

**HESPERIA CITY COUNCIL
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
HOUSING AUTHORITY
COMMUNITY DEVELOPMENT COMMISSION
WATER DISTRICT**



Meeting Agenda

Tuesday, January 18, 2022

Closed Session - 5:00PM

Regular Meeting - 6:30PM

**City Council Chambers
9700 Seventh Ave., Hesperia CA, 92345
City Clerk's Office: (760) 947-1007**

City Council Members

**Brigit Bennington, Mayor
William J. Holland, Mayor Pro Tem
Larry Bird, Council Member
Cameron Gregg, Council Member
Rebekah Swanson, Council Member**

**Nils Bentsen, City Manager
Eric Dunn, City Attorney**

**See page (3) for details on public meeting guidelines during the
COVID-19 (Coronavirus) Pandemic**



NOTE: In compliance with the Americans with Disability Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (760) 947-1007 or (760) 947-1026. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility.



Public Access to City Council Meetings:

City Council meetings are now open to the public within the guidelines provided by the State which may include wearing masks and socially distancing from other attendees.

Public Comments can be made in-person at City Council Meetings and/or can be submitted via telephone recording that will be played during the meeting.

City Council meetings may be viewed live or after the event on the City's website at www.cityofhesperia.us.

Remote Public Comment:

Public Comments Made By-Telephone Process

Public comments will be accepted in advance until 5:30 pm on the day of the scheduled meeting by calling and leaving a recorded message at (760) 947-1056. Comments received past 5:30 pm will not be included in the record. If you would like to comment remotely, please follow the protocols below:

- Call (760)947-1056 to leave a detailed message of your public comment.

- Identify your name and the item you wish to comment on in your message.
- Contact information in your voicemail is optional, but will allow staff to easily follow up with you if necessary.
- Each public comment received by voicemail will be played by a staff member for up to three (3) minutes for Consent Calendar/New Business items and up to five (5) minutes for Public Hearing items.

Remote public comments received outside of the comment period outlined above will not be included in the record.

**REGULAR MEETING AGENDA
HESPERIA CITY COUNCIL
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
HESPERIA HOUSING AUTHORITY
HESPERIA COMMUNITY DEVELOPMENT COMMISSION
HESPERIA WATER DISTRICT**

9700 7th Avenue, Council Chambers, Hesperia, CA 92345

As a courtesy, please silence your cell phones and other electronic devices while the meeting is in session. Thank you.

Prior to action of the Council, any member of the audience will have the opportunity to address the legislative body on any item listed on the agenda, including those on the Consent Calendar.

Individuals wishing to speak during General Public Comments or on a particular numbered item must submit a speaker slip to the City Clerk with the agenda item noted. Speaker slips should be turned in prior to the public comment portion of the agenda or before an agenda item is discussed. Comments will be limited to three minutes for General Public Comments, Consent Calendar items and New Business items. Comments are limited to five minutes for Public Hearing items.

In compliance with the Brown Act, the City Council may not discuss or take action on non-agenda items or engage in question and answer sessions with the public. The City Council may ask brief questions for clarification; provide a reference to staff or other resources for factual information and direct staff to add an item to a subsequent meeting.

CLOSED SESSION - 5:00 PM

Roll Call

*Mayor Brigit Bennington
Mayor Pro Tem William J. Holland
Council Member Larry Bird
Council Member Cameron Gregg
Council Member Rebekah Swanson*

Conference with Legal Counsel - Potential Litigation:
Government Code Section 54956.9(d)2

1. Two (2) Cases

Conference with Legal Counsel – Existing Litigation
Government Code Section 54956.9(d)1

1. Nulevel Partners Inc. v City of Hesperia

CALL TO ORDER - 6:30 PM

A. Invocation

B. Pledge of Allegiance to the Flag

C. Roll Call

Mayor Brigit Bennington
Mayor Pro Tem William J. Holland
Council Member Larry Bird
Council Member Cameron Gregg
Council Member Rebekah Swanson

D. Agenda Revisions and Announcements by City Clerk**E. Closed Session Reports by City Attorney****ANNOUNCEMENTS/PRESENTATIONS**

1. Presentation to Planning Commissioner Cody Leis by Mayor Pro Tem Holland

GENERAL PUBLIC COMMENTS (For items and matters not listed on the agenda)

Individuals wishing to speak during General Public Comments or on a particular numbered item are requested to submit a speaker slip to the City Clerk with the agenda item noted. Speaker slips should be turned in prior to the public comment portion of the joint agenda or before an agenda item is discussed. Comments will be limited to three minutes for General Public Comments, Consent Calendar items and New Business items. Comments are limited to five minutes for Public Hearing items.

In compliance with the Brown Act, the City Council may not discuss or take action on non-agenda items or engage in question and answer sessions with the public. The City Council may ask brief questions for clarification; provide a reference to staff or other resources for factual information and direct staff to add an item to a subsequent meeting.

JOINT CONSENT CALENDAR

1. Page 9 Consideration of the Draft Minutes from the Regular Meeting held Tuesday, December 21, 2021.

Recommended Action:

It is recommended that the City Council approve the Draft Minutes from the Regular Meeting held Tuesday, December 21, 2021.

Staff Person: Assistant City Clerk Erin Baum

Attachments: [Draft CC Min 2021-12-21](#)

2. Page 17 Warrant Run Report (City - Successor Agency - Housing Authority - Community Development Commission - Water)

Recommended Action:

It is recommended that the Council/Board ratify the warrant run and payroll report for the City, Successor Agency to the Hesperia Community Redevelopment Agency, Hesperia Housing Authority, Community Development Commission, and Water District.

Staff Person: Director of Administrative Services Casey Brooksher

Attachments: [SR Warrant Run 1-18-2022](#)

[Attachment 1 - Warrant Run](#)

3. Page 19 Treasurer's Cash Report for the unaudited period ended October 31, 2021.

Recommended Action:

It is recommended that the Council/Board accept the Treasurer's Cash Report for the City, Successor Agency to the Hesperia Community Redevelopment Agency, Hesperia Housing Authority, Community Development Commission, and Water District.

Staff Person: Director of Administrative Services Casey Brooksher

Attachments: [SR Treasurer's Report 1-18-2022](#)

[Attachment 1 - Treasurer's Report](#)

4. Page 29 Treasurer's Cash Report for the unaudited period ended November 30, 2021.

Recommended Action:

It is recommended that the Council/Board accept the Treasurer's Cash Report for the City, Successor Agency to the Hesperia Community Redevelopment Agency, Hesperia Housing Authority, Community Development Commission, and Hesperia Water District.

Staff Person: Director of Administrative Services Casey Brooksher

Attachments: [SR Treasurer' Report 1-18-2022](#)

[Attachment 1 - Treasurer's Report](#)

5. Page 39 Audited Hesperia Housing Authority Financial Statements for Fiscal Year Ended June 30, 2021 and Housing Successor SB 341 Report

Recommended Action:

It is recommended that the City Council and the Hesperia Housing Authority (HHA) Board receive and file the audited Hesperia Housing Authority - Component Unit Financial Statements for the Fiscal Year Ended June 30, 2021 and Housing Successor SB 341 Report.

Staff Person: Director of Administrative Services Casey Brooksher

Attachments: [SR HHA Audited Statements 1-18-2022](#)

[Attachment 1 - Component Unit Financial Statements HHA](#)

[Attachment 2 - SB 341 Housing Successor Report](#)

[Attachment 3 - Memo to Board of Directors](#)

6. Page 81 Receive and File the SB 165 Local Agency Special Tax and Bond Accountability Act Report (SB 165) for the Fiscal Year Ended June 30, 2021

Recommended Action:

It is recommended that the City Council receive and file the Communities

Facilities District (CFD) 2005-1 (Belgate Development Restructuring) Local Agency Special Tax and Bond Accountability Act Report (SB 165) for the Fiscal Year Ended June 30, 2021.

Staff Person: Director of Administrative Services Casey Brooksher

Attachments: [SR SB 165 Local Agency Report 1-18-2022](#)

[Attachment 1 - CFD 2005-1 SB 165 Annual Report](#)

7. Page 85

Fiscal Years 2015-2016 through 2020-2021 Annual and 5-Year Compliance Report for AB 1600 Development Impact Fees

Recommended Action:

It is recommended that the City Council receive and file the AB 1600 report on development fee activity that occurred during Fiscal Years (FY) 2015-2016 through 2020-2021.

Staff Person: Director of Administrative Services Casey Brooksher

Attachments: [SR AB 1600 1-18-2022](#)

[Attachment 1 - AB 1600 Report](#)

8. Page 129

Network Security Detection and Response Services

Recommended Action:

It is recommended that the City Council and Board of Directors of the Hesperia Water District authorize the City Manager to enter into a three (3) year agreement with Kroll, LLC (Kroll) in an amount not-to-exceed \$78,000, to actively monitor the City's network for cybersecurity intrusions and provide remediation.

Staff Person: Director of Administrative Services Casey Brooksher

Attachments: [SR Network Security Detection and Response Services 1-18-2022](#)

9. Page 131

GP Electric Motor Contract Amendment

Recommended Action:

It is recommended that the City Council and Board Members of the Hesperia Water District (District) authorize the City Manager to execute an amendment to increase the existing contract with GP Electric Motor in the amount of \$30,000 for a revised not-to-exceed amount of \$100,000 for well and booster motor maintenance.

Staff Person: Director of Public Works Jeremy McDonald

Attachments: [SR GP Electric Motor Contract Amendment 1-18-2022](#)

10. Page 133

Award of Contract for Engineering Plan Review and Inspection Services

Recommended Action:

It is recommended that the City Council approve the award of two (2) Professional Services Agreements (PSAs); one to HRGreen in the amount of \$20,000 for a term of 1 year for Plan Check services and the other to Transtech

in the amount of \$10,000 for a term of 1 year for Engineering Inspection services.

Staff Person: Assistant City Manager Rachel Molina

Attachments: [SR Contract for Engineering Plan Review & Inspection Services 1-18-2022](#)

CONSENT ORDINANCES

WAIVE READING OF ORDINANCES

Approve the reading by title of all ordinances and declare that said titles which appear on the public agenda shall be determined to have been read by title and further reading waived.

- 11. Page 135** Amendments to Title 14, Chapter 14.04 of the Hesperia Municipal Code related to water use, conservation and water shortage plan.

Recommended Action:

Place on second reading and adopt by title waiving the text of Ordinance No. 2021-08 regarding water use, water conservation and water shortage plan; amending Title 14, Chapter 14.04 of the Hesperia Municipal Code.

At the December 21, 2021 Council meeting the City Council and Board of Directors made a minor amendment to the verbiage of Stage 2, a. to reflect that mandatory consumption reduction methods may be in effect.

Staff Person: Management Analyst Tina Souza

Attachments: [SR Amendments to Title 14, Chapter 14.04 of HMC 12-21-2021](#)
[Ordinance 2021-08](#)
[Attachment 2 - Existing Hesperia Municipal Code](#)
[Attachment 3 - Previously Proposed Ordinance Redlines](#)
[Attachment 4 - Exhibit A Updated Municipal Code](#)

PUBLIC HEARING

Individuals wishing to comment on public hearing items must submit a speaker slip to the City Clerk with the numbered agenda item noted. Speaker slips should be turned in prior to an agenda item being taken up. Comments will be limited to five minutes for Public Hearing items.

WAIVE READING OF ORDINANCES

Approve the reading by title of all ordinances and declare that said titles which appear on the public agenda shall be determined to have been read by title and further reading waived. **Hearing item will commence at 7:15PM**

- 12. Page 163** Third Public Hearing - Redistricting due to 2020 Census and Review of Draft Maps

Recommended Action:

It is recommended that the City Council 1) Receive a presentation from National Demographics Corporation (NDC), the City's redistricting consultant detailing the redistricting process and permissible criteria to be considered to create district boundaries; 2) Conduct the third public hearing to receive public input on the redistricting process and composition of districts; and 3) review and

consider the three draft maps provided by National Demographics Corporation and any others that may have been submitted by the public for review.

Staff Person: Director of Government Services/City Clerk Melinda Sayre

Attachments: [SR Redistricting due to 2020 Census and Review of Draft Maps 1-18-2022](#)

[Attachment 1 - NDC Map 101](#)

[Attachment 2 - NDC Map 102](#)

[Attachment 3 - NDC Map 103](#)

NEW BUSINESS

13. Page 171 National Opioid Settlements - Permitted Use of Settlement Funds

Recommended Action:

It is recommended that the City Council receive and file this report.

Staff Person: City Attorney Eric Dunn

Attachments: [SR National Opioid Settlement1-18-2022](#)

[Attachment 1 - Exhibit E of the Master Settlement Agreements](#)

14. Page 189 Capital Improvement Project Prioritization

Recommended Action:

It is recommended that the City Council receive and file this report.

Staff Person: Assistant City Manager Rachel Molina

Attachments: [SR Capital Improvement Project Prioritization 1-18-2022](#)

COUNCIL COMMITTEE REPORTS AND COMMENTS

The Council may report on their activities as appointed representatives of the City on various Boards and Committees and/or may make comments of general interest or report on their activities as a representative of the City.

CITY MANAGER/CITY ATTORNEY/STAFF REPORTS

The City Manager, City Attorney or staff may make announcements or reports concerning items of interest to the Council and the public.

ADJOURNMENT

I, Erin Baum, Assistant City Clerk of the City of Hesperia, California do hereby certify that I caused to be posted the foregoing agenda on Thursday, January 13, 2022 at 5:30 p.m. pursuant to California Government Code §54954.2.

*Erin Baum,
Assistant City Clerk*

Documents produced by the City and distributed less than 72 hours prior to the meeting regarding items on the agenda will be made available in the City Clerk's Office during normal business hours.

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City of Hesperia

Meeting Minutes - Draft

City Council

City Council Chambers
9700 Seventh Ave.
Hesperia CA, 92345

Tuesday, December 21, 2021

6:30 PM

**REGULAR MEETING AGENDA
HESPERIA CITY COUNCIL
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
HESPERIA HOUSING AUTHORITY
HESPERIA COMMUNITY DEVELOPMENT COMMISSION
HESPERIA WATER DISTRICT
December 21, 2021
9700 7th Avenue, Council Chambers, Hesperia, CA 92345**

NO CLOSED SESSION

CALL TO ORDER - 6:30 PM

A. Invocation

B. Pledge of Allegiance to the Flag

C. Roll Call

Present: 5 - Council Member Gregg, Mayor Bennington, Council Member Bird, Mayor Pro Tem Holland and Council Member Swanson

D. Agenda Revisions and Announcements by City Clerk

Item #9 was moved from Public Hearings to New Business and there was a green sheet addition to attachment #3 on Item #10.

E. Closed Session Reports by City Attorney

*There was no closed session.
The City attorney introduced green sheet item #13 for Council's vote to include on the current agenda.*

A motion was made by Swanson, seconded by Bird, that this item be approved. The motion carried by the following vote:

Aye: 5 - Gregg, Bennington, Bird, Holland and Swanson

Nay: 0

GENERAL PUBLIC COMMENTS (For items and matters not listed on the agenda)

There were no public comments.

JOINT CONSENT CALENDAR

A motion was made by Bird, seconded by Swanson, that this item be approved. The motion carried by the following vote:

Aye: 5 - Gregg, Bennington, Bird, Holland and Swanson

Nay: 0

1. Consideration of the Draft Minutes from the Regular Meeting held Tuesday, November 16, 2021 and December 7, 2021.

Recommended Action:

It is recommended that the City Council approve the Draft Minutes from the Regular Meeting held Tuesday, November 16, 2021 and December 7, 2021.

