,566,345	604,621
Community development	1,169,232	1,190,562	1,082,510	1,274,370	1,597,048
Community services	335,828	22,844	276,648	507,312	548,527
Operating Contributions:					
General government	-	-	-	(14,868)	-
Public safety	186,145	199,300	466,509	453,244	418,396
Public works	1,404,721	889,429	1,214,732	2,673,246	2,587,247
Community development	-	-	-	-	2,000
Community services	148,747	80,000	232,674	161,285	165,271
Capital Contributions and Grants:					
General government	-	-	-	(111,858)	-
Community development	-	-	-	-	8,465,943
Public safety	298,205	345,162	301,580	-	-
Total Governmental Activities Program Revenues	\$ 5,324,141	\$ 3,487,585	\$ 4,485,167	\$ 6,924,998	\$ 15,978,284
Business-Type Activities:					
Charges for services:					
Sanitation	\$ 5,592,045	\$ 5,588,249	\$ 5,676,286	\$ 5,816,828	\$ 5,846,765
Solana Energy Alliance Fund	5,202,375	4,178,287	3,567,034	1,359	752
Total Business-Type Activities Program Revenues	10,794,420	9,766,536	9,243,320	5,818,187	5,847,517
Total Primary Government Program Revenues	\$ 16,118,561	\$ 13,254,121	\$ 13,728,487	\$ 12,743,185	\$ 21,825,801
Net (Expense)/Revenue					
Governmental Activities	\$ (18,343,707)	\$ (22,185,284)	\$ (21,890,811)	\$ (20,032,237)	\$ (7,869,221)
Business-Type Activities	1,379,100	1,195,144	1,510,767	1,636,702	808,682
Total primary Government Net Expense	\$ (16,964,607)	\$ (20,990,140)	\$ (20,380,044)	\$ (18,395,535)	\$ (7,060,539)
General Revenues and Other Charges in Net Position					
Governmental Activities:					
Taxes:					
Property taxes, levied for general purpose	\$ 9,070,200	\$ 9,465,402	\$ 10,093,847	\$ 10,523,133	\$ 11,638,632
Transient occupancy taxes	2,019,005	1,456,897	1,457,156	2,575,173	5,845,967
Sales taxes	3,502,561	3,291,805	3,689,566	4,413,265	2,904,236
Franchise taxes	792,575	751,324	789,365	873,791	897,472
Motor Vehicle in Lieu - Unrestricted	3,547,175	3,619,856	3,745,720	3,880,489	2,053,486
Use of money and property	1,100,795	1,132,930	631,813	(399,689)	783,458
Other	975,510	3,585,904	3,121,247	3,342,715	1,019,176
Total Governmental Activities	\$ 21,007,821	\$ 23,304,118	\$ 23,528,714	\$ 25,208,877	\$ 25,142,427
Business-Type Activities:					
Use of money and property	\$ 557,179	\$ 423,002	\$ 124,888	\$ 35,005	\$ 149,640
Other	15,901	181,353	37,296	49,307	288,630
Total Business-Type Activities	573,080	604,355	162,184	84,312	438,270
Total Primary Government	\$ 21,580,901	\$ 23,908,473	\$ 23,690,898	\$ 25,293,189	\$ 25,580,697
Changes in Net Position					
Governmental Activities	\$ 2,664,114	\$ 1,118,834	\$ 1,637,903	\$ 5,176,640	\$ 17,273,206
Business-Type Activities	1,952,180	1,799,499	1,672,951	1,721,014	1,246,952
Total Primary Government	\$ 4,616,294	\$ 2,918,333	\$ 3,310,854	\$ 6,897,654	\$ 18,520,158

CITY OF SOLANA BEACH

Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis Of Accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
General Fund					
Nonspendable	\$ 7,523	\$ 9,382	\$ 7,471	\$ 20,164	\$ 72,579
Restricted	-	-	508,897	893,185	1,294,957
Committed	324,083	454,048	787,790	914,846	1,015,354
Assigned	5,102,543	5,324,048	5,520,890	5,690,381	5,805,890
Unassigned	4,369,152	5,580,686	6,200,244	6,805,201	7,385,736
Total General Fund	<u>9,803,301</u>	<u>11,368,164</u>	<u>13,025,292</u>	<u>14,323,777</u>	<u>15,574,516</u>
All Other Governmental Funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 200
Restricted	5,107,900	4,979,850	5,316,698	5,726,668	7,844,224
Assigned	425,416	589,120	849,917	1,385,099	-
Unassigned	(222,713)	(213,005)	(184,544)	(336,475)	(234,689)
Total all other Governmental Funds	<u>5,310,603</u>	<u>5,355,965</u>	<u>5,982,071</u>	<u>6,775,292</u>	<u>7,609,735</u>

CITY OF SOLANA BEACH

**Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis Of Accounting)**

	Fiscal Year				
	2019	2020	2021	2022	2023
General Fund					
Nonspendable	\$ 23,402	\$ 52,665	\$ 54,212	\$ 136,395	\$ 41,589
Restricted	1,743,908	2,422,056	3,245,475	3,218,592	5,003,450
Committed	1,436,307	1,179,507	901,576	1,295,357	1,292,880
Assigned	6,041,593	6,349,702	6,206,689	6,241,345	6,786,980
Unassigned	4,588,069	5,450,148	7,138,002	9,289,801	10,055,355
Total General Fund	<u>13,833,279</u>	<u>15,454,078</u>	<u>17,545,954</u>	<u>20,181,490</u>	<u>23,180,254</u>
All Other Governmental Funds					
Nonspendable	\$ -	\$ -	\$ -	\$ 47,545	\$ 47,545
Restricted	9,494,837	10,242,525	10,928,273	14,752,364	16,960,567
Assigned	-	-	-	-	-
Unassigned	(112,596)	(58,138)	(464,267)	(227,092)	1,077,040
Total all other Governmental Funds	<u>9,382,241</u>	<u>10,184,387</u>	<u>10,464,006</u>	<u>14,572,817</u>	<u>18,085,152</u>