Sponsors: Assistant City Clerk Erin Baum

2. Warrant Run Report (City - Successor Agency - Housing Authority - Community Development Commission - Water)

Recommended Action:

It is recommended that the Council/Board ratify the warrant run and payroll report for the City, Successor Agency to the Hesperia Community Redevelopment Agency, Hesperia Housing Authority, Community Development Commission, and Hesperia Water District.

Sponsors: Director of Administrative Services Casey Brooksher

3. Annual 2022-23 Recognized Obligation Payment Schedule

Recommended Action:

It is recommended that the Successor Agency adopt Resolution No. SA 2021-02, approving the Annual 2022-23 Recognized Obligation Payment Schedule (ROPS), including the Successor Agency's FY 2022-23 Administrative Budget and authorize staff to present the ROPS to the Oversight Board for its consideration and approval.

Sponsors: Director of Administrative Services Casey Brooksher

4. Copier and Multi-Function Printer Lease

Recommended Action:

It is recommended that the City Council and Board of Directors of the Hesperia Water District authorize the City Manager to enter into a five-year lease agreement with Konica Minolta Business Solutions in an amount not-to-exceed \$277,480, to replace the City-wide copier multi-function printers (MFP) with current and supported machines.

Sponsors: Director of Administrative Services Casey Brooksher

5. Approve an Amendment to the Professional Services Agreement for Engineering Design Services related to the Traffic Signal at Main Street & Sultana Street/Timberlane Avenue (C.O. No. 7159)

Recommended Action:

It is recommended that the City Council:

1. Approve an amendment to the existing Professional Services Agreement (PSA) with David Evans & Associates in the amount of \$77,041 plus an additional 10% contingency amount of \$7,704, for a total not-to-exceed revised amount of \$84,745, for additional professional services related to the project identified as *Traffic Signal at Main Street & Sultana Street/Timberlane Avenue* (C.O. No. 7159), and authorize the City Manager to execute said amendment.
2. Adopt Resolution 2021-060 amending the Fiscal Year 2021-22 Capital Improvement Program Budget by appropriating an additional \$84,745 in Measure I Funds to the Traffic Signal at Main Street & Sultana Street/Timberlane Avenue Project (C.O. 7159).

Sponsors: Project Construction Manager David Burkett

6. Award Contract for FY 2019-20 CDBG Street Improvements - Phase II

Recommended Action:

It is recommended that the City Council award a contract for the Fiscal Year (FY) 2019-20 CDBG Street Improvement - Phase II (C.O. 7158) project to the lowest responsive/responsible bidder, Christensen Brothers General Engineering, Inc. for the bid amount of \$1,273,128; approve an additional 10% contingency in the amount of \$127,313, for a total construction budget of \$1,400,441; approve the design of the project represented by the plans and specifications; and authorize the City Manager to execute the contract.

Sponsors: Project Construction Manager David Burkett

Green sheet item #13 was heard immediately after consent

13. City Participation in the National Opioid Settlements

Recommended Action:

It is recommended that the City Council approve the City's participation in the National Opioid Settlements and, further, authorize the City Manager, or his designee(s), to take all actions necessary and to execute all documents necessary in order for the City to participate in the National Opioid Settlements, including, but not limited to, the execution of the following documents:

1. Settlement Participation Form/Agreement for the City's participation in the National Opioid Settlement with McKesson Corporation, Cardinal Health, Inc., and AmerisourceBergen Corporation.
2. Settlement Participation Form/Agreement for the City's participation in the National Opioid Settlement with Johnson & Johnson, Janssen Pharmaceuticals, Inc., Ortho-McNeil-Janssen Pharmaceuticals, Inc., and Janssen Pharmaceutica, Inc.
3. California State-Subdivision Agreement Regarding Distribution and Use of Settlement Funds - Distributor Settlement.
4. California State-Subdivision Agreement Regarding Distribution and Use of Settlement Funds - Janssen Settlement.

Sponsors: City Attorney Eric Dunn

A motion was made by Holland, seconded by Swanson, that this item be approved. The motion carried by the following vote:

Aye: 4 - Bennington, Bird, Holland and Swanson

Nay: 1 - Gregg

PUBLIC HEARING

7. Amendments to Title 14, Chapter 14.04 of the Hesperia Municipal Code related to water use, conservation and water shortage plan.

Recommended Action:

It is recommended that the City Council and the Board of Directors of the Hesperia Water District introduce and place on first reading Ordinance No. 2021-08 regarding water use, water conservation and water shortage plan; amending Title 14, Chapter 14.04 of the Hesperia Municipal Code.

Sponsors: Management Analyst Tina Souza

A motion was made by Holland, seconded by Bird, that this item be approved as amended. The motion carried by the following vote:

Aye: 5 - Gregg, Bennington, Bird, Holland and Swanson

Nay: 0

8. Specific Plan Amendment SPLA21-00004; Applicant: Anastasi Properties; APNs: 0405-052-03 thru 07

Recommended Action:

The Planning Commission recommends that the City Council introduce and place on first reading Ordinance No. 2021-11 approving Specific Plan Amendment SPLA21-00004 to change approximately 35 gross acres from Office Park (OP) to Low Density Residential (LDR) with a minimum lot size of 7,200 square feet.

Sponsors: Senior Planner Ryan Leonard

A motion was made by Gregg, seconded by Bird, that this item be continued. The motion carried by the following vote:

Aye: 5 - Gregg, Bennington, Bird, Holland and Swanson

Nay: 0

NEW BUSINESS

9. Consider Introduction and First Reading of an Ordinance for Organic Waste Disposal Reduction in Compliance with Senate Bill 1383

Recommended Action:

It is recommended that the City Council introduce and read, by title only and with further reading waived: Ordinance No. 2021-012, an Ordinance of the City Council of the City of Hesperia Amending the Hesperia City Municipal Code in Order to Enact Regulations in Compliance with Senate Bill (SB) 1383 for the Implementation of Food Recovery and Organics Recycling.

Sponsors: Management Analyst Jamie Carone

A motion was made by Bird, seconded by Holland, that this item be approved. The motion carried by the following vote:

Aye: 4 - Bennington, Bird, Holland and Swanson

Nay: 1 - Gregg

10. Adoption of a Resolution of Intention to Form Community Facilities District No. 2021-1 (Residential Maintenance and Services)

Recommended Action:

It is recommended that the City Council: 1) Adopt a Resolution of Intention (Resolution No. 2021-61) With Respect to the Formation of Proposed City of Hesperia Community Facilities District No. CFD 2021-1 (Residential Maintenance and Services) ("CFD 2021-1").

Sponsors: Assistant City Manager Rachel Molina

A motion was made by Holland, seconded by Gregg, that this item be approved. The motion carried by the following vote:

Aye: 5 - Gregg, Bennington, Bird, Holland and Swanson

Nay: 0

11. Consideration of Ad-Hoc Committee for Recreation and Parks

Recommended Action:

It is recommended that the City Council give staff direction regarding the establishment of an Ad-Hoc Committee consisting of two City Council Members focused on areas of mutual interest with the Hesperia Recreation and Park District as requested by Council Member Gregg at the December 7, 2021 Council Meeting.

Sponsors: Director of Government Services/City Clerk Melinda Sayre

A motion was made by Holland, seconded by Bird, that this item be approved forming an Ad Hoc Committee. The motion carried by the following vote:

Aye: 5 - Gregg, Bennington, Bird, Holland and Swanson

Nay: 0

Mayor Pro Tem Holland and Council Member Gregg will be the appointed City Council representatives.

12. City Council Appointments to Outside Agencies

Recommended Action:

It is recommended that the City Council follow past practice and appoint liaisons (both primary and alternate) to various outside agencies for a one-year period to commence in January 2022.

Sponsors: Director of Government Services/City Clerk Melinda Sayre

A motion was made by Holland, seconded by Gregg, that this item be approved. The motion carried by the following vote:

Aye: 5 - Gregg, Bennington, Bird, Holland and Swanson

Nay: 0

(See table next page)

Agency/Commission/Committee Name	Primary Rep.	Alternate Rep.
League of California Cities(LOCC)	No appointment made	No appointment made
LOCC Inland Empire & Desert Mountain Divisions	No appointment made	No appointment made
Mojave Desert Air Quality Management District (MDAQMD)	Brigit Bennington	Cameron Gregg
San Bernardino County Transportation Authority (SBCTA) Board of Commissioners & Subcommittee – Mountain/Desert Measure I	Rebekah Swanson	Larry Bird
San Bernardino County Solid Waste Task Force	Staff appointment	Cameron Gregg
Victor Valley Economic Development Authority (VVEDA)	Brigit Bennington	Rebekah Swanson
Victor Valley Transit Authority (VVTa)	Larry Bird	Cameron Gregg
Victor Valley Wastewater Reclamation Authority (VWRA)	Bill Holland	Larry Bird
Greater High Desert Chamber of Commerce Liaison (no compensation, non-voting liaison)	Brigit Bennington	Larry Bird
Tri Agency Committee (no compensation)	Brigit Bennington Larry Bird	Rebekah Swanson
City Council Advisory Committee - (no compensation)	Brigit Bennington	Cameron Gregg

COUNCIL COMMITTEE REPORTS AND COMMENTS

Council Member Bird wished everyone a Merry Christmas, recognized the Hearn family, and commented on school status, the Christmas break, the pandemic, the new year, spending time with family, school events, congratulated the Sultana Band and Softball state champions, thanked staff and wished everyone a Happy New Year.

Council Member Swanson thanked the Hearn family and commented on weather, the school break, the drought, organic waste disposal, attendance at Hesperia High School Winter Festival, wished everyone a Merry Christmas and a blessing on the community.

Council Member Gregg thanked the Hearn Family, and commented on the weather, road safety, Christmas lights in the community, the Farmer's market, the future opening of Raising Cane's, requested an update regarding vaccine passport ordinance and copies of the pharmaceutical settlement, thanked City staff, law enforcement and fire staff.

Mayor Pro Tem Holland extended a holiday invitation to Sheriff's and Fire staff, thanked City staff, thanked the Hearn Family, and commented on mask mandates.

Mayor Bennington stated she is honored to serve as mayor, and commented on public comments being moved to the beginning of the meeting, blood donations, the weather, recognized the Hearn family, thanked Sheriffs, Fire, and Jeremy in Public Works, celebrated the recent birth of her grandson, and wished staff and Council a Merry Christmas, and a Happy New year.

CITY MANAGER/CITY ATTORNEY/STAFF REPORTS

None

ADJOURNMENT

The meeting was adjourned in honor of Mayor Bennington's grandson Jayden at 9:51PM.

*Erin Baum,
Assistant City Clerk*

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City of Hesperia

STAFF REPORT



DATE: January 18, 2022

TO: Mayor and Council Members
City Council, as Successor Agency to the Hesperia Community Redevelopment Agency
Chair and Commissioners, Hesperia Housing Authority
Chair and Commissioners, Community Development Commission
Chair and Board Members, Hesperia Water District

FROM: Nils Bentsen, City Manager

BY: Casey Brooksher, Director of Administrative Services
Anne Duke, Deputy Finance Director
Rosa Roman, Accountant

SUBJECT: Warrant Run Report (City – Successor Agency – Housing Authority – Community Development Commission – Water)

RECOMMENDED ACTION

It is recommended that the Council/Board ratify the warrant run and payroll report for the City, Successor Agency to the Hesperia Community Redevelopment Agency, Hesperia Housing Authority, Community Development Commission, and Water District.

BACKGROUND

The Warrant Run totals represented below are for the period November 06, 2021 through December 03, 2021.

<u>Agency/District</u>	<u>Accounts Payable</u>	<u>Payroll</u>	<u>Wires</u>	<u>Totals</u>
City of Hesperia	\$2,642,863.91	\$463,150.11	\$0.00	\$3,106,014.02
Successor Agency	6,665.00	0.00	0.00	6,665.00
Housing Authority	555.45	0.00	0.00	555.45
Community Development Commission	0.00	0.00	0.00	0.00
Water	822,475.89	206,474.44	0.00	1,028,950.33
Totals	\$3,472,560.25	\$669,624.55	\$0.00	\$4,142,184.80

ATTACHMENT(S)