CITY OF SOLANA BEACH

Changes In Fund Balances Of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis Of Accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
Revenues:					
Taxes and assessments	\$ 13,135,199	\$ 13,727,132	\$ 14,719,229	\$ 15,109,053	\$ 15,945,223
Intergovernmental	3,217,319	2,674,057	3,069,673	3,185,272	3,498,266
Licenses and permits	429,464	461,687	471,581	527,146	508,549
Charges for services	959,935	1,001,943	1,313,658	1,699,140	1,584,561
Fines and forfeitures	348,337	392,683	502,921	495,885	479,933
Use of money and property	137,906	136,763	261,466	283,828	286,867
Other	1,941,493	961,755	735,521	785,872	1,061,983
Total revenues	20,169,653	19,356,020	21,074,049	22,086,196	23,365,382
Expenditures:					
General government	3,085,499	3,222,933	3,500,443	3,777,819	3,820,029
Public safety	8,238,659	8,315,766	8,912,742	9,070,746	9,831,070
Public works	2,215,596	2,322,090	2,463,442	2,509,194	2,628,777
Community development	1,360,192	1,291,073	1,380,934	1,721,715	1,574,333
Community services	259,809	275,790	278,481	760,475	328,755
Capital outlay	3,452,914	1,773,690	2,190,316	1,473,835	2,417,383
Debt service:					
Principal retirement	155,925	155,930	161,086	288,487	296,366
Interest	439,464	388,523	383,130	392,219	383,487
Total expenses	19,208,058	17,745,795	19,270,574	19,994,490	21,280,200
Excess (Deficiency) of Revenues Over (Under) Expenditures	961,595	1,610,225	1,803,475	2,091,706	2,085,182
Other financing sources (uses):					
Transfers in	1,319,473	446,865	743,400	1,576,800	997,300
Transfers out	(1,319,473)	(446,865)	(743,400)	(1,576,800)	(997,300)
Contributions to Successor Agency	(10,000)	-	-	-	-
Contributions to OPEB Trust Fund	-	-	(135,000)	-	-
Long-term debt issued	5,500,000	-	614,759	-	-
Capital leases	-	-	-	-	-
Total other financing sources (uses)	5,490,000	-	479,759	-	-
Net change in fund balances/ net position	6,451,595	1,610,225	2,283,234	2,091,706	2,085,182
Capital assets used in debt service calculation*	\$ 3,527,607	\$ 1,764,750	\$ 2,194,361	\$ 1,440,550	\$ 2,432,556
Debt service as a percentage of noncapital expenditures	3.8%	3.4%	3.2%	3.7%	3.6%

* The amount of capital outlay used to calculate the ratio of total debt service expenditures to noncapital expenditures is the same as the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures and changes in fund balance.

CITY OF SOLANA BEACH

Changes In Fund Balances Of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis Of Accounting)

	Fiscal Year				
	2019	2020	2021	2022	2023
Revenues:					
Taxes and assessments	\$ 17,275,214	\$ 16,842,473	\$ 19,775,654	\$ 22,265,851	\$ 24,943,501
Intergovernmental	3,665,899	3,284,923	1,916,664	3,322,539	11,286,855
Licenses and permits	486,891	345,168	532,496	773,593	1,089,274
Charges for services	2,230,614	1,268,823	1,449,714	2,754,210	1,802,138
Fines and forfeitures	502,249	359,703	244,331	261,932	408,220
Use of money and property	1,100,795	1,132,930	631,813	(399,689)	783,458
Other	975,510	3,585,904	3,121,247	3,348,906	4,102,253
Total revenues	26,237,172	26,819,924	27,671,919	32,327,342	44,415,699
Expenditures:					
General government	4,191,376	4,705,339	5,032,268	5,598,530	7,061,076
Public safety	10,243,546	11,573,438	12,538,907	12,043,209	12,708,776
Public works	2,975,518	3,401,680	3,125,907	3,792,133	4,324,397
Community development	1,523,428	1,544,402	1,446,878	1,347,528	1,625,027
Community services	830,315	797,410	680,982	825,180	843,668
Capital outlay	5,763,230	1,692,966	1,800,676	1,430,880	10,752,411
Debt service:					
Principal retirement	303,971	316,505	319,071	199,531	203,808
Interest	374,519	365,239	355,735	346,004	385,436
Total expenses	26,205,903	24,396,979	25,300,424	25,582,995	37,904,599
Excess (Deficiency) of Revenues Over (Under) Expenditures	31,269	2,422,945	2,371,495	6,744,347	6,511,100
Other financing sources (uses):					
Transfers in	2,636,370	799,915	353,500	2,992,483	5,093,101
Transfers out	(2,636,370)	(799,915)	(353,500)	(2,992,483)	(5,093,101)
Contributions to Successor Agency	-	-	-	-	-
Contributions to OPEB Trust Fund	-	-	-	-	-
Long-term debt issued	-	-	-	-	-
Capital leases	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances/ net position	31,269	2,422,945	2,371,495	6,744,347	6,511,100
Capital assets used in debt service calculation*	\$ 5,754,228	\$ 1,697,994	\$ 1,723,018	\$ 1,537,279	\$ 10,105,863
Debt service as a percentage of noncapital expenditures	3.3%	3.0%	2.9%	2.3%	2.1%

* The amount of capital outlay used to calculate the ratio of total debt service expenditures to noncapital expenditures is the same as the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures and changes in fund balance.

CITY OF SOLANA BEACH

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Other Property</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value^a</u>	<u>Taxable Assessed Value as a Percentage of Actual Taxable Value</u>
2014	3,150,064	457,092	154,207	-	3,761,363	0.1803%	N/A	N/A
2015	3,348,897	471,453	159,027	-	3,979,377	0.1779%	N/A	N/A
2016	3,549,149	490,565	161,797	-	4,201,511	0.1778%	N/A	N/A
2017	3,750,959	504,604	173,545	-	4,429,108	0.1779%	N/A	N/A
2018	3,974,035	567,922	182,779	-	4,724,736	0.1778%	N/A	N/A
2019	4,237,025	598,064	202,769	-	5,037,858	0.1778%	N/A	N/A
2020	4,476,935	618,256	192,564	-	5,287,755	0.1779%	N/A	N/A
2021	4,713,080	632,197	201,845	-	5,547,122	0.1780%	N/A	N/A
2022	4,907,207	642,174	195,653	-	5,745,034	0.1781%	N/A	N/A
2023	5,309,190	657,405	263,918	-	6,230,513	0.1780%	N/A	N/A

(a) The County of San Diego does not compile Estimated Actual Valuations

N/A - Data not available

Source: San Diego County Assessor 2013/14 - 2022/23 Combined Tax Rolls
HdL Coren & Cone.
City of Solana Beach Finance Department

CITY OF SOLANA BEACH

**Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of taxable value)**

City's Share of 1% Levy Per Prop 13

Fiscal Year	General			
	Basic Tax Levy	Municipal Improvement District	Lighting District	Total City's Share of 1% Levy per Prop 13
2014	0.1602	0.0037	0.00955	0.1735
2015	0.1602	0.0037	0.09600	0.1735
2016	0.1602	0.0037	0.09600	0.1735
2017	0.1602	0.0037	0.09600	0.1735
2018	0.1602	0.0037	0.00955	0.1735
2019	0.1602	0.0037	0.00955	0.1735
2020	0.1602	0.0037	0.00955	0.1735
2021	0.1602	0.0037	0.00955	0.1735
2022	0.1602	0.0037	0.00955	0.1735
2023	0.1602	0.0037	0.00955	0.1735

Overlapping Rates

Fiscal Year	San Diego County (1)	Carlsbad/Oceanside/Vista Projects	School Districts	Community College	Santa Fe Irrigation District (2)
2014	0.167550	0.0004	0.40281	0.10486	0.025350
2015	0.167550	0.0004	0.40281	0.10486	0.025340
2016	0.167550	0.0004	0.40281	0.10486	0.025340
2017	0.167550	0.0004	0.40281	0.10486	0.025340
2018	0.167490	0.0004	0.40285	0.10490	0.025330
2019	0.167490	0.0004	0.40293	0.10490	0.025330
2020	0.167490	0.0004	0.40293	0.10490	0.025330
2021	0.167490	0.0004	0.40290	0.10490	0.025330
2022	0.167490	0.0004	0.40290	0.10490	0.025330
2023	0.167490	0.0004	0.40290	0.10490	0.025330

(1) Includes County School Services, Library, Childrens Institution Tuition, and Regional Occupational Centers.

(2) Includes Cwa Santa Fe Irrigation District (.00423) and Santa Fe Irrigation (.02111)

(3) Includes only rate(s) from indebtedness adopted prior to 1989 per California State Statute

Source: San Diego County Assessor 2022/23 Annual Tax Increment Tables and HdL. Coren and Cone.

CITY OF SOLANA BEACH

Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (rate per \$100 of taxable value)

Fiscal Year	Overlapping Rates						Total Direct & Overlapping Tax Rate
	Educational Revenue Augmentation	Voter Approved (3)					
		Solana Beach School District Prop JJ Debt Service	Metropolitan Water District Debt Service	Santa Fe Irrigation Tax Rate Reduction	Mira Costa Comm College 2016A	San Dieguito Prop Aa 11/6/2013 2013A A1	
2014	0.12551	-	0.0035	-	-	0.0378	1.04131
2015	0.12551	-	0.0035	-	-	0.0215	1.02497
2016	0.12551	-	0.0035	-	-	0.0227	1.02622
2017	0.12551	-	0.0035	-	-	0.0228	1.02625
2018	0.12550	0.03093	0.0035	-	0.01443	0.0223	1.07115
2019	0.12550	0.02886	0.0035	-	0.01294	0.0230	1.06828
2020	0.12550	0.02800	0.0035	-	0.01299	0.0232	1.06767
2021	0.12550	0.02688	0.0035	-	0.01373	0.0233	1.06738
2022	0.12550	0.02653	0.0035	-	0.01339	0.0223	1.06575
2023	0.12550	0.02506	0.0035	-	0.01357	0.0214	1.06356

CITY OF SOLANA BEACH

**Principal Property Tax Payers
Current Year and Ten Years Ago**

<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>
<u>For the Fiscal Year Ended June 30, 2023</u>		
S B T C Holdings LLC (Pending Appeals on Parcels)	\$ 106,588,923	1.73%
Pacific Solana Beach Holdings LP (Pending Appeals on Parcels)	74,305,420	1.20%
SB Coporate Centre III-IV LLC	61,684,886	1.00%
Solana Beach Self Storage Owner LP	48,500,000	0.79%
G R E Beachwalk LLC (Pending Appeals on Parcels)	36,363,732	0.59%
Sanyo Foods Corporation of America	35,058,180	0.57%
Fenton Solana Highlands LLC	34,032,084	0.55%
E R P Operating LP	21,388,414	0.35%
Lavida Delmar Asscs LP	18,250,950	0.30%
Solana Mar LLC	17,163,703	0.28%
Total	\$ 453,336,292	7.34%
<u>For the Fiscal Year Ended June 30, 2014</u>		
S B T C Holdings LLC (Pending Appeals on Parcels)	\$ 112,943,400	3.03%
Pacific Solana Beach Holdings LP (Pending Appeals on Parcels)	63,353,220	1.70%
SB Corporate Centre III-IV LLC	31,650,600	0.85%
Sanyo Foods Corporation of America	30,193,367	0.81%
Fenton Solana Highlands LLC	28,781,614	0.77%
E R P Operating LP	18,400,666	0.49%
Muller-Beachwalk LLC (Pending Appeals on Parcels)	17,888,000	0.48%
Lavida Delmar Asscs LP	16,367,249	0.44%
Urschel Laboratories Inc	13,341,767	0.36%
Price Self Storage Solana Beach LLC	12,999,381	0.35%
Total	\$ 345,919,264	9.29%