1. Warrant Runs

City of Hesperia
WARRANT RUNS
11/06/2021 - 12/03/2021

Attachment 1

FUND #	FUND NAME	W/E 11/12/2021	W/E 11/19/2021	W/E 11/26/2021	W/E 12/3/2021	WARRANT TOTALS	Wires	YEAR-TO DATE TOTALS *	PRIOR FY YTD DATE TOTALS
Accounts Payable									
100	GENERAL	\$ 92,660.62	\$ 212,102.43	\$ 1,597,120.21	\$ 18,007.91	\$ 1,919,891.17	\$ -	\$ 13,124,896.19	\$ 11,407,656.87
204	MEASURE I - RENEWAL	\$ 1,717.50	\$ -	\$ 2,883.50	\$ -	\$ 4,601.00	\$ -	\$ 83,531.36	\$ 340,236.88
207	LOCAL TRANSPORT-SB 325	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000.00	\$ 16,902.70
209	GAS TAX-RMRA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,468.24	\$ 2,086,913.29
210	HFPD (PERS)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,007,746.00	\$ 975,994.00
251	CDBG	\$ 180.94	\$ 36,575.00	\$ -	\$ -	\$ 36,755.94	\$ -	\$ 569,500.42	\$ 582,888.02
254	AB2766 - TRANSIT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
256	ENVIRONMENTAL PROGRAMS GRANT	\$ -	\$ 6,910.70	\$ 1.50	\$ -	\$ 6,912.20	\$ -	\$ 19,519.49	\$ 9,486.37
257	NEIGHBORHOOD STABILIZATION PROG	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,404.88
258	CDBG-CV CARES ACT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
260	DISASTER PREPARED GRANT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
263	STREETS MAINTENANCE	\$ 29,132.06	\$ 11,071.60	\$ 7,433.79	\$ 318.87	\$ 47,956.32	\$ -	\$ 850,475.68	\$ 1,250,607.17
300	DEV. IMPACT FEES - STREET	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,543.33	\$ 248,576.05
301	DEV. IMPACT FEES - STORM DRAIN	\$ 12,145.00	\$ -	\$ -	\$ -	\$ 12,145.00	\$ -	\$ 34,064.50	\$ 42,296.25
302	DEV. IMPACT FEES - FIRE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
303	DEV. IMPACT FEES - POLICE	\$ 6,282.00	\$ -	\$ -	\$ -	\$ 6,282.00	\$ -	\$ 23,330.00	\$ -
304	DEV. IMPACT FEES - PUBLIC WKS.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
306	DEV. IMPACT FEES - 2018-STREETS	\$ 6,504.37	\$ -	\$ -	\$ -	\$ 6,504.37	\$ -	\$ 44,755.11	\$ -
312	DIF 2018-POLICE FACILITIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,888.17	\$ -
313	DIF A-04 DRAINAGE	\$ 1,050.00	\$ -	\$ -	\$ -	\$ 1,050.00	\$ -	\$ 960,099.00	\$ -
396	DEVELOPMENT IMPACT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
399	FEMA-1203-DR (DISASTER)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
400	2004 STREETS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
401	CITY DEBT SERVICES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
402	WATER RIGHTS ACQUISITION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,074,335.70	\$ 1,059,536.83
403	2013 REFUNDING LEASE REV BONDS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 632,972.25	\$ -
501	CFD 91-3 BELGATE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
504	CITY WIDE STREETS - CIP	\$ 1,447.48	\$ -	\$ -	\$ -	\$ 1,447.48	\$ -	\$ 329,495.17	\$ 212,897.50
509	CITY FACILITIES CIP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
800	EMPLOYEE BENEFITS	\$ 194,102.76	\$ 73,735.05	\$ 102,201.50	\$ 70,404.72	\$ 440,444.03	\$ -	\$ 3,315,565.16	\$ 3,066,395.66
801	TRUST/AGENCY	\$ 204.73	\$ 153,583.92	\$ (85.25)	\$ -	\$ 153,703.40	\$ -	\$ 1,413,557.57	\$ 1,055,119.68
802	AD 91-1 AGENCY	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
804	TRUST-INTEREST BEARING	\$ 4,955.00	\$ 216.00	\$ -	\$ -	\$ 5,171.00	\$ -	\$ 26,919.00	\$ 65.00
807	CFD 2005-1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 929,132.65	\$ 1,484,406.01
808	HFPD (TRANSITION)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 369,875.18	\$ 349,739.56
815	PLAN REVIEW TRUST - FRONTIER	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	CITY	\$ 350,382.46	\$ 494,194.70	\$ 1,709,555.25	\$ 88,731.50	\$ 2,642,863.91	\$ -	\$ 24,941,670.17	\$ 24,195,122.72
163	REDEVELOP OBLIG RETIREMENT-2018	\$ 6,665.00	\$ -	\$ -	\$ -	\$ 6,665.00	\$ -	\$ 7,944,168.22	\$ 7,586,988.44
	SUCCESSOR AGENCY	\$ 6,665.00	\$ -	\$ -	\$ -	\$ 6,665.00	\$ -	\$ 7,944,168.22	\$ 7,586,988.44
370	HOUSING AUTHORITY	\$ -	\$ 555.45	\$ -	\$ -	\$ 555.45	\$ -	\$ 7,344.63	\$ 29,882.35
	HOUSING AUTHORITY	\$ -	\$ 555.45	\$ -	\$ -	\$ 555.45	\$ -	\$ 7,344.63	\$ 29,882.35
170	COMMUNITY DEVELOPMENT COMMISSION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,135.42
	COMMUNITY DEVELOPMENT COMMISSION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,135.42
700	WATER OPERATING	\$ 160,506.53	\$ 88,280.59	\$ 255,390.95	\$ 110.95	\$ 504,289.02	\$ -	\$ 4,594,841.45	\$ 11,065,441.91
701	WATER CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,438.15	\$ 521,767.17
710	SEWER OPERATING	\$ 4,477.39	\$ 3,680.48	\$ 308,634.76	\$ -	\$ 316,792.63	\$ -	\$ 2,231,563.82	\$ 1,790,006.44
711	SEWER CAPITAL	\$ -	\$ 1,312.00	\$ -	\$ -	\$ 1,312.00	\$ -	\$ 149,686.37	\$ 981,543.03
713	SEWER CAPITAL REHAB AND REPLACE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,882.50
720	RECLAIMED WATER OPERATIONS	\$ -	\$ 82.24	\$ -	\$ -	\$ 82.24	\$ -	\$ 1,154.82	\$ -
	WATER	\$ 164,983.92	\$ 93,355.31	\$ 564,025.71	\$ 110.95	\$ 822,475.89	\$ -	\$ 6,999,684.61	\$ 14,413,641.05
	ACCOUNTS PAYABLE TOTAL	\$ 522,031.38	\$ 588,105.46	\$ 2,273,580.96	\$ 88,842.45	\$ 3,472,560.25	\$ -	\$ 39,892,867.63	\$ 46,226,769.98
REG. PAYROLL									
	City	\$ 233,050.33	\$ -	\$ 230,099.78	\$ -	\$ 463,150.11	\$ -	\$ 2,620,917.09	\$ 2,340,090.29
	Housing Authority	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 745.24	\$ 1,873.18
	Water	\$ 103,452.96	\$ -	\$ 103,021.48	\$ -	\$ 206,474.44	\$ -	\$ 1,128,196.11	\$ 1,117,742.49
	PAYROLL TOTAL	\$ 336,503.29	\$ -	\$ 333,121.26	\$ -	\$ 669,624.55	\$ -	\$ 3,749,858.44	\$ 3,459,705.96

* The year to date totals for this Warrant Report are for the 2021-22 fiscal year starting July 1, 2021; however, the year-to-date totals include a total of \$219,412.79 in payments issued on 6/28/21 and 6/29/21.

City of Hesperia

STAFF REPORT



DATE: January 18, 2022

TO: Mayor and Council Members
City Council, Serving as Successor Agency to the Hesperia
Community Redevelopment Agency
Chair and Commissioners, Hesperia Housing Authority
Chair and Commissioners, Community Development Commission
Chair and Board Members, Hesperia Water District

FROM: Nils Bentsen, City Manager

BY: Casey Brooksher, Director of Administrative Services
Anne Duke, Deputy Finance Director
Nichole Eddleman, Financial Analyst

SUBJECT: Treasurer's Cash Report for the unaudited period ended October 31, 2021.

RECOMMENDED ACTION

It is recommended that the Council/Board accept the Treasurer's Cash Report for the City, Successor Agency to the Hesperia Community Redevelopment Agency, Hesperia Housing Authority, Community Development Commission, and Water District.

BACKGROUND

This report is presented to the City Council pursuant to Government Code Section 53646 (b) setting forth the City's investment portfolio.

ISSUES/ANALYSIS

The Treasurer's Cash Reports are presented on the following pages for each agency.

FISCAL IMPACT

These reports reflect unaudited cash balances as of October 31, 2021.

ALTERNATIVE(S)

Provide alternative direction to staff.

ATTACHMENT(S)

1. City of Hesperia Investment Report
2. Successor Agency to the Hesperia Community Redevelopment Agency Investment Report
3. Hesperia Housing Authority Investment Report
4. Community Development Commission Investment Report
5. Hesperia Water District Investment Report

CITY OF HESPERIA

<u>FUND</u>	<u>VALUE</u>
General Fund (100 & 800)	\$ 9,512,316.35
Fire District Fund (200)	321.00
HFPD (PERS) (210)	2,418,569.18
AB27666 - Transit (254)	23,904.39
AB3229 Supplemental Law (255)	145,773.87
AD No. 91-1 (802)	372,370.94
Beverage Recycling Grant (256)	213,319.35
CFD 2005-1 (807)	564,626.42
HFPD Transition (808)	22,723.06
City Wide-Capital Projects (504)	(760,931.89)
Community Dev Block Grant (251, 252, & 253)	349,989.19
American Rescue Plan Grant (261)	11,704,022.47
Development Impact Fund (300-304)	5,576,492.67
Development Impact Fund 2018 (306-312)	9,547,626.51
Development Impact Fund A-04 Drainage (313)	(10,003.56)
CDBG-CV Cares Act (258)	0.00
Disaster (260)	44,156.39
Gas Tax Fund (205)	627,025.87
Gas Tax - RMRA (209)	1,205,801.03
Gas Tax Swap (206)	512,377.55
Local Transportation SB325 (207)	2,314,576.26
Measure I - Renewal (204)	6,930,034.66
Neighborhood Stabilization Prog (257)	2,876,235.92
Public Works Street Maint (263)	770,275.19
Trust Fund (801, 803-806, & 815)	1,866,512.13
2012 Water Rights Acquisition (402)	548,507.26
2013 Refunding Lease Rev Bonds (403)	1,460,617.13
 TOTAL CITY FUNDS	 <u><u>\$ 58,837,239.34</u></u>

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY

<u>FUND</u>	<u>VALUE</u>
RORF Retention - (163)	<u>\$ 326,051.63</u>

HESPERIA HOUSING AUTHORITY

<u>FUND</u>	<u>VALUE</u>
Hesperia Housing Authority Fund (370)	\$ 3,322,163.70
VVEDA Housing Authority (371)	1,821,170.89
TOTAL HOUSING AUTHORITY FUNDS	<u>\$ 5,143,334.59</u>

COMMUNITY DEVELOPMENT COMMISSION

<u>FUND</u>	<u>VALUE</u>
Community Development Commission Fund (170)	<u>\$ (600,672.50)</u>

WATER

<u>FUND</u>	<u>VALUE</u>
Water Operating (700)	\$ 10,608,595.80
Water Capital (701)	(7,249,673.60)
Water Capital Rehab and Replace (703)	1,421,825.50
Water Contamination Mitigation (704)	1,916,497.05
Sewer Operating (710)	13,923,436.94
Sewer Capital (711)	3,236,145.94
Sewer Capital Rehab and Replace (713)	740,692.51
Reclaimed Water Operations (720)	(235,632.09)
TOTAL WATER FUNDS	\$ 24,361,888.05

City of Hesperia
Investment Report
Unaudited
October 31, 2021

ATTACHMENT 1

Type of Investment	Institution/ Fiscal Agent	Interest Rate	Date of Purchase	Date of Maturity	Par Value at Maturity	Book Value	Market Value	Account Description
Investments under the direction of the City:								
Local Agency Investment Funds	State of Calif.	0.203%	31-Oct-21	Demand	\$ 55,563,307.23	\$ 55,563,307.23	55,563,307.23	
Local Bank Checking Accounts	U.S. Bank	n/a	31-Oct-21	Demand	3,273,932.01	3,273,932.01	3,273,932.01	
Total Unaudited Investments under the direction of the City					\$ 58,837,239.24	\$ 58,837,239.24	\$ 58,837,239.24	


Investments under the direction of fiscal agents:

2012 Lease Revenue Bonds	US Bank	0.000%	31-Oct-21	Demand	0.60	0.60	0.60	2012 - Water Rights Revenue Fund
2012 Lease Revenue Bonds	US Bank	0.000%	31-Oct-21	Demand	120.74	120.74	120.74	2012 - Water Rights Interest Fund
2012 Lease Revenue Bonds	US Bank	0.000%	31-Oct-21	Demand	1,452,137.35	1,452,137.35	1,452,137.35	2012 - Water Rights Reserve Fund
2012 Lease Revenue Bonds	US Bank	0.000%	31-Oct-21	Demand	0.31	0.31	0.31	2012 - Water Rights Surplus Revenue Fund
2013 Refunding Lease Revenue Bonds	US Bank	0.000%	31-Oct-21	Demand	1.42	1.42	1.42	2005 Civic Plaza - Revenue Fund
2013 Refunding Lease Revenue Bonds	US Bank	0.000%	31-Oct-21	Demand	1,149,850.42	1,149,850.42	1,149,850.42	2005 Civic Plaza - Reserve Fund
2013 Refunding Lease Revenue Bonds	US Bank	0.000%	31-Oct-21	Demand	0.31	0.31	0.31	2005 Civic Plaza - Surplus Rev Fund
2014 CFD 2005-1 Refunding	US Bank	0.000%	31-Oct-21	Demand	134.98	134.98	134.98	2014 CFD 05-1 - Special Tax Fund
2014 CFD 2005-1 Refunding	US Bank	0.000%	31-Oct-21	Demand	0.77	0.77	0.77	2014 CFD 05-1 - Bond Fund
2014 CFD 2005-1 Refunding	US Bank	0.000%	31-Oct-21	Demand	1,428,095.90	1,428,095.90	1,428,095.90	2014 CFD 05-1 - Reserve Fund
2014 CFD 2005-1 Refunding	US Bank	0.000%	31-Oct-21	Demand	23,889.82	23,889.82	23,889.82	2014 CFD 05-1 Administrative Expense Bonds
Deposits - Workers' Comp	PERMA	n/a	31-Oct-21	n/a	1,602,908.46	1,602,908.46	1,602,908.46	GL 1352
Total Unaudited Investments under the direction of fiscal agents					\$ 5,657,141.08	5,657,141.08	5,657,141.08	

Please Note: All market value data is provided courtesy of the City's fiscal agent, US Bank.

I certify that this investment portfolio is in compliance with the statement of investment policy of the City of Hesperia and the investment program provides sufficient liquidity to meet expenditure requirements for the next six months, as required by the California Government Code sections 53646(b)(2) and (3), respectively.

* Note: 2005 Certificates of Participation began in May 2005 for the financing of the Civic Plaza.


 Virginia Villasenor, Senior Accountant

Investment Report

Unaudited

October 31, 2021

Type of Investment	Issuer/ Institution	Interest Rate	Date of Purchase	Date of Maturity	Par Value at Maturity	Book Value	Market Value	Account Description
Investments under the direction of the City:								
Local Agency Investment Funds	State of Calif.	0.203%	31-Oct-21	Demand	\$ 307,908.85	\$ 307,908.85	307,908.85	
Local Bank Checking Accounts	U.S. Bank	n/a	31-Oct-21	Demand	18,142.78	18,142.78	18,142.78	
Total Unaudited Investments under the direction of the City					\$ 326,051.63	\$ 326,051.63	\$ 326,051.63	


Investments under the direction of fiscal agents:

2018 Refunding Bonds	US Bank	0.000%	31-Oct-21	Demand	0.03	0.03	0.03	2018A & 2018B - Debt Service Account
2018 Refunding Bonds	US Bank	0.020%	31-Oct-21	Demand	39.52	39.52	39.52	2018A & 2018B - Interest Account
2018 Refunding Bonds	US Bank	0.000%	31-Oct-21	Demand	9,799,443.76	1.00	9,799,443.76	2018A & 2018B - Reserve Account
Total Unaudited Investments under the direction of fiscal agents					\$ 9,799,483.31	\$ 40.55	\$ 9,799,483.31	

Please Note: All market value data is provided courtesy of the City's fiscal agent, US Bank.

I certify that this investment portfolio is in compliance with the statement of investment policy of the City of Hesperia and the investment program provides sufficient liquidity to meet expenditure requirements for the next six months, as required by the California Government Code sections 53646(b)(2) and (3), respectively.

* Note: The 2005 and 2007 Series Bonds were refinanced to 2018 Series Bonds in November 2018.


Virginia Villasenor, Senior Accountant

Hesperia Housing Authority

ATTACHMENT 3


Investment Report

Unaudited

October 31, 2021

<u>Type of Investment</u>	<u>Issuer/ Institution</u>	<u>Interest Rate</u>	<u>Date of Purchase</u>	<u>Date of Maturity</u>	<u>Par Value at Maturity</u>	<u>Book Value</u>	<u>Market Value</u>
Investments under the direction of the City:							
Local Agency Investment Funds	State of California	0.203%	31-Oct-21	Demand	\$ 4,857,139.52	4,857,139.52	4,857,139.52
Local Bank Checking Accounts	U.S. Bank	n/a	31-Oct-21	Demand	286,195.07	286,195.07	286,195.07
Total Unaudited Investments under the direction of the City					\$ 5,143,334.59	\$ 5,143,334.59	\$ 5,143,334.59

I certify that this investment portfolio is in compliance with the statement of investment policy of the City of Hesperia and the investment program provides sufficient liquidity to meet expenditure requirements for the next six months, as required by the California Government Code sections 53646(b)(2) and (3), respectively.


Virginia Villasenor, Senior Accountant

Investment Report**Unaudited**October 31, 2021

<u>Type of Investment</u>	<u>Issuer/ Institution</u>	<u>Interest Rate</u>	<u>Date of Purchase</u>	<u>Date of Maturity</u>	<u>Par Value at Maturity</u>	<u>Book Value</u>	<u>Market Value</u>
Investments under the direction of the City:							
Local Agency Investment Funds	State of California	0.203%	31-Oct-21	Demand	\$ (567,248.75)	(567,248.75)	(567,248.75)
Local Bank Checking Accounts	U.S. Bank	n/a	31-Oct-21	Demand	(33,423.75)	(33,423.75)	(33,423.75)
Total Unaudited Investments under the direction of the City					\$ (600,672.50)	\$ (600,672.50)	\$ (600,672.50)

I certify that this investment portfolio is in compliance with the statement of investment policy of the City of Hesperia and the investment program provides sufficient liquidity to meet expenditure requirements for the next six months, as required by the California Government Code sections 53646(b)(2) and (3), respectively.