Source: HdL Coren & Cone and San Diego
County Assessor 2013/14 & 2022/23

CITY OF SOLANA BEACH

**Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	6,303,038	6,033,082	95.7%	252,973	6,286,055	100%
2015	6,576,197	6,257,093	95.1%	215,422	6,472,515	98%
2016	6,931,466	6,635,180	95.7%	80,163	6,715,343	97%
2017	7,300,293	7,017,400	96.1%	27,141	7,044,541	96%
2018	7,741,663	7,444,166	96.2%	33,622	7,477,788	97%
2019	8,232,844	7,949,648	96.6%	27,740	7,977,388	97%
2020	8,622,755	8,306,418	96.3%	36,401	8,342,819	97%
2021	9,074,415	8,652,200	95.3%	65,224	8,717,424	96%
2022	9,507,779	9,078,200	95.5%	70,616	9,148,816	96%
2023	10,371,116	10,237,578	98.7%	16,297	10,253,875	99%

Sources: City of Solana Beach Finance Department, County of San Diego Office of Auditor-Controller.

CITY OF SOLANA BEACH

Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Fiscal Year	Government Activities				Business-type Activities	Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	2002 ABAG Lease Revenue	Refunding Lease	Bonds	Capital	Bonds and Direct			
	Bonds	ABAG		Leases	Borrowings/Placements			
2014*	-	1,166,600	5,500,000	745,693	12,175,456	19,587,749	3.56%	1,495
2015*	-	1,055,400	5,500,000	701,931	11,273,883	18,531,214	3.95%	1,419
2016	-	940,600	5,500,000	1,271,372	10,339,405	18,051,377	4.05%	1,338
2017	-	811,391	5,500,000	1,113,062	9,373,587	16,798,040	4.85%	1,242
2018	-	685,559	5,500,000	943,496	19,146,912	26,275,967	3.10%	1,885
2019	-	556,825	5,500,000	769,326	18,064,945	24,891,096	3.52%	1,786
2020	-	420,291	5,500,000	590,421	17,449,133	23,959,845	3.66%	1,731
2021	-	286,057	5,500,000	406,649	16,818,322	23,011,028	3.89%	1,664
2022	-	144,423	5,500,000	349,819	16,262,766	22,257,008	4.04%	1,737
2023	-	-	5,500,000	291,011	15,694,711	21,485,722	4.31%	1,681

Notes:

Details regarding the city's outstanding debt can be found in the notes to the financial statements.

^a See Demographic and Economic Statistics schedule for personal income and population data.

These ratios are calculated using personal income and population for the prior calendar year.

* Prior years adjusted to comply with GASB comment Q&A 9.24- Included the Premiums/Discounts and Bonds

** Prior year adjusted to comply with GFOA comment GASB-S44 23- included bonds to schedule

CITY OF SOLANA BEACH

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2023**

Fiscal Year 2022-23 Assessed Valuation : \$ 6,231,357,887

	Gross Bonded Debt Balance	Percent Applicable to City (1)	Net Bonded Debt
<u>Overlapping Tax & Assessment Debt</u>			
Metropolitan Water District	\$ 19,215,000	0.171%	\$ 32,858
Mira Costa Community College District	\$ 376,155,000	4.640%	\$ 17,453,592
San Dieguito Union High School District	\$ 416,410,000	7.670%	\$ 31,938,647
San Dieguito Union High School District Community Facilities District No. 95-1	\$ 25,570,000	1.352%	\$ 345,706
Solana Beach School District School Facilities Improvement District No. 2016-1	\$ 89,095,000	32.263%	\$ 28,744,720
City of Solana Beach 1915 Act Bonds	\$ 2,075,000	100.000%	\$ 2,075,000
Olivenhain Municipal Water District, Assessment District No. 96-1	\$ 4,605,000	0.555%	\$ 25,558
Total Overlapping Tax & Assessment Debt			\$ 80,616,081
<u>Direct & Overlapping General Fund Debt</u>			
San Diego County General Fund Obligations	\$ 229,680,000	0.949%	\$ 2,179,663
San Diego County Pension Obligations	\$ 277,990,000	0.949%	\$ 2,638,125
San Diego County Superintendent of Schools General Fund Obligations	\$ 6,935,000	0.949%	\$ 65,813
San Dieguito Union High School District Certificates of Participation	\$ 12,730,000	7.670%	\$ 976,391
Solana Beach School District General Fund Obligations	\$ 5,819,247	27.384%	\$ 1,593,543
City of Solana Beach Capital Lease Obligation	\$ 279,445	100.000%	279,445
Total Direct & Overlapping General Fund Debt			\$ 7,732,980
<u>Overlapping Tax Increment Debt</u>	\$ 2,035,900	100.000%	\$ 2,035,900
TOTAL DIRECT DEBT			\$ 279,445
TOTAL OVERLAPPING DEBT			\$ 90,105,516
COMBINED TOTAL DEBT			(2) \$ <u><u>90,384,961</u></u>

Debt to Assessed Valuation Ratios :

Total Overlapping Tax & Assessment Debt	1.29%
Total Direct Debt (\$279,445)	0.00%
Combined Total Debt	1.45%

Redevelopment Incremental Valuation (\$206,777,910) Ratio:

Total Overlapping Tax Increment Debt	0.98%
--------------------------------------	-------

Notes: (1) - Percentage of overlapping agency's assessed valuation located within the boundaries of the city.