Virginia Villaseñor, Senior Accountant

Hesperia Water District
Investment Report
Unaudited
October 31, 2021

ATTACHMENT 5

<u>Type of Investment</u>	<u>Issuer/ Institution</u>	<u>Interest Rate</u>	<u>Date of Purchase</u>	<u>Date of Maturity</u>	<u>Par Value at Maturity</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Account Description</u>
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Investments under the direction of the City:


Local Agency Investment Funds	State of California	0.203%	31-Oct-21	Demand	\$ 23,006,298.19	\$ 23,006,298.19	23,006,298.19	
Local Bank Checking Accounts	U.S. Bank	n/a	31-Oct-21	Demand	1,355,589.86	1,355,589.86	1,355,589.86	
Total Unaudited Investments under the direction of the City					\$ 24,361,888.05	\$ 24,361,888.05	\$ 24,361,888.05	

Investments under the direction of fiscal agents:

Deposits - Workers' Comp	PERMA	n/a	31-Oct-21	n/a	832,144.65	832,144.65	832,144.65	GL 1352
Total Unaudited Investments under the direction of fiscal agents					\$ 832,144.65	\$ 832,144.65	\$ 832,144.65	

Please Note: All market value data is provided courtesy of the City's fiscal agent, US Bank.

I certify that this investment portfolio is in compliance with the statement of investment policy of the City of Hesperia and the investment program provides sufficient liquidity to meet expenditure requirements for the next six months, as required by the California Government Code sections 53646(b)(2) and (3), respectively.


 Virginia Villasenor, Senior Accountant

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City of Hesperia

STAFF REPORT



DATE: January 18, 2022

TO: Mayor and Council Members
City Council, Serving as Successor Agency to the Hesperia
Community Redevelopment Agency
Chair and Commissioners, Hesperia Housing Authority
Chair and Commissioners, Community Development Commission
Chair and Board Members, Hesperia Water District

FROM: Nils Bentsen, City Manager

BY: Casey Brooksher, Director of Administrative Services
Anne Duke, Deputy Finance Director
Nichole Eddleman, Financial Analyst

SUBJECT: Treasurer's Cash Report for the unaudited period ended November 30, 2021.

RECOMMENDED ACTION

It is recommended that the Council/Board accept the Treasurer's Cash Report for the City, Successor Agency to the Hesperia Community Redevelopment Agency, Hesperia Housing Authority, Community Development Commission, and Water District.

BACKGROUND

This report is presented to the City Council pursuant to Government Code Section 53646 (b) setting forth the City's investment portfolio.

ISSUES/ANALYSIS

The Treasurer's Cash Reports are presented on the following pages for each agency.

FISCAL IMPACT

These reports reflect unaudited cash balances as of November 30, 2021.

ALTERNATIVE(S)

Provide alternative direction to staff.

ATTACHMENT(S)

1. City of Hesperia Investment Report
2. Successor Agency to the Hesperia Community Redevelopment Agency Investment Report
3. Hesperia Housing Authority Investment Report
4. Community Development Commission Investment Report
5. Hesperia Water District Investment Report

CITY OF HESPERIA

<u>FUND</u>	<u>VALUE</u>
General Fund (100 & 800)	\$ 9,494,637.53
Fire District Fund (200)	321.00
HFPD (PERS) (210)	2,499,485.85
AB27666 - Transit (254)	23,904.39
AB3229 Supplemental Law (255)	155,276.47
AD No. 91-1 (802)	372,370.94
Beverage Recycling Grant (256)	206,381.68
CFD 2005-1 (807)	742,514.07
HFPD Transition (808)	22,723.06
City Wide-Capital Projects (504)	(763,797.32)
Community Dev Block Grant (251, 252, & 253)	313,789.36
American Rescue Plan Grant (261)	11,704,022.47
Development Impact Fund (300-304)	5,558,065.67
Development Impact Fund 2018 (306-312)	9,779,692.44
Development Impact Fund A-04 Drainage (313)	(11,053.56)
CDBG-CV Cares Act (258)	0.00
Disaster (260)	44,156.39
Gas Tax Fund (205)	789,123.39
Gas Tax - RMRA (209)	1,365,044.12
Gas Tax Swap (206)	625,789.17
Local Transportation SB325 (207)	2,314,576.26
Measure I - Renewal (204)	7,129,706.37
Neighborhood Stabilization Prog (257)	2,876,235.92
Public Works Street Maint (263)	689,799.84
Trust Fund (801, 803-806, & 815)	1,864,597.04
2012 Water Rights Acquisition (402)	548,507.26
2013 Refunding Lease Rev Bonds (403)	1,532,871.30
TOTAL CITY FUNDS	<u>\$ 59,878,741.11</u>

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY

<u>FUND</u>	<u>VALUE</u>
RORF Retention - (163)	\$ <u><u>319,386.63</u></u>

HESPERIA HOUSING AUTHORITY

<u>FUND</u>	<u>VALUE</u>
Hesperia Housing Authority Fund (370)	\$ 3,618,668.40
VVEDA Housing Authority (371)	1,821,170.89
TOTAL HOUSING AUTHORITY FUNDS	\$ <u><u>5,439,839.29</u></u>

COMMUNITY DEVELOPMENT COMMISSION

<u>FUND</u>	<u>VALUE</u>
Community Development Commission Fund (170)	\$ <u><u>(600,672.50)</u></u>

WATER

<u>FUND</u>	<u>VALUE</u>
Water Operating (700)	\$ 11,739,102.58
Water Capital (701)	(6,943,944.60)
Water Capital Rehab and Replace (703)	1,421,825.50
Water Contamination Mitigation (704)	1,916,497.05
Sewer Operating (710)	13,728,085.47
Sewer Capital (711)	3,269,002.19
Sewer Capital Rehab and Replace (713)	740,692.51
Reclaimed Water Operations (720)	(235,790.65)
TOTAL WATER FUNDS	<u>\$ 25,635,470.05</u>

City of Hesperia
Investment Report
Unaudited
November 30, 2021

ATTACHMENT 1

<u>Type of Investment</u>	<u>Institution/ Fiscal Agent</u>	<u>Interest Rate</u>	<u>Date of Purchase</u>	<u>Date of Maturity</u>	<u>Par Value at Maturity</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Account Description</u>
Investments under the direction of the City:								
Local Agency Investment Funds	State of Calif.	0.203%	30-Nov-21	Demand	\$ 55,648,751.42	55,648,751.42	55,648,751.42	
Local Bank Checking Accounts	U.S. Bank	n/a	30-Nov-21	Demand	4,229,989.69	4,229,989.69	4,229,989.69	
Total Unaudited Investments under the direction of the City					\$ 59,878,741.11	\$ 59,878,741.11	\$ 59,878,741.11	


Investments under the direction of fiscal agents:

2012 Lease Revenue Bonds	US Bank	0.000%	30-Nov-21	Demand	0.60	0.60	0.60	2012 - Water Rights Revenue Fund
2012 Lease Revenue Bonds	US Bank	0.000%	30-Nov-21	Demand	120.74	120.74	120.74	2012 - Water Rights Interest Fund
2012 Lease Revenue Bonds	US Bank	0.000%	30-Nov-21	Demand	1,452,143.63	1,452,143.63	1,452,143.63	2012 - Water Rights Reserve Fund
2012 Lease Revenue Bonds	US Bank	0.000%	30-Nov-21	Demand	0.31	0.31	0.31	2012 - Water Rights Surplus Revenue Fund
2013 Refunding Lease Revenue Bonds	US Bank	0.000%	30-Nov-21	Demand	1.42	1.42	1.42	2005 Civic Plaza - Revenue Fund
2013 Refunding Lease Revenue Bonds	US Bank	0.000%	30-Nov-21	Demand	1,149,855.39	1,149,855.39	1,149,855.39	2005 Civic Plaza - Reserve Fund
2013 Refunding Lease Revenue Bonds	US Bank	0.000%	30-Nov-21	Demand	0.31	0.31	0.31	2005 Civic Plaza - Surplus Rev Fund
2014 CFD 2005-1 Refunding	US Bank	0.000%	30-Nov-21	Demand	134.98	134.98	134.98	2014 CFD 05-1 - Special Tax Fund
2014 CFD 2005-1 Refunding	US Bank	0.000%	30-Nov-21	Demand	0.77	0.77	0.77	2014 CFD 05-1 - Bond Fund
2014 CFD 2005-1 Refunding	US Bank	0.000%	30-Nov-21	Demand	1,428,102.07	1,428,102.07	1,428,102.07	2014 CFD 05-1 - Reserve Fund
2014 CFD 2005-1 Refunding	US Bank	0.000%	30-Nov-21	Demand	23,889.92	23,889.92	23,889.92	2014 CFD 05-1 Administrative Expense Bonds
Deposits - Workers' Comp	PERMA	n/a	30-Nov-21	n/a	1,602,908.46	1,602,908.46	1,602,908.46	GL 1352
Total Unaudited Investments under the direction of fiscal agents					\$ 5,657,158.60	5,657,158.60	5,657,158.60	

Please Note: All market value data is provided courtesy of the City's fiscal agent, US Bank.

I certify that this investment portfolio is in compliance with the statement of investment policy of the City of Hesperia and the investment program provides sufficient liquidity to meet expenditure requirements for the next six months, as required by the California Government Code sections 53646(b)(2) and (3), respectively.

* Note: 2005 Certificates of Participation began in May 2005 for the financing of the Civic Plaza.


 Virginia Villasenor, Senior Accountant

Investment Report

Unaudited

November 30, 2021

<u>Type of Investment</u>	<u>Issuer/ Institution</u>	<u>Interest Rate</u>	<u>Date of Purchase</u>	<u>Date of Maturity</u>	<u>Par Value at Maturity</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Account Description</u>
Investments under the direction of the City:								
Local Agency Investment Funds	State of Calif.	0.203%	30-Nov-21	Demand	\$ 296,824.33	\$ 296,824.33	296,824.33	
Local Bank Checking Accounts	U.S. Bank	n/a	30-Nov-21	Demand	22,562.30	22,562.30	22,562.30	
Total Unaudited Investments under the direction of the City					\$ 319,386.63	\$ 319,386.63	\$ 319,386.63	

Investments under the direction of fiscal agents:

2018 Refunding Bonds	US Bank	0.000%	30-Nov-21	Demand	0.03	0.03	0.03	2018A & 2018B - Debt Service Account
2018 Refunding Bonds	US Bank	0.020%	30-Nov-21	Demand	39.52	39.52	39.52	2018A & 2018B - Interest Account
2018 Refunding Bonds	US Bank	0.000%	30-Nov-21	Demand	9,799,443.76	1.00	9,799,443.76	2018A & 2018B - Reserve Account
Total Unaudited Investments under the direction of fiscal agents					\$ 9,799,483.31	\$ 40.55	\$ 9,799,483.31	

Please Note: All market value data is provided courtesy of the City's fiscal agent, US Bank.

I certify that this investment portfolio is in compliance with the statement of investment policy of the City of Hesperia and the investment program provides sufficient liquidity to meet expenditure requirements for the next six months, as required by the California Government Code sections 53646(b)(2) and (3), respectively.

* Note: The 2005 and 2007 Series Bonds were refinanced to 2018 Series Bonds in November 2018.


Virginia Villasenor, Senior Accountant

Investment Report

Unaudited

November 30, 2021

<u>Type of Investment</u>	<u>Issuer/ Institution</u>	<u>Interest Rate</u>	<u>Date of Purchase</u>	<u>Date of Maturity</u>	<u>Par Value at Maturity</u>	<u>Book Value</u>	<u>Market Value</u>
Investments under the direction of the City:							
Local Agency Investment Funds	State of California	0.203%	30-Nov-21	Demand	\$ 5,055,554.92	5,055,554.92	5,055,554.92
Local Bank Checking Accounts	U.S. Bank	n/a	30-Nov-21	Demand	384,284.37	384,284.37	384,284.37
Total Unaudited Investments under the direction of the City					\$ 5,439,839.29	\$ 5,439,839.29	\$ 5,439,839.29

I certify that this investment portfolio is in compliance with the statement of investment policy of the City of Hesperia and the investment program provides sufficient liquidity to meet expenditure requirements for the next six months, as required by the California Government Code sections 53646(b)(2) and (3), respectively.


Virginia Villasenor, Senior Accountant

Investment Report**Unaudited**November 30, 2021

<u>Type of Investment</u>	<u>Issuer/ Institution</u>	<u>Interest Rate</u>	<u>Date of Purchase</u>	<u>Date of Maturity</u>	<u>Par Value at Maturity</u>	<u>Book Value</u>	<u>Market Value</u>
Investments under the direction of the City:							
Local Agency Investment Funds	State of California	0.203%	30-Nov-21	Demand	\$ (558,239.44)	(558,239.44)	(558,239.44)
Local Bank Checking Accounts	U.S. Bank	n/a	30-Nov-21	Demand	(42,433.06)	(42,433.06)	(42,433.06)
Total Unaudited Investments under the direction of the City					\$ (600,672.50)	\$ (600,672.50)	\$ (600,672.50)

I certify that this investment portfolio is in compliance with the statement of investment policy of the City of Hesperia and the investment program provides sufficient liquidity to meet expenditure requirements for the next six months, as required by the California Government Code sections 53646(b)(2) and (3), respectively.


Virginia Villasenor, Senior Accountant

Hesperia Water District
Investment Report
Unaudited
November 30, 2021

ATTACHMENT 5

<u>Type of Investment</u>	<u>Issuer/ Institution</u>	<u>Interest Rate</u>	<u>Date of Purchase</u>	<u>Date of Maturity</u>	<u>Par Value at Maturity</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Account Description</u>
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Investments under the direction of the City:

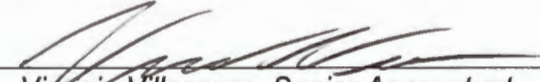
Local Agency Investment Funds	State of California	0.203%	30-Nov-21	Demand	\$ 23,824,513.91	23,824,513.91	23,824,513.91	
Local Bank Checking Accounts	U.S. Bank	n/a	30-Nov-21	Demand	1,810,956.14	1,810,956.14	1,810,956.14	
Total Unaudited Investments under the direction of the City					\$ 25,635,470.05	\$ 25,635,470.05	\$ 25,635,470.05	

Investments under the direction of fiscal agents:

Deposits - Workers' Comp	PERMA	n/a	30-Nov-21	n/a	832,144.65	832,144.65	832,144.65	GL 1352
Total Unaudited Investments under the direction of fiscal agents					\$ 832,144.65	\$ 832,144.65	\$ 832,144.65	

Please Note: All market value data is provided courtesy of the City's fiscal agent, US Bank.

I certify that this investment portfolio is in compliance with the statement of investment policy of the City of Hesperia and the investment program provides sufficient liquidity to meet expenditure requirements for the next six months, as required by the California Government Code sections 53646(b)(2) and (3), respectively.


 Virginia Villasenor, Senior Accountant

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City of Hesperia

STAFF REPORT



DATE: January 18, 2022

TO: Mayor and Council Members
Chair and Board Members, Hesperia Housing Authority

FROM: Nils Bentsen, City Manager

BY: Casey Brooksher, Director of Administrative Services
Anne M. Duke, Deputy Finance Director
Victor Knight, Economic Development Manager

SUBJECT: Audited Hesperia Housing Authority Financial Statements for Fiscal Year Ended June 30, 2021 and Housing Successor SB 341 Report

RECOMMENDED ACTION

It is recommended that the City Council and the Hesperia Housing Authority (HHA) Board receive and file the audited Hesperia Housing Authority - Component Unit Financial Statements for the Fiscal Year Ended June 30, 2021 and Housing Successor SB 341 Report.

BACKGROUND

State law requires city governments to be audited each fiscal year by an independent auditor. City governments that receive Federal funding in excess of \$750,000 in a fiscal year are also required by Federal law to be audited.

The State of California Health and Safety Code §34176.1(f) requires that the housing successor (HHA) shall conduct, and provide to its governing body, an independent financial audit of the Low and Moderate Income Housing Asset fund within six months after the end of each fiscal year. In addition, the housing successor shall provide to its governing body the SB 341 report, as a component of the HHA audit.

ISSUES/ANALYSIS

The Agency's independent auditor, CliftonLarsonAllen LLP (CLA) performed an audit of the HHA for Fiscal Year 2020-21. The document that comprises the Financial Statements, commonly referred to as the Audit for the Authority, is the Hesperia Housing Authority - Component Unit Financial Statements – June 30, 2021.

Additionally, on December 31, 2021, the HHA provided the Board with the audited financial statements and SB 341 Report, which satisfies the legal requirement set forth by the State, refer to Attachment 3.

As in previous years, the Annual Comprehensive Financial Report, which reflects the Citywide Financial Statements, Component Unit Financial Statements for the Fire Protection District, Community Development Commission, HHA, and Water District, as well as the Single Audit, will be formally presented to the City Council in April of 2022.

FISCAL IMPACT

None.

ALTERNATIVE(S)

1. Provide alternative direction to staff.

ATTACHMENT(S)

1. June 30, 2021 Component Unit Financial Statements for the Hesperia Housing Authority
2. SB 341 Housing Successor Report
3. December 31, 2021 memo to the Board of Directors

HESPERIA HOUSING AUTHORITY

**COMPONENT UNIT
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2021



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

CLAconnect.com

**HESPERIA HOUSING AUTHORITY
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YEAR ENDED JUNE 30, 2021**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Hesperia Housing Authority
Hesperia, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Hesperia Housing Authority (the Authority) (a component unit of the City of Hesperia) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Hesperia Housing Authority as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2021, on our consideration of the Authority'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 the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Carlsbad, California
December 30, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Hesperia Housing Authority's (Authority) financial performance provides an overview of the Authority's financial activities for the fiscal year (FY) ending June 30, 2021. Please read it in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

During FY 2020-21, the Authority's net position decreased by \$1.8 million. This decrease is primarily the result of a \$1.4 million reduction in the book value of land held for resale to reflect current market conditions, along with the recognition of \$0.4 million in homebuyer assistance loans.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Authority as a whole and present a longer-term view of the Authority's finances. Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Authority's operations in more detail than the government-wide statements by providing information about the Authority's most significant funds.

REPORTING THE AUTHORITY AS A WHOLE

The discussion and analysis provided here are intended to serve as an introduction to the Authority's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Financial Statements

One of the most important questions asked about the Authority's finances is, "Is the Authority as a whole better off or worse off as a result of this year's activities?" The Government-Wide Statements – The Statement of Net Position and the Statement of Activities – report information about the Authority 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 method, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The *statement of net position* presents financial information on all of the Authority's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statement of activities* presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

REPORTING THE AUTHORITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority uses a governmental fund to account for its operations.

Governmental Funds – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Notes to the Financial Statements – The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

THE HESPERIA HOUSING AUTHORITY AS A WHOLE

Our analysis focuses on the Condensed Statement of Net Position (Table 1) and Changes in Net Position (Table 2) of the Authority. As noted earlier, net position over time, may serve as a useful indicator of a government's financial position.

Table 1
Condensed Statement of Net Position

	2020	2021	Changes from 2020 to 2021	
			Amount	Percentage
Current and other assets	\$ 13,983,324	\$ 12,632,458	\$ (1,350,866)	-10%
Capital assets	459	-	(459)	-100%
Total assets	13,983,783	12,632,458	(1,351,325)	-10%
Total deferred outflow of resources	-	-	-	0%
Current liabilities	12,395	429,708	417,313	3367%
Total liabilities	12,395	429,708	417,313	3367%
Total deferred inflow of resources	-	-	-	0%
Net Position:				
Investment in capital assets	459	-	(459)	-100%
Restricted	13,970,929	12,202,750	(1,768,179)	-13%
Total Net Position	<u>\$ 13,971,388</u>	<u>\$ 12,202,750</u>	<u>\$ (1,768,638)</u>	<u>-13%</u>

The following is a brief explanation for the changes in Table 1 above for the fiscal year ending June 30, 2021:

- Current and other assets in the amount of \$12.6 million decreased by \$1.4 million from the year ending June 30, 2020. This is a result of an adjustment to land held for resale to reflect current market conditions.
- Due to depreciation, capital assets decreased during the year by \$459, and is now fully depreciated.

- Current liabilities totaled \$429,708 at June 30, 2021, an increase of \$0.4 million, which is primarily attributed to a \$428,554 obligation to reimburse the City of Hesperia's Neighborhood Stabilization Program for homebuyer assistance loans authorized by the Authority.
- Total Net Position is shown to decrease by \$1.8 million; this is due to the reduction of land held for resale of \$1.4 million and an increase in liabilities of \$0.4 million, resulting from the Authority's obligation to reimburse the City of Hesperia's Neighborhood Stabilization Program for homebuyer assistance loans authorized by the Authority.

AUTHORITY ACTIVITIES

As shown in Table 2, the Authority's expenses at June 30, 2021 total \$1.9 million. The Fiscal Year (FY) 2020-21 expenditures are \$1.8 million more than the FY 2019-20 expenditures of \$0.1 million. This year's increase is primarily due to an adjustment in the value of land held for resale of \$1.4 million, as well as the recognition of \$0.4 million of homebuyer assistance program loans. The Authority's revenue shows a decrease of \$0.1 million, which is primarily the result of \$81,021 in reduced interest income due to lower interest rates in FY 2020-21, and a \$30,218 home rehabilitation loan repayment that occurred in the prior fiscal year (FY 2019-20).

	Table 2 Changes in Net Position		Changes from 2020 to 2021	
	2020	2021	Amount	Percentage
Revenues				
General revenues:				
Income from money and property	127,589	46,568	(81,021)	-64%
Other	119,840	92,208	(27,632)	-23%
Total revenues	247,429	138,776	(108,653)	-44%
Expenses				
Development Services	94,463	1,907,414	1,812,951	1919%
Total expenses	94,463	1,907,414	1,812,951	1919%
Change in net position	152,966	(1,768,638)	(1,921,604)	-1256%
Net position at July 1	13,818,422	13,971,388	152,966	1%
Net position at June 30	\$ 13,971,388	\$ 12,202,750	\$ (1,768,638)	-13%

FINANCIAL ANALYSIS OF THE AUTHORITY'S FUNDS

At year-end, the Authority's governmental funds reported combined fund balances of \$12.2 million.

- The fund balance of the Hesperia Housing Authority Fund is \$10.4 million, which is restricted for low and moderate income housing functions. The Fund balance has decreased by \$1.8 million from June 30, 2020. As described, the decrease is primarily due to the \$1.4 million reduction in land held for resale to reflect current market conditions, as well as the recognition of \$0.4 million of homebuyer assistance loans.
- The Victor Valley Economic Development Agency (VVEDA) Housing Authority Fund balance is \$1.8 million, which is a modest increase from June 30, 2020. The primary reason is that VVEDA funds must be utilized for low and moderate income housing functions in the VVEDA target area.

CAPITAL ASSETS

The capital assets of the Authority, as shown in Table 3, are those assets that are used in the performance of the Authority's functions. As of June 30, 2021, capital assets of the Authority are fully depreciated.

Table 3
Capital Assets at Year-end

	Balance at July 1, 2020	Net of Accumulated Depreciation	Increases	Decreases	Current Year Depreciation	Balance at June 30, 2021	Net of Accumulated Depreciation
Governmental Activities:							
Equipment and vehicles	\$ 459	\$ -	\$ -	\$ -	\$ (459)	\$ -	\$ -
	<u>\$ 459</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (459)</u>	<u>\$ -</u>	<u>\$ -</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In Fiscal Year 2021-22, the Authority's budget anticipates expenditures of approximately \$66,650 to maintain current operations. The expenditures are offset by anticipated revenue of \$0.2 million.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority's Finance Department, at the City of Hesperia, 9700 Seventh Avenue, Hesperia, California 92345.

FINANCIAL STATEMENTS

HESPERIA HOUSING AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 5,460,766
Receivables:	
Accrued Interest	3,883
Land Held for Resale	<u>7,158,001</u>
Total Current Assets	12,622,650
Noncurrent Assets:	
Other Noncurrent Assets:	
Deposits	9,808
Notes Receivable	22,863,572
Allowance for Notes Receivable	<u>(22,863,572)</u>
Total Other Noncurrent Assets	9,808
Capital Assets:	
Equipment and Vehicles	6,596
Less: Accumulated Depreciation	<u>(6,596)</u>
Total Capital Assets	<u>-</u>
Total Noncurrent Assets	<u>9,808</u>
Total Assets	12,632,458
LIABILITIES	
Current Liabilities:	
Accounts Payable and Other Current Liabilities	1,154
Due to City of Hesperia	<u>428,554</u>
Total Current Liabilities	429,708
NET POSITION	
Restricted for Low Income Housing	<u>12,202,750</u>
Total Net Position	<u><u>\$ 12,202,750</u></u>

See accompanying Notes to Financial Statements.

**HESPERIA HOUSING AUTHORITY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Primary Government:					
Governmental Activities:					
Development Services	\$ 1,907,414	\$ -	\$ -	\$ -	\$ (1,907,414)
Total Governmental Activities	<u>\$ 1,907,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,907,414)</u>
GENERAL REVENUES					
Income from Money and Property					46,568
Other					<u>92,208</u>
Total General Revenues					<u>138,776</u>
CHANGE IN NET POSITION					(1,768,638)
Net Position - Beginning of Year					<u>13,971,388</u>
NET POSITION - END OF YEAR					<u><u>\$ 12,202,750</u></u>

See accompanying Notes to Financial Statements.

**HESPERIA HOUSING AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Hesperia Housing Authority	VVEDA Housing Authority	Total Housing Authority Funds
ASSETS			
Cash and Cash Equivalents	\$ 3,641,925	\$ 1,818,841	\$ 5,460,766
Accrued Interest	2,587	1,296	3,883
Notes Receivable	22,863,572	-	22,863,572
Allowance for Notes Receivable	(22,863,572)	-	(22,863,572)
Land Held for Resale	7,158,001	-	7,158,001
	<u>\$ 10,802,513</u>	<u>\$ 1,820,137</u>	<u>\$ 12,622,650</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable and Other Current Liabilities	\$ 1,154	\$ -	\$ 1,154
Due to City of Hesperia	428,554	-	428,554
Total Liabilities	429,708	-	429,708
FUND BALANCES			
Restricted:			
Low Income Housing	10,372,805	1,820,137	12,192,942
	<u>\$ 10,802,513</u>	<u>\$ 1,820,137</u>	<u>\$ 12,622,650</u>
Total Liabilities and Fund Balances	<u>\$ 10,802,513</u>	<u>\$ 1,820,137</u>	<u>\$ 12,622,650</u>

See accompanying Notes to Financial Statements.

HESPERIA HOUSING AUTHORITY
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2021

Total Fund Balances - Governmental Funds		\$ 12,192,942
--	--	---------------

Amounts reported for governmental activities in the Statement of
Net Position are different because:

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the governmental
therefore are not reported in the governmental funds balance sheet.

Cost	\$	6,596	
Less: Accumulated depreciation		(6,596)	-

Deposits with insurance providers to pay for long-term liabilities
are not current financial resources to the governmental funds.

		9,808
--	--	-------

Total Net Position		\$ 12,202,750
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See accompanying Notes to Financial Statements.

**HESPERIA HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021**

	Hesperia Housing Authority	VVEDA Housing Authority	Total Housing Authority Funds
REVENUES			
Use of Money and Property	\$ 37,535	\$ 9,033	\$ 46,568
Other Revenues	92,208	-	92,208
Total Revenues	<u>129,743</u>	<u>9,033</u>	<u>138,776</u>
EXPENDITURES			
Current:			
Development Services	<u>1,906,981</u>	<u>-</u>	<u>1,906,981</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,777,238)	9,033	(1,768,205)
Fund Balances - Beginning of Year	<u>12,150,043</u>	<u>1,811,104</u>	<u>13,961,147</u>
FUND BALANCES - END OF YEAR	<u>\$ 10,372,805</u>	<u>\$ 1,820,137</u>	<u>\$ 12,192,942</u>

See accompanying Notes to Financial Statements.

**HESPERIA HOUSING AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances - Total Governmental Funds \$ (1,768,205)

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures;
however, in the Statement of Activities, the cost of those assets is
allocated over their estimated useful lives and reported as
depreciation expense. This is the amount by which depreciation
and disposal exceeded capital outlays in the current period.

Depreciation Expense (459)

Recording of long-term deposits are included in governmental
activities in the government-wide Statement of Activities.

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Change in Net Position of Governmental Activities \$ (1,768,638)

See accompanying Notes to Financial Statements.

**HESPERIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Hesperia Housing Authority (Authority), which is a subsidiary component unit of the City of Hesperia (City), was established on April 5, 2011 by Resolution No. 2011-022 of the City Council. The Hesperia Housing Authority was activated when the dissolution of the former Hesperia Community Redevelopment Agency occurred on February 1, 2012. The Authority develops, manages, and promotes programs and projects that preserve and improve the supply of affordable housing in the City for low and moderate income persons.

B. Basis of Presentation

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as they are applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies reflected in the financial statements are summarized as follows:

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Hesperia Housing Authority. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Authority has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Governmental Fund Financial Statements

The accounting system of the Authority is organized and operated on the basis of two funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**HESPERIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

B. Basis of Presentation (Continued)

Governmental Fund Financial Statements (Continued)

Fund financial statements for the Authority's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually.

The Authority's Governmental Fund Balances are comprised of the following component:

- The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

In the governmental fund statements, when expenditures are incurred, the Authority uses the most restrictive funds first. The Authority would use the appropriate funds in the following order: committed, assigned, and lastly unassigned amounts.

The Authority has two major funds described below:

Hesperia Housing Authority Fund is used to account for Low and Moderate Housing activity. The fund balance is set aside to provide for future low and moderate income housing.

Victor Valley Economic Development Authority (VVEDA) Housing Authority Fund is used to account for Low and Moderate Housing activity within the VVEDA project area that is located within the boundaries of the City.

C. Measurement Focus

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements.

In the government-wide Statement of Net Position and the Statement of Activities, activities are presented using the economic resources measurement focus. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the government are reported.

In the fund financial statements, all governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balances (net current assets) are considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

HESPERIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

C. Measurement Focus (Continued)

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as a fund asset. The proceeds of long-term debt are recorded as other financing sources rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

In the Statement of Net Position, the net position is classified in the following categories:

- Investment in capital assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to 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 the net position that does not meet the definition of “investment in capital assets, net of related debt” or “restricted net position”.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

D. Basis of Accounting

Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

**HESPERIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

D. Basis of Accounting (Continued)

In the fund financial statements, governmental funds are presented using the modified-accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Measurable means that the amounts can be estimated, or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Revenue recognition is subject to the measurable and availability criteria for the governmental funds in the fund financial statements. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). Locally imposed derived tax revenues are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. Imposed nonexchange transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. Government-mandated and voluntary nonexchange transactions are recognized as revenues when all applicable eligibility requirements have been met.