(2) - Excludes tax and revenue anticipation notes, enterprise revenues, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

CITY OF SOLANA BEACH

**Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)**

Legal Debt Margin Calculation for Fiscal Year 2023

Assessed value	\$ 6,231,358
Debt limit (15% of assessed value)	934,704
Debt applicable to limit:	
General obligation bonds	<u>-</u>
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 934,704</u>

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total net debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Legal Debt Margin Percentage of Debt Limit</u>
2013	550,417	-	550,417	100.00%
2014	564,290	-	564,290	100.00%
2015	597,013	-	597,013	100.00%
2016	630,359	-	630,359	100.00%
2017	664,464	-	664,464	100.00%
2018	708,810	-	708,810	100.00%
2019	755,767	-	755,767	100.00%
2020	793,275	-	793,275	100.00%
2021	832,192	-	832,192	100.00%
2022	861,939	-	861,939	100.00%
2023	934,577	-	934,577	100.00%

CITY OF SOLANA BEACH

Pledged-Revenue Coverage
Last Ten Fiscal Years

2011 ABAG Refunded Lease Revenue Bonds

<u>Fiscal Year</u>	<u>Use of Money & Property</u>	<u>Lease/Rents</u>	<u>Less: Expenditures</u>	<u>Net Available Revenue</u>
2014*	-	148,974	-	148,974
2015*	-	148,732	-	148,732
2016*	-	153,283	-	153,283
2017*	-	152,429	-	152,429
2018*	-	151,067	-	151,067
2019*	-	154,321	-	154,321
2020*	-	147,382	-	147,382
2021*	-	150,056	-	150,056
2022*	-	147,465	-	147,465
2023*	-	-	-	-

<u>Fiscal Year</u>	<u>Debt Service</u>		<u>Coverage</u>
	<u>Principal</u>	<u>Interest</u>	
2014*	111,200	37,774	1.00
2015*	114,800	33,932	1.00
2016*	123,400	29,883	1.00
2017*	126,800	25,629	1.00
2018*	129,800	21,267	1.00
2019*	137,600	16,721	1.00
2020*	135,300	12,082	1.00
2021*	142,700	7,356	1.00
2022*	145,000	2,465	1.00
2023*	-	-	0.00

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Expenditures do not include interest, depreciation, or amortization expenses.

* 2002 ABAG Lease Revenue Bonds

CITY OF SOLANA BEACH

Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population	Personal Income <i>(thousands of dollars)</i>	Per Capita Personal Income	Unemployment Rate
2013	13,099	697,561	53,253	4.1%
2014	13,059	731,200	55,992	6.0%
2015	13,494	778,568	57,697	4.8%
2016	13,527	815,210	60,265	4.3%
2017	13,938	830,408	59,579	1.7%
2018	13,933	875,833	62,860	1.7%
2019	13,838	873,757	63,142	1.7%
2020	13,827	894,002	64,656	5.1%
2021	12,812	899,448	70,204	2.6%
2022	12,784	925,044	72,360	1.8%

Sources: HdL Coren & Cone report prepared on 9/6/23

CITY OF SOLANA BEACH

25 MAJOR EMPLOYERS - SAN DIEGO COUNTY
AS OF 2023

Employer	Category	Business category
32nd St Naval Station	3	Federal Government-National Security
Collins Aerospace	1	Aircraft Components-Manufacturers
General Dynamics Nassco	1	Ship Builders & Repairers (Mfrs)
Illumina Inc	1	Biotechnology Products & Services
Kaiser Permanente Vandever Med	2	Physicians & Surgeons
MCCS MCRD	3	Military Bases
Merchants Building Maintenance	1	Janitor Service
Page One Seo	1	Mental Health Services
Rady's Children's Hospital	1	Hospitals
San Diego Community College	2	Junior-Community College- Tech Institutes
San Diego County Sheriff	1	Police Departments
Scripps Mercy Hospital	1	Hospitals
Scripps Research Institute	1	Laboratories-Research & Development
SDG & E	1	Gas Companies
Seaworld San Diego	1	Amusement & Theme Parks
Sharp Grossmont Hospital	1	Hospitals
Sharp Grossmont Rehab Center	1	Vocational Rehabilitation Services
Sharp Mary Birch Hospital	1	Hospitals
Sharp Memorial Hospital	1	Hospitals
Sony Electronics Inc	1	Electronic Equipment & Supplies-Retail
UC San Diego Health	2	Health Care Management
UCSD- Neural Computation	3	University-College Dept/Facility/Office
University of California	3	University-College Dept/Facility/Office
Univesity-California Sn Diego	3	Schools-Universities & College Academic
VA San Diego Healthcare System	1	Hospitals

Source:

State of California- Employee Development Department- Major Employers in San Diego for 2023

Categories

- 1 1,000-4,999 Employees
- 2 5,000-9,999 Employees
- 3 10,000+ Employees

Employer information specific to the City of Solana Beach is not readily available*

* Due to unreliable data, the Top Employer Report is no longer offered by HdL Coren & Cone

CITY OF SOLANA BEACH

**Full-time-Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General government					
City Council	0.20	0.20	0.20	0.20	0.20
City Clerk	2.60	3.10	3.10	3.10	3.10
City Manager	1.74	2.05	2.05	1.80	1.90
Legal Services	0.25	0.25	0.25	0.25	0.25
Finance	3.80	3.55	3.55	3.55	3.45
Risk Mgt - Ins & Workers Comp	-	-	-	-	-
Personnel/Human Resources	0.95	1.00	1.00	1.15	0.95
Info/Communication Systems	1.00	1.00	1.00	1.00	1.00
Community Development	5.40	6.00	6.00	5.80	5.80
Public Safety					
Fire	19.95	19.95	19.95	19.95	20.20
Code Enforcement	1.75	1.80	1.80	1.80	1.80
Marine Safety	8.06	8.06	9.49	9.49	9.29
Junior Lifeguards	3.73	3.73	3.53	4.03	4.23
Public Works					
Engineering	2.41	2.28	2.13	2.73	2.73
Environmental/Flood Control	1.10	1.10	1.10	1.05	1.05
Street Maintenance	2.90	2.95	2.95	2.95	2.95
Park Maintenance	1.35	1.35	1.35	1.35	1.35
Recreation & Community Services					
Community Services	0.95	0.95	0.95	0.90	0.90
Recreation	2.59	2.46	2.48	2.43	2.43
Sanitation	2.98	2.93	3.22	3.12	3.37
Improvement Districts	0.95	0.90	0.90	0.90	0.90
Redevelopment Agency	1.05	0.90	0.90	1.10	0.80
Solana Energy Alliance*	-	-	-	-	-
Total Personnel	65.71	66.51	67.90	68.65	68.65