E. Cash and Investments

Investments are stated at fair value (quoted market price or best available estimate thereof, see Note 2).

F. Claims and Judgments

When it is probable that a claim liability has been incurred at year end, and the amount of the loss can be reasonably estimated, the Authority records the estimated loss, net of any insurance coverage under its self-insurance program. At June 30, 2021, in the opinion of the Authority's Attorney, the Authority had no material unrecorded claims that would require loss provision in the financial statements, including losses for claims that are Incurred But Not Reported (IBNR). Small dollar claims and judgments are recorded as expenditures when paid.

The Authority participates in the insurance program of the City of Hesperia. Information relating to the insurance program can be found in the notes to the basic financial statements of the City of Hesperia.

G. Land Held for Resale

Land held for resale is carried at the lower of cost or estimated realizable value.

**HESPERIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

H. Capital Assets

Capital assets, which include equipment, are depreciated and are reported in the government-wide financial statements. Authority policy has set the capitalization threshold for reporting capital assets at \$5,000.

Capital assets have an estimated useful life greater than one year and are valued at historical cost or estimated cost if actual historical cost is not available. Donated capital assets are recorded at acquisition value at the date of acquisition. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciation is charged to operations using the straight-line method based on the estimated useful life of an asset ranging from 5 - 30 years.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position 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 position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Authority does not have any type of these items at June 30, 2021.

In addition to liabilities, the statement of net position 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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority does not have any type of these items at June 30, 2021.

J. Receivables

All accounts, taxes, and service receivables are shown net of an allowance for uncollectibles.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**HESPERIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 CASH AND INVESTMENTS

A. Equity in Cash and Investment Pool of the City of Hesperia

The Authority does not have a separate bank account; however, the Authority's cash and investments are maintained in an investment pool managed by the City. The Authority is a voluntary participant in that pool. This pool is governed by and under the regulatory oversight of the Investment Policy adopted by the City Council of the City. The Authority has not adopted an investment policy separate from that of the City. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority's pro-rata share of the fair value calculated by the City for the entire City portfolio. The balance available for withdrawal is based on the accounting records maintained by the City, which are recorded on an original cost basis.

B. Investments Authorized by the California Government Code and the Authority's Investment Policy

The table below identifies the investment types that are authorized for the Authority by the California Government Code (or the Authority's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Authority's investment policy, where more restrictive) that address interest rate risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	5 Years	Unlimited	None
U.S. & State or Local Agency Securities	5 Years	Unlimited	None
Banker's Acceptances	180 Days	25%	5%
Commercial Paper	270 Days	15%	10%
Negotiable Certificates of Deposit	5 Years	25%	None
Repurchase Agreements	1 Year	20%	None
Local Agency Investment Fund (LAIF)	N/A	Unlimited	None
Medium-Term Notes	5 Years	30%	None
Mutual & Money Market Funds	90 Days	20%	10%
Collateralized Bank Deposits	5 Years	10%	None
Investment Pools	N/A	30%	None
Municipal Bonds	5 Years	10%	None
Supranational Obligations	5 Years	30%	None

C. Disclosures Related to Interest Rate Risk, Credit Risk and Custodial Credit Risk, and Fair Value Measurements

The Authority's cash and cash equivalents are pooled with the City of Hesperia's cash and investments. Additional disclosures regarding the pooled investments related to interest rate risk, credit risk, custodial credit risk and fair value measurements are available in the City of Hesperia's Comprehensive Annual Financial Report.

**HESPERIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets at June 30, 2021 is as follows:

	Balance at June 30, 2020	Increases	Decreases	Balance June 30, 2021
Capital Assets Being Depreciated:				
Equipment and Vehicles	\$ 6,596	\$ -	\$ -	\$ 6,596
Less Accumulated Depreciation for:				
Machinery and Equipment	(6,137)	(459)	-	(6,596)
Total Capital Assets Being Depreciated, Net	459	(459)	-	-
Net Capital Assets	\$ 459	\$ (459)	\$ -	\$ -

NOTE 4 NOTES RECEIVABLE

Notes receivable, totaling \$22.8 million at June 30, 2021 consists of loans provided for low and moderate income housing, with interest between one percent (1%) and three percent (3%) and maturity of fifty-five (55) years. Payments on these notes are based on a percentage of the residual receipts. The Authority does not know the timing of the repayment of the notes, as there is not enough information on the receipt of residual receipts; therefore, the Authority has recorded an allowance for uncollectible for the outstanding balance of \$22.3 million.

Notes receivable at June 30, 2021 include the following:

	Outstanding June 30, 2020	Additions	Deductions	Outstanding June 30, 2021
A. KDF VAH I, L.P.	\$ 3,169,098	\$ 29,000	\$ -	\$ 3,198,098
B. KDF Hesperia, L.P.	1,888,747	24,458	-	1,913,205
C. KDF Hesperia II, L.P.	2,570,699	28,102	-	2,598,801
D. PDDC San Remo Hesperia, L.P.	4,356,520	39,557	-	4,396,077
E. PDDC San Remo Hesperia II, L.P.	6,166,110	57,557	(108,722)	6,114,945
F. Eagle Hesperia 55, L.P.	4,137,253	76,639	-	4,213,892
G. Homebuyer Assistance Program	-	428,554	-	428,554
Totals	\$ 22,288,427	\$ 683,867	\$ (108,722)	\$ 22,863,572

A. KDF VAH I, L.P.

In July 2006, the former Hesperia Community Redevelopment Agency (HCRA) entered into an Owner Participation Agreement (OPA) with KDF VAH I, L.P. (a California limited partnership) for the development, construction and operation of a 68-unit apartment complex of which certain units shall be available to very low income tenants, low income tenants, and moderate income tenants. Under the terms of the OPA, the HCRA loaned \$2,900,000 of its low and moderate income housing funds toward the actual cost for the development, construction, and operation of the project. The loan is for a term of not more than fifty-five years and shall bear interest at a rate of one percent (1%). The agreement is secured by a deed of trust on the property. Due to the dissolution of redevelopment agencies by AB 26x1, the Authority assumed responsibility of the HCRA notes receivable.

**HESPERIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 NOTES RECEIVABLE (CONTINUED)

A. KDF VAH I, L.P. (Continued)

Accrued interest on the note through June 30, 2021 is \$298,098. The balance of the loan outstanding at June 30, 2021 was \$3,198,098. Payments on the loan are based on a percentage of the Partnership's positive cash flow. Any unpaid balance is due and payable at the maturity date.

B. KDF Hesperia, L.P.

In December 2005, the former HCRA entered into an OPA with KDF Hesperia, L.P. (a California limited partnership) for the development, construction and operation of a 110-unit apartment complex of which certain units shall be available to very low income tenants, low income tenants, and moderate income tenants. Under the terms of the OPA, the HCRA loaned \$1,250,000 of its low and moderate income housing funds toward the actual cost for the development, construction, and operation of the project. The loan is for a term of not more than fifty-five years and shall bear simple interest at a rate of one percent (1%). The agreement is secured by a deed of trust on the property. Due to the dissolution of redevelopment agencies by AB 26x1, the Authority assumed responsibility of the HCRA notes receivable. On February 1, 2012, the Housing Authority issued a loan of \$398,589, with an interest rate of three percent (3%), to assist with converting the construction loan to a permanent loan. Accrued interest on the combined notes through June 30, 2021 is \$264,617. The balance of the loan outstanding at June 30, 2021 was \$1,913,205. Payments on the loan are based on a percentage of the Partnership's positive cash flow. Any unpaid balance is due and payable at the maturity date.

C. KDF Hesperia II, L.P.

In March 2006, the former HCRA entered into an OPA with KDF Hesperia II, L.P. (a California limited partnership) for the development, construction and operation of a 72-unit apartment complex of which certain units shall be available to very low income tenants, low income tenants, and moderate income tenants. Under the terms of the OPA, the HCRA loaned \$2,000,000 of its low and moderate income housing funds toward the actual cost for the development, construction, and operation of the project. The loan is for a term of not more than fifty-five years and shall bear interest at a rate of one percent (1%). The agreement is secured by a deed of trust on the property. Due to the dissolution of redevelopment agencies by AB 26x1, the Authority assumed responsibility of the HCRA notes receivable. On February 1, 2012, the Authority issued a loan of \$270,070, with an interest rate of three percent (3%), to assist with converting the construction loan to a permanent loan. Accrued interest on the combined notes through June 30, 2021 is \$328,731. The balance of the loan outstanding at June 30, 2021 was \$2,598,801. Payments on the loan are based on a percentage of the Partnership's positive cash flow. Any unpaid balance is due and payable at the maturity date.

**HESPERIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 NOTES RECEIVABLE (CONTINUED)

D. PDDC San Remo Hesperia, L.P.

On November 2007, the former HCRA entered into an OPA with PDDC San Remo Hesperia, L.P. (Palm Desert Development Company, a California limited partnership) for the development, construction, and operation of a 65-unit apartment complex of which certain units shall be available to very low-income tenants and low-income tenants. Under the terms of the OPA, the HCRA loaned \$3,955,711 of its low and moderate income housing funds toward the actual cost for the development, construction, and operation of the project. The loan is for a term of not more than fifty-five years and shall bear interest at a rate of one percent (1%). The agreement is secured by a deed of trust on the property. Due to the dissolution of redevelopment agencies by AB 26x1, the Authority assumed responsibility of the HCRA notes receivable. Accrued interest on the note through June 30, 2021 is \$440,367. The balance of the loan outstanding at June 30, 2021 was \$4,396,077. Payments on the loan are based on a percentage of the Partnership's positive cash flow. Any unpaid balance is due and payable at the maturity date.

E. PDDC San Remo Hesperia II, L.P.

On October 5, 2010, the former HCRA entered into an OPA with PDDC San Remo Hesperia II, L.P. (Palm Desert Development Company, a California limited partnership) for the development, construction, and operation of a 58-unit apartment complex of which certain units shall be available to very low-income tenants and low-income tenants. Under the terms of the OPA, the HCRA loaned \$6,613,620 of its low and moderate income housing funds toward the actual cost for the development, construction, and operation of the project. The loan is for a term of not more than fifty-five years and shall bear interest at a rate of one percent (1%). The agreement is secured by a deed of trust on the property. Due to the dissolution of redevelopment agencies by AB 26x1, the Authority assumed responsibility of the HCRA notes receivable. Accrued interest on the note through June 30, 2021 is \$407,657 and principal payments received are \$1,159,699. The balance of the loan outstanding at June 30, 2021 was \$6,114,945.

F. Eagle Hesperia 55, L.P.

On February 16, 2016, the former HCRA entered into an OPA with Eagle Hesperia 55 L.P. (a California limited partnership) for the development, construction, and operation of a 96-unit apartment complex of which certain units shall be available to low income senior citizens. Under the terms of the OPA, the Authority loaned \$3,831,975 of its low and moderate income housing funds toward the actual cost for the development, construction, and operation of the project. The loan is for a term of fifty-five years, with the option of extending the term up to twenty-five years; the option must be exercised between the fifty-third year and fifty-fourth year. The loan shall bear interest at a rate of two percent (2%). The agreement is secured by a deed of trust on the property. Accrued interest on the note through June 30, 2021 is \$381,917. The balance of the loan outstanding at June 30, 2021 was \$4,213,892. Any unpaid balance is due and payable at the maturity date.

**HESPERIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 NOTES RECEIVABLE (CONTINUED)

G. Homebuyer Assistance Program

On July 17, 2012 the City Council and Housing Authority adopted Joint Resolution No. 2012-061 and HHA 2012-010 approving implementation of the Seller Mortgage Carryback Program (SMCP) that carried back a portion of the sale price of properties as a second mortgage loan and; the SMCP will enable the City and HHA to fund the amount needed to make the purchase price of single family residential properties affordable to households whose income is fifty percent (50%) AMI or below, in the form of a thirty (30) year deferred, zero interest bearing loan. The SMCP loan is secured by a second deed of trust on the property. At June 30, 2021, there are five loans outstanding with total balance of \$428,554.

NOTE 5 RISK MANAGEMENT

The Authority, through the City of Hesperia, is a member of the Public Entity Risk Management Authority (PERMA), a joint powers authority for the purpose of achieving savings on insurance premiums. Disclosures regarding these policies are available in the City of Hesperia's Comprehensive Annual Financial Report.

REQUIRED SUPPLEMENTARY INFORMATION

**HESPERIA HOUSING AUTHORITY
BUDGETARY COMPARISON SCHEDULE
HESPERIA HOUSING AUTHORITY SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
FUND BALANCE - BEGINNING OF YEAR	\$ 12,150,043	\$ 12,150,043	\$ 12,150,043	\$ -
RESOURCES (INFLOWS)				
Use of Money and Property	76,619	76,619	37,535	(39,084)
Other Revenues	<u>90,133</u>	<u>90,133</u>	<u>92,208</u>	<u>2,075</u>
Amount Available for Appropriations	166,752	166,752	129,743	(37,009)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current:				
Development Services	<u>75,978</u>	<u>75,978</u>	<u>1,906,981</u>	<u>(1,831,003)</u>
Total Charges to Appropriations	<u>75,978</u>	<u>75,978</u>	<u>1,906,981</u>	<u>(1,831,003)</u>
EXCESS OF RESOURCES OVER/(UNDER) CHARGES TO APPROPRIATIONS	<u>90,774</u>	<u>90,774</u>	<u>(1,777,238)</u>	<u>(1,868,012)</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 12,240,817</u></u>	<u><u>\$ 12,240,817</u></u>	<u><u>\$ 10,372,805</u></u>	<u><u>\$ (1,868,012)</u></u>

See accompanying Notes to Required Supplementary Information.

**HESPERIA HOUSING AUTHORITY
BUDGETARY COMPARISON SCHEDULE
VVEDA HOUSING AUTHORITY SPECIAL REVENUE FUND –
YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
FUND BALANCE - BEGINNING OF YEAR	\$ 1,811,104	\$ 1,811,104	\$ 1,811,104	\$ -
RESOURCES (INFLOWS)				
Use of Money and Property	<u>24,140</u>	<u>24,140</u>	<u>9,033</u>	<u>(15,107)</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,835,244</u>	<u>\$ 1,835,244</u>	<u>\$ 1,820,137</u>	<u>\$ (15,107)</u>

See accompanying Notes to Required Supplementary Information.

HESPERIA HOUSING AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021

NOTE 1 BUDGETARY DATA

In conjunction with the City of Hesperia's budgeting process, the Authority adopts annual operating budgets for the governmental funds each year. The Authority's Board approves each year's budget submitted by the City Manager prior to the beginning of the new fiscal year. The Board conducts public hearings prior to its adoption. Supplemental appropriations, when required during the period, are also approved by the Board. Increases in annual expenditures require approval by the Board. Interdepartmental budget changes are approved by the City Manager. In most cases, expenditures may not exceed appropriations at the fund level for each fund. At fiscal year-end, all operating budget appropriations lapse. However, encumbrances at year-end are reported as reservations of fund balance. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles.

**HOUSING SUCCESSOR ANNUAL REPORT
REGARDING THE
LOW AND MODERATE INCOME HOUSING ASSET FUND
FOR FISCAL YEAR 2020-21
PURSUANT TO
CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f)
FOR THE
HESPERIA HOUSING AUTHORITY**

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) and is dated as of January 3, 2022. This Report sets forth certain details of the Hesperia Housing Authority (Housing Successor) activities during Fiscal Year 2020-21 (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 2020-21 (Fiscal Year), as a part of the 2021 Annual Comprehensive Financial Report, as prepared by Clifton Larson Allen (Audit), which Audit is separate from this annual summary Report; 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 deposits 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 stator 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 redevelopment 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 redevelopment agency as of February 1, 2012 along with the Housing Successor's progress in meeting those prior obligations, if any, of the former redevelopment agency and how the housing Successor's 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, 2015 and whether the statutory thresholds have been met.
- 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, its former redevelopment Agency, and its host jurisdiction within the previous 10 years in relation to the aggregate number of units of deeds-restricted rental housing assisted individually or jointly by the housing successor, its former Redevelopment Agency and its host jurisdiction within the same time period. For this Report the ten-year period reviewed is July 1, 2011 to June 30, 2021.
- 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.