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

*Solana Energy Alliance (SEA) started operations in mid FY2018. The City of Solana Beach provided accounting services to SEA through FY2021

Source: City of Solana Beach's Annual Budget

CITY OF SOLANA BEACH

**Full-time-Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General government					
City Council	0.20	0.20	0.20	0.20	0.20
City Clerk	3.10	3.23	3.23	3.48	3.23
City Manager	1.90	2.48	2.48	2.58	2.58
Legal Services	0.25	0.25	0.25	0.25	0.25
Finance	3.05	3.30	3.70	3.35	3.35
Risk Mgt - Ins & Workers Comp	-	1.20	1.20	1.20	1.20
Personnel/Human Resources	0.95	0.95	0.95	1.20	1.20
Info/Communication Systems	1.00	1.00	1.00	1.50	1.50
Community Development	5.80	6.00	7.00	6.00	6.00
Public Safety					
Fire	20.20	20.20	20.20	20.20	20.20
Code Enforcement	1.80	1.80	1.80	1.80	1.80
Marine Safety	9.29	9.71	9.71	9.71	9.71
Junior Lifeguards	4.23	4.7	3.98	3.93	3.93
Public Works					
Engineering	2.73	2.73	2.73	2.73	2.73
Environmental/Flood Control	1.05	1.05	1.05	1.20	1.20
Street Maintenance	2.95	2.95	2.95	2.95	2.95
Park Maintenance	1.35	1.35	1.25	1.35	1.35
Recreation & Community Services					
Community Services	0.65	0.90	0.65	0.85	0.85
Recreation	2.38	2.43	2.33	2.50	2.45
Sanitation	3.37	3.37	3.37	3.67	3.67
Improvement Districts	0.90	0.90	0.90	0.95	0.95
Redevelopment Agency	0.80	0.80	0.14	0.24	0.24
Solana Energy Alliance*	0.75	0.75	0.75	-	-
Total Personnel	68.70	72.25	71.82	71.84	71.54

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

*Solana Energy Alliance (SEA) started operations in mid FY2018. The City of Solana Beach provided accounting services to SEA through FY2021

Source: City of Solana Beach's Annual Budget

CITY OF SOLANA BEACH

Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Community development					
Number of:					
Business licenses (A)	2,147	1,957	2,068	2,007	2,055
Plan checks (B)	276	275	304	284	319
Code violations (C)	1,467	1,016	1,240	1,124	2,513
Police (Calendar basis)					
Number of calls for service (D) (E):					
Priority 1	27	12	13	7	11
Priority 2	498	467	437	343	470
Priority 3	1,624	1,712	1,740	1,141	1,825
Priority 4	1,037	1,225	1,110	826	1,181
Priority 5	N/A	N/A	N/A	N/A	N/A
Priority 6	N/A	N/A	N/A	N/A	N/A
Priority 7	N/A	N/A	N/A	N/A	N/A
Priority 8	N/A	N/A	N/A	N/A	N/A
Priority 9	N/A	N/A	N/A	N/A	N/A
FBI Index Crimes	210	305	240	173	227
Fire					
Emergency Responses	1,702	1,798	1,810	1,883	1,859
Training Hours	7,080	6,178	5,997	4,696	4,687
Plan Checks	92	289	380	390	375
Public works					
Miles of:					
Street resurfacing/repair	150000**	550000**	5.3*	1.7*	1.9
Street sweeping	900	900*	900*	900*	504
Number of:					
Street signal maintained	192	192	192	192	192
Trees pruned per year	158	40	40	500	274
Recreation & community services					
Number of enrollees:					
Day camp (Calendar basis)	280	329	266	315	322
Classes (classes offered to san diego adult school)	N/A	144	***N/A	***N/A	***N/A
Mira Costa College Community Education, # of students	N/A	N/A	N/A	N/A	720
Special events (attendees)	7,350	10,600	7,800	8,300	7,400

N/A - Data not available

(A) - Includes new & renewal licenses

(B) - Excludes temporary plan checks.

(C) - 2013 - 2019 are based on calendar year and include violations that did not result in a citation. 2020 - 2022 are fiscal year. These 3 fiscal years and future years only include violations in which citations were issued.

(D) - Numbers adjusted and updated on CAFR FY16-17 for FY13-FY17 numbers to count only complete calls for service.

(E) - FY18-19 San Diego Sheriff dispatch system shifted to a 9-category system

Sources: Various city departments.

* Street Repair in Miles

** Street repair in Square Feet (SF)

*** Classes offered by Mira Costa College

2019	2020	2021	2022	2023
2,345	2,677	2,677	1,608	1,853
319	399	399	483	699
2,656	8	-	155	177
9	2	9	12	13
209	159	207	281	233
167	117	143	160	154
1,154	1,109	1,337	1,478	1,301
247	226	337	345	274
147	287	212	164	163
703	619	832	831	834
-	-	-	-	-
-	-	-	-	-
139	117	231	246	219
1,792	1,792	1,495	1,569	1,469
6,350	6,350	6,375	7,053	6,374
375	375	436	452	490
3.8	1.0	0.8	1.1	5.3
504	504	504	504	504
192	192	192	192	192
280	280	280	280	280
315	312	290	303	294
***N/A	***N/A	***N/A	***N/A	***N/A
700	400	150	810	380
7,700	6,500	2,200	9,350	5,300

CITY OF SOLANA BEACH

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Public Safety				
Code enforcement vehicles	2	2	2	2
Fire				
Stations	1	1	1	1
Fire Engines	4	4	3	3
Fire Ladder Truck	1	1	1	1
Other vehicles	2	1	2	2
Public works				
Streets (miles)	46	46	42	42
Street lights (city-owned)	748	748	527	527
Traffic signals	16	18	16	16
Public works vehicles	7	8	11	11
Public works Corporation Yard	1	1	1	1
Recreation & community service				
Community centers	2	2	2	2
Parks	3	3	3	3
Marine Safety				
Lifeguard Stations (Permanent)*	3	3	3	3
Lifeguard Stations (Temporary)	N/A	N/A	N/A	N/A
Vehicles	5	4	4	4

Notes: No capital asset indicators are available for the general government.

Sources: Various city departments.

* Both Fixed and Portable Towers up FY18. FY19 broke out number of temporary stations.

Fiscal Year

2017	2018	2019	2020	2021	2022	2023
2	2	2	2	2	2	2
1	1	1	1	1	1	1
3	3	2	2	2	2	2
1	1	1	1	1	1	1
2	2	3	3	3	3	3
42	42	42	42	42	42	42
527	525	525	525	525	525	525
16	16	16	16	16	16	16
12	8	8	8	8	8	8
1	1	1	1	1	1	1
2	2	2	2	2	2	2
3	2	2	2	2	2	2
6	6	3	3	3	3	3
N/A	N/A	3	4	4	4	4
5	5	5	5	5	5	4



CITY OF SOLANA BEACH

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Solana Beach, CA 92075
www.cityofsolanabeach.org
(858) 720-2460

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

Independent Auditor's Report

City Council
City of Solana Beach
Solana Beach, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Solana Beach (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 30, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Irvine, California
January 30, 2024

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

We have audited the financial statements of the City of Solana Beach (the City) as of and for the year ended June 30, 2023, and have issued our report thereon dated January 30, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 23, 2023, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also 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 for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

We identified self-review threats to independence as a result of non-attest services provided. Those non-attest services included the preparation of the financial statements and recording journal entries detected during the audit process.

To mitigate the risk, management has compared the draft financial statements and footnotes to the underlying accounting records to verify accuracy and has reviewed a disclosure checklist to ensure footnotes are complete and accurate.

Additionally, we utilize a quality control reviewer to perform a second review of journal entries and the financial statements. We believe these safeguards are sufficient to reduce the independence threats to an acceptable level.

Significant Risks Identified

We have identified the following significant risks:

- Implementation of the new Subscription Based IT Arrangements Accounting Standard. We reviewed the City's inventory of IT arrangements and selected a sample of the agreements to test the calculations of the transactions. We ensured the City's disclosure footnotes were accurate and complete in accordance with the new standard.
- Compliance with Federal Grant Requirements. We reviewed the City's schedule of federal expenses and selected major programs to test for compliance with federal grant requirements.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Management's estimate of the transactions related to net pension liabilities, net other post-employment benefits (OPEB), and claims liability are based on actuarial information. We evaluated the key factors and assumptions used to develop the amounts used by the actuaries and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

- Management's estimate of revenue and expense accruals related federal grant programs. We evaluated the key factors and assumptions used to develop the amounts recorded as accruals and determined that they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City's financial statements relate to the disclosure of Debt Covenant Compliance for JPA Loans in Note 11 to the financial statements calculates the City's debt service coverage ratios, which are required disclosures related to the City's debt covenants and are particular importance to users of the financial statements, particularly the City's debtholders.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no unusual transactions noted as a result of our audit procedures.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit.

There was one uncorrected financial statement misstatement to correct construction in progress and the related expense in the Sanitation Fund, whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management in a letter dated January 30, 2024.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

Other Information Included in the Annual Comprehensive Financial Report

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the City's annual report, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

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

DavisFarr LLP

Irvine, California
January 30, 2024



STAFF REPORT

CITY OF SOLANA BEACH

TO: Honorable Mayor and City Councilmembers
FROM: Daniel King, Interim City Manager
MEETING DATE: March 27, 2024
ORIGINATING DEPT: Engineering Department
SUBJECT: **City Council Update Related to the La Colonia Master Plan and Consideration of Resolution 2024-015 Authorizing the City Manager to Execute an Amendment to the Professional Services Agreement with Van Dyke Landscape Architects**

BACKGROUND:

In 2006, members of the City Council (Council) expressed interest in developing a plan for making improvements to La Colonia Park and Community Center. In July 2006, the Council established an Ad-Hoc Council Committee to work together with Staff, members of the Park and Recreation Commission and the community to develop recommendations for improving the park. The following month, the La Colonia Park Needs Assessment Advisory Committee (Advisory Committee) formed to develop recommendations.

In May 2007, the Advisory Committee's recommendations were presented to Council and Council authorized the release of a request for qualifications (RFQ) for conceptual design services for La Colonia Park facility improvements. Upon completion of the RFQ process, Van Dyke Landscape Architects (VDLA) was selected to perform the required tasks for the park. An agreement with VDLA for conceptual design services for the La Colonia Park Project was executed in April 2008. VDLA developed three conceptual design options based on the needs assessment recommendations for community and Council review. A preferred alternative was selected in December 2008.

Since the preferred alternative was selected, three components of the La Colonia Master Plan (Master Plan) were designed and/or constructed as separate projects. Construction of the Veterans' Honor Courtyard was completed in May 2016, construction of the La Colonia Skate Park was completed in April 2019 and construction is currently underway for the new tot lot playground.

CITY COUNCIL ACTION:

With the City's purchase of the vacant lot immediately north of the park, analysis needs to be made on how to incorporate the vacant lot into the existing park. In support of that effort, in February 2022, the Council approved a PSA with VDLA to update the La Colonia Master Plan and include the vacant City-owned lot.