This Report and the former redevelopment agency's pre-dissolution Implementation Plans are to be made available to the public on the City's website www.cityofhesperia.us.

I. AMOUNT DEPOSITED INTO LMIHAF

A total of \$129,743 was deposited into the LMIHAF during the Fiscal Year. Of the total funds deposited into the LMIHAF, a total of \$0 was 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 \$10,372,805 of which \$0 is 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:

	<u>Fiscal Year</u>
Monitoring & Administration Expenditures	\$ 1,906,981
Homeless Prevention and Rapid Rehousing	
Services Expenditures	0
Housing Development Expenditures	
Expenditures on Low Income Units	0
Expenditures on Very-Low Income Units	0
Expenditures on Extremely-Low Income Units	0
Total Housing Development Expenditures	<u>0</u>
ADDITIONAL EXPENSE:	
Loss on land held for resale	0
Total LMIHAF Expenditures in Fiscal Year	<u>\$ 1,906,981</u>

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 redevelopment 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.

	<u>As of End of Fiscal Year</u>
Statutory Value of Real Property Owned by Housing Authority	\$ -
Value of Loans and Grants Receivable	<u>22,863,572</u>
Total Value of Housing Successor Assets	<u>\$ 22,863,572</u>

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

Section 34176.1 provides that Section 33334.16 does not apply to interests in real property acquired by the Housing Successor on or after February 1, 2012; however, this Report presents a status update on the project related to such real property.

With respect to interests in real property acquired by the former redevelopment agency prior to February 1, 2012, the time periods described in Section 33334.16 shall be deemed to have commenced on the date that the Department of Finance approved the property as a housing asset in the LMIHAF; thus, as to real property acquired by the former redevelopment agency now held by the Housing Successor in the LMIHAF, the Housing Successor must initiate activities consistent with the development of the real property for the purpose for which it was acquired within five years of the date the DOF approved such property as a housing asset. In furtherance thereof, the Housing Successor does not have any real property.

VIII. DESCRIPTION OF OUTSTANDING OBLIGATIONS PURSUANT TO SECTION 33413

Replacement Housing: According to the 2010-2014 Implementation Plan for the former redevelopment agency, no Section 33413(a) replacement housing obligations were transferred to the Housing Successor. The former redevelopment agency's implementation Plans are posted on the City's website at www.cityofhesperia.us.

Inclusionary/Production Housing: According to the 2010-2014 Implementation Plan for the former redevelopment agency, no Section 33413(b) inclusionary/production housing obligations were transferred to the Housing Successor. The former redevelopment agency's Implementation Plans are posted on the City's website at www.cityofhesperia.us.

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 household 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 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.

For informational purposes, the following provides the Housing Successor's Extremely-Low Income Housing Test as of FY 2016-21.

Extremely-Low Income Test	FY 2016-21
LMIHAF Spent on Extremely-Low Income Households	\$0
Total LMIHAF Spent (Five Year Total)	\$3,831,975
Extremely-Low Income Test	0%

X. SENIOR HOUSING TEST

The Housing Successor is to calculate the percentage of units of deed restricted rental housing restricted to seniors and assisted by the Housing Successor, the former redevelopment agency and/or the City within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted by the Housing Successor, the former redevelopment agency and/or City within the same time period. If this percentage exceeds 50%, then the Housing Successor cannot expend future funds in the LMIHAF to assist additional senior housing units until the Housing Successor or City assists and construction has commenced on a number of restricted rental units that is equal to 50% of the total amount of deed-restricted rental units.

The following provides the Housing Successor's Senior Housing Test for the 10 year period of July 1, 2011 and June 30, 2021.

Senior Housing Test	July 1, 2011 and June 30, 2021
# of Assisted Senior Rental Units	96
# of Total Assisted Rental Units	474
Senior Housing Percentage	20.25%

XI. EXCESS SURPLUS TEST

The LMIHAF has a \$0 Excess Surplus. The Housing Successor has three fiscal years to encumber, or transfer, the excess surplus, if any. The Housing Successor has not had an Excess Surplus since February 1, 2012.

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City of Hesperia
MEMORANDUM

DATE: December 31, 2021
TO: Chair and Board Members, Hesperia Housing Authority
FROM: Casey Brooksher, Director of Administrative Services 
CC: Nils Bentsen, City Manager
SUBJECT: June 30, 2021 Financial Statements – Hesperia Housing Authority

Attached to this memo is the audited Hesperia Housing Authority (HHA) financial report for June 30, 2021 and the Housing Successor SB 341 report. Both of these items are required by California Health and Safety Code §34176.1 to be provided to the Board of Directors no later than December 31, 2021. While the HHA financial report details the financial health of the HHA, the purpose of the Housing Successor SB 341 report is to provide the governing body of the HHA an annual report on the housing assets and activities.

Should you have any questions or require any additional information, please feel welcome to contact me.

HESPERIA CLERK DEC31/21 AM 9:50






HHH Memo to Council 12-31-21

Final Audit Report

2021-12-31

Created:	2021-12-31
By:	Lorraine Carmona (lcarmona@cityofhesperia.us)
Status:	Signed
Transaction ID:	CBJCHBCAABAAbx4l0S4Wrka9iAw2gLRdOzj15fw6q34J

"HHH Memo to Council 12-31-21" History

-  Document created by Lorraine Carmona (lcarmona@cityofhesperia.us)
2021-12-31 - 4:06:50 AM GMT- IP address: 24.182.14.182
-  Document emailed to Casey Brooksher (cbrooksher@cityofhesperia.us) for signature
2021-12-31 - 4:07:44 AM GMT
-  Email viewed by Casey Brooksher (cbrooksher@cityofhesperia.us)
2021-12-31 - 4:32:47 AM GMT- IP address: 104.28.85.108
-  Document e-signed by Casey Brooksher (cbrooksher@cityofhesperia.us)
Signature Date: 2021-12-31 - 4:41:51 AM GMT - Time Source: server- IP address: 47.146.151.108
-  Agreement completed.
2021-12-31 - 4:41:51 AM GMT

Signature: 
Casey Brooksher (Dec 30, 2023 2:04 PM PST)

Email: cbrooksher@cityofhesperia.us

City of Hesperia

STAFF REPORT



DATE: January 18, 2022

TO: Mayor and City Council Members

FROM: Nils Bentsen, City Manager

BY: Casey Brooksher, Director of Administrative Services
Anne Duke, Deputy Finance Director

SUBJECT: Receive and File the SB 165 Local Agency Special Tax and Bond Accountability Act Report (SB 165) for the Fiscal Year Ended June 30, 2021

RECOMMENDED ACTION

It is recommended that the City Council receive and file the Communities Facilities District (CFD) 2005-1 (Belgate Development Restructuring) Local Agency Special Tax and Bond Accountability Act Report (SB 165) for the Fiscal Year Ended June 30, 2021.

BACKGROUND

CFD 2005-1 is the result of a workout agreement to restructure the previously defaulted CFD 91-3 (Belgate Development Project) \$10,000,000 Special Tax Bonds, 1992 Series A (1992 Bonds). These bonds were used to finance the construction of certain street, sewer, water, storm drain, and fire suppression improvements within CFD No. 91-3. The 1992 Bonds were in default because the properties were not built-out as expected, which resulted in the failure to pay the special taxes.

On August 10, 2003, the City entered into a Workout Agreement with Hesperia-ET Ventures, LLC to restructure the defaulted 1992 Bonds from CFD 91-3. Because delinquent principal and interest on the 1992 Bonds continued to accrue since issuance, the amount to defease and redeem the 1992 Bonds exceeded \$18 million. In order to extend the maturity of the bonds and implement a new development plan, a new CFD was formed for the purpose of refunding the 1992 Bonds. In 2005, CFD 2005-1 was formed and the related CFD 2005-1 (Belgate Development Restructuring) \$18,554,508 Special Tax Bonds, 2005 Series A were issued to refinance and restructure the 1992 Bonds.

In December 2014, these bonds were refinanced into CFD 2005-1 Special Tax Refunding Bonds, Series 2014, achieving a net present value savings of \$4.2 million. The refinancing lowered the special taxes by approximately 12% for the parcel owners within the District. The CFD 2005-1 Bonds are secured by and payable solely from the proceeds of special taxes levied annually on the taxable property in the district.

ISSUES/ANALYSIS

Annually, a report is required of the CFD which includes information prepared in compliance with the Local Agency Special Tax and Bond Accountability Act (Accountability Act). The Accountability Act was enacted by the California State Legislature through SB 165 to provide accountability measures for any local special tax and/or bond measure subject to voter approval on or after January 1, 2001. According to the requirements of the Accountability Act (Section 53410 of the Government Code of the State of California), an annual report must be filed by the

local agency levying the special tax and/or issuing a bond measure and shall contain a description of the following:

1. The amount of funds collected and expended.
2. The status of any project required or authorized to be funded by the special tax and/or bond measure.

In compliance with SB 165, the CFD 2005-1 report for the Fiscal Year (FY) Ended June 30, 2021 was distributed to the City Council on December 31, 2021. The CFD 2005-1 SB 165 Report has also been attached to this staff report (Attachment 1) and includes information regarding the total amount of annual Special Taxes collected, as well as authorized expenditures for FY 2020-21.

FISCAL IMPACT

There is no fiscal impact associated with receiving and filing the SB 165 report.

ALTERNATIVES

1. Provide alternative direction to staff.

ATTACHMENT

1. CFD 2005-1 Local Agency Special Tax and Bond Accountability Act Report (SB 165)

2. SENATE BILL 165

Senate Bill 165 enacted the Local Agency Special Tax and Bond Accountability Act. This Act requires that any local special tax/local bond measure subject to voter approval contain a statement indicating the specific purposes of the special tax, require that the proceeds of the special tax be applied to those purposes, require the creation of an account into which the proceeds shall be deposited, and require an annual report containing specified information concerning the use of the proceeds. The Act only applies to bonds issued on or after January 1, 2001 in accordance with Section 53410 of the California Government Code.

Some of the requirements of the Act are handled at the formation (bond issuance) of the Special Tax District and others are handled through annual reports. This Report intends to comply with Section 53411 of the California Government Code that states:

“The chief fiscal officer of the issuing local agency shall file a report with its governing body no later than January 1, 2002, and at least once a year thereafter. The Annual report shall contain all of the following:

- (a) The amount of funds collected and expended.
- (b) The status of any project required or authorized to be funded as identified in subdivision (a) of Section 53410.”

The requirements of the Act apply to the Funds of:

City of Hesperia
CFD No. 2005-1 (Belgate Development Restructuring)
Special Tax Refunding Bonds, Series 2014
December 18, 2014

Purpose of Special Tax

The original bonds were sold for the purpose of financing the construction and acquisition of certain street, sanitary sewer, water, storm drain, and fire suppression improvements. The 2005 CFD Bonds were issued to refinance the original bonds. The 2014 Bonds issued on December 18, 2014 were issued to refund the full outstanding series of bonds previously issued.

Reporting Requirements

Fund	12/18/2014 Initial Deposit	Amount Collected	6/30/2021 Balance	Expended Amount	Project Status
Escrow Fund	\$17,826,791.11	\$0.00	\$0.00	\$17,826,791.11	Closed
Cost of Issuance Fund	148,549.94	0.00	0.00	148,549.94	Closed
Special Tax Fund	0.00	3,338,433.84 ⁽¹⁾	1,569,805.92	3,282,477.24	Ongoing
Administrative Expense Fund	15,000.00	0.00	0.00	15,000.00	Ongoing
Reserve Fund	1,428,212.50	0.00	1,452,590.89	0.00	Ongoing

⁽¹⁾ Total amount collected is from all sources.

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City of Hesperia

STAFF REPORT



DATE: January 18, 2022

TO: Mayor and City Council Members

FROM: Nils Bentsen, City Manager

BY: Casey Brooksher, Director of Administrative Services

SUBJECT: Fiscal Years 2015-2016 through 2020-2021 Annual and 5-Year Compliance Report for AB 1600 Development Impact Fees

RECOMMENDED ACTION

It is recommended that the City Council receive and file the AB 1600 report on development fee activity that occurred during Fiscal Years (FY) 2015-2016 through 2020-2021.

BACKGROUND

State of California Assembly Bill 1600 (AB 1600) – the Mitigation Fee Act (Government Code, Sections 66000 et seq.) sets forth the standards governing fees charged to address the impacts of development. The City Council adopted and updated various development impact fees applicable to new development within the City. The purpose of development impact fees is to finance the design, construction, and acquisition of facilities and equipment necessary to accommodate future development.

ISSUES/ANALYSIS

Development impact fees that are collected are segregated and placed in special funds or accounts, which earn interest. Those funds are held for the facilities for which the fees are collected, in accordance with Government Code Section 66006. This report provides a summary of development fee activity and financial detail regarding each of the projects impacted during FY 2015-16 through FY 2020-21 (July 1, 2015 through June 30, 2021). The summary of development fee activity and detail regarding each project is included as Attachment A to this report.

Annual Compliance Reporting for all Development Impact Fees

Government Code Section 66006(b) sets forth that for each Development Impact Fee (DIF) the City shall, within 180 days after the last day of each fiscal year, make available to the public the following information:

- A brief description of the type of fee in the account or fund.
- The amount of the fee.
- The beginning and ending balance of the account or fund.
- The amount of the fees collected and interest earned.
- An identification of each public improvement on which fees were expended and the amount of expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees.

- An identification of an approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement.
- A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and in the case of an interfund loan, the date on which the loan will be repaid and the rate of interest that the account or fund will receive on the loan.
- The amount of refunds made due to sufficient funds being collected to complete financing on incomplete public improvements, and the amount of reallocation of funds made due to administrative costs of refunding unexpended revenues exceeding the amount to be refunded.

Stated below are the DIF Balances as of June 30, 2021. Please refer to Attachment A for the summary of Incomplete Projects to be funded in whole or partially by DIF and Capacity Fees.

Fund	Fund Balance as of 6/30/2021	Cost of Future Projects
Transportation Facilities	\$15,192,602	\$135,594,231
Citywide Drainage Facilities	\$3,603,171	\$5,343,724
A-04 Drainage Facilities	\$948,687	\$20,163,141
Fire Facilities	\$1,864,449	\$19,173,000
Police Facilities	\$29,936	\$128,567
Public and City Hall Facilities	(\$3,674,754) ¹	\$14,871,425
Animal Control Facilities	\$128,288	\$12,600,000
Records Storage Facilities	\$17,478	\$1,716,000

Note:

1. Reflects General Fund loan debt accumulated in order to cover the shortfall in the required 87.25% contribution from Impact Fees. The General Fund loan amount will increase annually until Impact Fees are sufficient to make the full 87.25% contribution.

The attached report provides all the required elements and details regarding balance, fees collected, and project expenditures. The purpose of the applicable legal requirements under the Mitigation Fee Act, as it applies to findings and compliance reporting, is to provide the community with information as to the status and use of impact fees collected. The report presented meets the requirements for the fiscal years ending June 30, 2021.

This is the required annual and 5-Year report per the Mitigation Fee Act.