This item is before the Council to provide an update on the project and, if approved, for the consideration of Resolution 2024-015 (Attachment 1) authorizing the City Manager to execute an amendment to the Professional Service Agreement (PSA) with Van Dyke Landscape Architects that would allow for the addition of an architect to the VDLA consultant team to assist with architectural options for a potential building on the City-owned vacant lot north of the park.

DISCUSSION:

VDLA has been working on the Master Plan and individual components of the Master Plan since 2008, including preparation of the original Master Plan. VDLA is particularly qualified to provide landscape architectural design services for park and recreation facilities, having completed over 50 relevant park projects for municipalities throughout Southern California, including renovations to existing parks. A PSA with VDLA was approved in February 2022 to update the La Colonia Master Plan and include the vacant City-owned lot north of the park.

Since approval of the PSA with VDLA for the La Colonia Master Plan Update, VDLA held a public workshop in February 2023 at which public input was solicited as to what the attendees like, do not like and what improvements they would like to see at the park. Public input was also solicited through an online questionnaire and outreach events at the 2023 Spring Egg Hunt at La Colonia Park and the 2023 Fiesta Del Sol. The results of the outreach efforts will be presented at the Council meeting.

One of the comments received during the workshop and the outreach efforts was inclusion of a building as an extension of the community center for various purposes in the new vacant lot. VDLA is a full landscape architectural firm and would need the professional services of a full architectural firm. Staff is seeking Council's authorization to amend the PSA with VDLA to include the additional services.

The proposed amendment to the PSA with VDLA would contain work required to update the La Colonia Master Plan and would include the services of an architectural firm to assist with development of a building as well as the corresponding site improvements on the empty lot owned by the City. The architectural firm proposed by VDLA is the same architectural firm that provided similar services during the development of the original La Colonia Master Plan. The scope of work for the amendment of the PSA with VDLA for the update to the Master Plan would include:

- Development of Master Plan Update Alternatives

- Interviews/coordination with stakeholders
- Architectural layouts
- Presentation at City Council meeting

Conceptual drawings of three different proposals, based on feedback from the community at the public workshop and the online survey, will be presented at the Council meeting. These drawings are for discussion purposes only, with the intent for Council to give further direction to Staff on the Master Plan update.

CEQA COMPLIANCE STATEMENT:

Approval of the PSA with VDLA is not a project as defined by CEQA. Environmental review will be conducted once project details have been identified.

FISCAL IMPACT:

Staff recommends that the funds needed for this amendment to the PSA with VDLA, in an amount not to exceed \$70,000, be transferred from the General Fund - Undesignated Reserves into the project account for the La Colonia Master Plan Update.

WORK PLAN:

This project is consistent with Item B.2 of the Community Character Priorities of the FY 2023/24 Work Plan.

OPTIONS:

- Approve Staff recommendation.
- Approve Staff recommendation with modifications.
- Provide direction.

DEPARTMENT RECOMMENDATION:

Staff recommends that the City Council:

1. Receive the La Colonia Master Plan update and provide direction as may be needed.
2. Adopt Resolution 2024-015 authorizing the City Manager to execute an amendment to the Professional Services Agreement with Van Dyke Landscape Architects extending the Agreement for two additional years and increasing the compensation, in an amount not to exceed \$70,000, for the update the La Colonia Master Plan, which would incorporate the vacant City-owned lot north of the park.

3. Authorize an appropriation of \$70,000 from the General Fund – Undesignated Reserves into the project account for the La Colonia Master Plan Update.
4. Authorize the City Treasurer to amend the FY 2023/24 Adopted Budget accordingly.

CITY MANAGER RECOMMENDATION:

Approve Department Recommendation.



Daniel King, Interim City Manager

Attachments:

1. Resolution 2024-015

RESOLUTION 2024-015

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOLANA BEACH, CALIFORNIA, APPROVING AN AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT WITH VAN DYKE LANDSCAPE ARCHITECTS FOR THE UPDATE TO THE LA COLONIA MASTER PLAN

WHEREAS, a preferred alternative for a Master Plan at La Colonia Park was originally approved by the City Council in December 2008; and

WHEREAS, since the preferred alternative was selected, three components of the La Colonia Master Plan (Master Plan) were designed and/or constructed as separate projects. Construction of the Veterans' Honor Courtyard was completed in May 2016, construction of the La Colonia Skate Park was completed in April 2019 and design is currently underway of a new playground; and

WHEREAS, with the City's purchase of the vacant property north of park, analysis will need to be made on how to incorporate this property into the existing park; and

WHEREAS, the proposed amendment to the Professional Services Agreement with Van Dyke Landscape Architects would contain work required to update the Master Plan and would include the services of an architectural firm to assist with development of a building or structure on the vacant lot owned by the City.

NOW, THEREFORE, the City Council of the City of Solana Beach, California, does resolve as follows:

1. That the foregoing recitations are true and correct.
2. That the City Council authorizes the City Manager to execute an amendment to the Professional Services Agreement with Van Dyke Landscape Architects extending the Agreement for two additional years and increasing the compensation, in an amount not to exceed \$70,000, for the update of the La Colonia Master Plan, which would incorporate the vacant City-owned lot north of the park.
3. That the City Council authorizes an appropriation of \$70,000 from the General Fund – Undesignated Reserves into the project account for the La Colonia Master Plan Update.
4. That the City Council authorizes the City Treasurer to amend the Fiscal Year 2023/2024 Adopted Budget accordingly.

PASSED AND ADOPTED this 27th day of March 2024, at a regularly scheduled meeting of the City Council of the City of Solana Beach, California by the following vote:

AYES: Councilmembers –
NOES: Councilmembers –
ABSENT: Councilmembers –
ABSTAIN: Councilmembers –

LESA HEEBNER, Mayor

APPROVED AS TO FORM:

ATTEST:

JOHANNA N. CANLAS, City Attorney

ANGELA IVEY, City Clerk