In addition, per Section 66006(2), the City is required to review and accept the report not less than fifteen (15) days after the information has been made available to the public for review.

FISCAL IMPACT

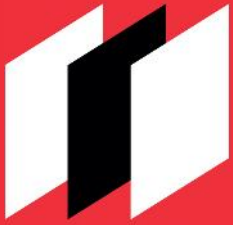
There is no fiscal impact. This report provides a summary of transaction activity that has already occurred and expenditures on projects previously authorized by the City Council.

ALTERNATIVE(S)

1. Provide alternative direction to staff.

ATTACHMENTS

1. Attachment 1 – AB 1600 Report



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**GOVERNMENT CODE
SECTIONS 66001 AND 66006
ANNUAL AND FIVE-YEAR
REPORTS**

**FISCAL YEARS 2015-2016
THROUGH 2020-2021**

CITY OF HESPERIA

December 22, 2021

Public Finance
Public-Private Partnerships
Development Economics
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CITY OF HESPERIA



GOVERNMENT CODE SECTIONS 66001 AND 66006 ANNUAL AND FIVE-YEAR REPORTS FISCAL YEARS 2015-2016 THROUGH 2020-2021

Prepared for:

City of Hesperia

9700 Seventh Avenue

Hesperia, CA 92345

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I EXECUTIVE SUMMARY

A Purpose of the Report

Sections 66001 and 66006 of the Government Code provide that the City of Hesperia ("City") shall make available to the public certain information and adopt described findings relative to development impact fees ("Impact Fees") collected pursuant to Section 66000 et seq. of the Government Code. The described information and findings relate to Impact Fees received, expended or to be expended in connection with public facilities to accommodate new development.

Section 66006(b) of the Government Code requires that for each Impact Fee the City shall, within 180 days after the last day of each Fiscal Year, make available to the public the following information for the Fiscal Year:

- A brief description of the type of fee in the account or fund;
- The amount of the fee;
- The beginning and ending fund balance of the account or fund;
- The amount of the fees collected and interest earned;
- An identification of each public improvement on which fees were expended and the amount of expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees;
- An identification of an approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement;
- A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and, in the case of an interfund loan, the date on which the loan will be repaid and the rate of interest that the account or fund will receive on the loan; and
- The amount of refunds made due to sufficient funds being collected to complete financing on incomplete public improvements and volume of reallocation of funds made due to administrative costs of refunding unexpended revenues exceeding the amount to be refunded.

Section 66001(d) of the Government Code requires that for each Impact Fee, the City shall make all of the following findings every fifth year with respect to that portion of the account remaining unexpended, whether committed or uncommitted:

- Identify the purpose to which the fee is to be put;
- Demonstrate a reasonable relationship between the fee and purpose for which it is charged;

- Identify all sources and amounts of funding anticipated to complete financing in incomplete improvements; and
- Designate the approximate dates on which the funding is expected to be deposited into the appropriate account or fund.

The Impact Fees of the City for Fiscal Year 2020-2021 fund the following types of facilities:

1. Transportation Facilities;
2. Citywide Drainage Facilities;
3. A-04 Drainage Facilities;
4. Fire Facilities;
5. Police Facilities;
6. Public and City Hall Facilities;
7. Animal Control Facilities; and
8. Records Storage Facilities.

The Impact Fees were originally adopted by Ordinance No. 180 on September 16, 1993 (the "Ordinance"). The dollar amounts of the fees are adopted by resolution. The Impact Fees were last updated by Resolution Nos. 2018-26 and 2020-69 on May 15, 2018, and November 17, 2020, respectively.

The following Annual Report for Fiscal Years 2015-2016 through 2020-2021 and Five-Year Report for Fiscal Year 2020-2021 include the information and proposed findings the City intends to review and adopt in accordance with Sections 66001 and 66006 of the Government Code.

II FISCAL YEARS 2015-2016 THROUGH 2020-2021 ANNUAL REPORT

A Transportation Facilities

1. Description of the type of Impact Fees in the account or sub-account(s) of the City.

Transportation Facilities includes infrastructure necessary to provide safe and efficient vehicular access throughout the City. In order to meet the transportation demand of new development through build out, the City identified the need for new roadways and transit facility.

2. Amount of the Impact Fees.

Table II-1: Transportation Facilities Fee by Land Use for Projects Submitted Prior to July 16, 2018 (Fund 300)

Land Use	Fee Amount
Single Family	\$9,781.00 per unit
Multiple Family	\$6,259.00 per unit
Hotel/Motel	\$7,238.00 per unit
Non-Residential	\$2.12 per sq. ft.

Table II-2: Transportation Facilities Fee by Land Use for Projects Submitted After July 16, 2018 (Fund 306)

Land Use	Fee Amount
Single Family	\$9,952.00 per unit
Multi-Family	\$6,895.00 per unit
Commercial/Office/Retail	\$6,000.00 per 1,000 bldg. sq. ft.
Industrial	\$1,500.00 per 1,000 bldg. sq. ft.
Hotel/Motel	\$7,001.00 per room

3. Beginning and ending fund balance of account and sub-account(s).

Tables 1 and 2 in Appendix A list the beginning and ending fund balances for the Transportation Facilities Fee Accounts from Fiscal Year 2015-2016 through Fiscal Year 2020-2021.

4. Amount of the Impact Fees collected and interest earned.

Tables 1 and 2 in Appendix A show the amount of Transportation Facilities Fee collected, interest earned, and miscellaneous income during Fiscal Years 2015-2016 through 2020-2021.

5. Identification of each improvement on which Impact Fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of each project of the City that was funded with Impact Fees.

Table II-3: Fiscal Years 2015-2016 through 2020-2021
Transportation Facilities Fee Expenditures

Project	Amount	Percentage of Project Funded by Fees
Ranchero Road Improvements	\$1,400,877	16%
Aqueduct Cross Improvements	\$11,179	1%
Street Improvements	\$125,066	8%
SBCTA Loan Payments ¹	\$6,662,169	100%
Total	\$8,199,291	N/A

Note:

1. In April 2014, the City entered into an agreement with San Bernardino County Transportation Authority (SBCTA) for the construction and financing of the Ranchero Road Interchange. The agreement specified that at completion of the project, any unpaid amounts would be converted to a loan to the City by SBCTA and payable with Impact Fees. The ten-year loan includes interest calculated at the Local Agency Investment Fund (LAIF) rate. The original principal amount was \$18,762,403. As of June 30, 2021, the outstanding principal balance was \$13,133,682.
6. Identification of an approximate date by which the construction of project(s) of the City will commence if the City determines that sufficient funds have been collected to complete financing on an incomplete project of the City, as identified in paragraph (2) of subdivision (A) of Section 66001, and the project of the City remains incomplete.

The City's currently incomplete transportation facilities projects and their approximate commencement dates are shown in Appendix I. The City has determined that it has or will obtain sufficient funds to finance such projects.

7. Description of each interfund transfer or loan made from the account or sub-account(s), including project(s) of the City on which the transferred or loaned Impact Fees will be expended, and, in the case of an interfund loan, the date on which the loan will be repaid, and the rate of Interest that the account or sub-account(s) will receive on the loan.

No transfers or loans were made from the Transportation Facilities Fee Accounts in Fiscal Years 2015-2016 through 2020-2021.

8. The amount of refunds made or revenues allocated for other purposes if the administrative costs of refunding unexpended revenues exceed the amount to be refunded.

No refunds were made from the Transportation Facilities Fee Accounts in Fiscal Years 2015-2016 through 2020-2021.

B Citywide Drainage Facilities

1. Description of the type of Impact Fees in the account or sub-account(s) of the City.

The Citywide Drainage Facilities will serve the residents of Hesperia by providing new drainage systems and improvements to existing drainage facilities in order to mitigate the impacts of new development on the existing drainage facilities. The drainage facilities to be financed include components for new detention basins, storm drain systems, street crossings, and flood control basins.

2. Amount of the Impact Fees.

**Table II-4: Citywide Drainage Facilities Fee by Land Use
for Projects Submitted Prior to July 16, 2018 (Fund 301)**

Land Use	Fee Amount
Single Family	\$1,284.00 per unit
Multiple Family	\$821.00 per unit
Hotel/Motel	\$937.00 per unit
Non-Residential	\$0.28 per sq. ft.

**Table II-5: Citywide Drainage Facilities Fee by Land Use
for Projects Submitted After July 16, 2018 (Fund 307)**

Land Use	Fee Amount
Single Family	\$963.00 per unit
Multi-Family	\$367.00 per unit
Commercial/Office/Retail	\$300.00 per 1,000 bldg. sq. ft.
Industrial	\$632.00 per 1,000 bldg. sq. ft.
Hotel/Motel	\$213.00 per room

3. Beginning and ending fund balance of account and sub-account(s).

Tables 1 and 2 in Appendix B list the beginning and ending fund balances for the Citywide Drainage Facilities Fee Accounts from Fiscal Year 2015-2016 through Fiscal Year 2020-2021.

4. Amount of the Impact Fees collected and interest earned.

Tables 1 and 2 in Appendix B show the amount of Citywide Drainage Facilities Fees collected, interest earned, and miscellaneous income during Fiscal Years 2015-2016 through 2020-2021.

5. Identification of each improvement on which Impact Fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of each project of the City that was funded with Impact Fees.

Table II-6: Fiscal Years 2015-2016 through 2020-2021
Citywide Drainage Facilities Fee Expenditures

Project	Amount	Percentage of Project Funded by Fees
H-01 Drainage Facility – Sect 3A	\$111,457	100%
Temecula Ave – C-01 Retention Basin	\$120,968	3%
Walnut Street – H-01 Retention Basin	\$132,235	8%
Escondido Ave – A-04 Retention Basin	\$33,930	1%
A-04 Drainage Program	\$135,763	100%
Property Acquisition Costs	\$171,297	100%
Total	\$705,650	N/A

6. Identification of an approximate date by which the construction of project(s) of the City will commence if the City determines that sufficient funds have been collected to complete financing on an incomplete project of the City, as identified in paragraph (2) of subdivision (A) of Section 66001, and the project of the City remains incomplete.

The City's currently incomplete Citywide drainage facilities projects and their approximate commencement dates are shown in Appendix I. The City has determined that it has or will obtain sufficient funds to finance such projects.

7. Description of each interfund transfer or loan made from the account or sub-account(s), including project(s) of the City on which the transferred or loaned Impact Fees will be expended, and, in the case of an interfund loan, the date on which the loan will be repaid, and the rate of Interest that the account or sub-account(s) will receive on the loan.

No transfers or loans were made from the Citywide Drainage Facilities Fee Accounts in Fiscal Years 2015-2016 through 2020-2021.

8. The amount of refunds made or revenues allocated for other purposes if the administrative costs of refunding unexpended revenues exceed the amount to be refunded.

No refunds were made from the Citywide Drainage Facilities Fee Accounts in Fiscal Years 2015-2016 through 2020-2021.

C A-04 Drainage Facilities

1. Description of the type of Impact Fees in the account or sub-account(s) of the City.

The A-04 Drainage Facilities will serve the residents of Hesperia by providing new drainage systems and improvements to existing drainage facilities in the area

identified by the City as the A-04 drainage area in order to mitigate the impacts of new development on the existing drainage facilities. The A-04 drainage facilities to be financed include components for new detention basins, storm drain systems, street crossings, and flood control basins.

In 2020, development pressure within the A-04 drainage area caused the City to look specifically at the demographics and facility costs within the A-04 drainage area for the purpose of considering an Impact Fee specific to this area. As a result, improvements relating to the A-04 drainage area were removed from the Citywide needs list and an Impact Fee specific to the A-04 drainage area was adopted. Projects within the A-04 drainage area are still subject to Citywide Impact Fees.

2. Amount of the Impact Fees.

Table II-7: A-04 Drainage Facilities Fee by Land Use (Fund 313)

Land Use	Fee Amount
Single Family	\$10,539.00 per unit
Multi-Family	\$5,018.63 per unit
Non-Residential	\$2,462.65 per 1,000 bldg. sq. ft.

3. Beginning and ending fund balance of account and sub-account(s).

Table 1 in Appendix C lists the beginning and ending fund balances for the A-04 Drainage Facilities Fee Accounts from Fiscal Year 2015-2016 through Fiscal Year 2020-2021.

4. Amount of the Impact Fees collected and interest earned.

Table 1 in Appendix C shows the amount of A-04 Drainage Facilities Fees collected, interest earned, and miscellaneous income during Fiscal Years 2015-2016 through 2020-2021.

5. Identification of each improvement on which Impact Fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of each project of the City that was funded with Impact Fees.

Table II-8: Fiscal Years 2015-2016 through 2020-2021
A-04 Drainage Facilities Fee Expenditures

Project	Amount	Percentage of Project Funded by Fees
A-04 Drainage Program	\$11,448	100%
Total	\$11,448	N/A

6. Identification of an approximate date by which the construction of project(s) of the City will commence if the City determines that sufficient funds have been

collected to complete financing on an incomplete project of the City, as identified in paragraph (2) of subdivision (A) of Section 66001, and the project of the City remains incomplete.

The City's currently incomplete A-04 drainage facilities projects and their approximate commencement dates are shown in Appendix I. The City has determined that it has or will obtain sufficient funds to finance such projects.

7. Description of each interfund transfer or loan made from the account or sub-account(s), including project(s) of the City on which the transferred or loaned Impact Fees will be expended, and, in the case of an interfund loan, the date on which the loan will be repaid, and the rate of Interest that the account or sub-account(s) will receive on the loan.

No transfers or loans were made from the A-04 Drainage Facilities Fee Accounts in Fiscal Years 2015-2016 through 2020-2021.

8. The amount of refunds made or revenues allocated for other purposes if the administrative costs of refunding unexpended revenues exceed the amount to be refunded.

No refunds were made from the A-04 Drainage Facilities Fee Accounts in Fiscal Years 2015-2016 through 2020-2021.

D Fire Facilities

1. Description of the type of Impact Fees in the account or sub-account(s) of the City.

The Fire Facilities includes those facilities used by the City to protect life and property. The City identifies the need for additional fire protection facilities as build out of the community occurs. In order to serve new development through build out in Hesperia, the City identified the need for one new fire station and expansion of existing fire stations.

2. Amount of the Impact Fees.

Table II-9: Fire Facilities Fee by Land Use for Projects Submitted Prior to July 16, 2018
(Fund 302)

Land Use	Fee Amount
Single Family	\$1,425.00 per unit
Multiple Family	\$912.00 per unit
Hotel/Motel	\$1,054.00 per unit
Non-Residential	\$0.31 per sq. ft.

**Table II-10: Fire Facilities Fee by Land Use for Projects Submitted After July 16, 2018
(Fund 308)**

Land Use	Fee Amount
Single Family	\$648.00 per unit
Multi-Family	\$491.00 per unit
Commercial/Office/Retail	\$187.00 per 1,000 bldg. sq. ft.
Industrial	\$908.00 per 1,000 bldg. sq. ft.
Hotel/Motel	\$88.00 per room

3. Beginning and ending fund balance of account and sub-account(s).

Tables 1 and 2 in Appendix D list the beginning and ending fund balances for the Fire Facilities Fee Accounts from Fiscal Year 2015-2016 through Fiscal Year 2020-2021.

4. Amount of the Impact Fees collected and interest earned.

Tables 1 and 2 in Appendix D show the amount of Fire Facilities Fees collected, interest earned, and miscellaneous income during Fiscal Years 2015-2016 through 2020-2021.

5. Identification of each improvement on which Impact Fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of each project of the City that was funded with Impact Fees.

No projects were funded by the Fire Facilities Fees in Fiscal Years 2015-2016 through 2020-2021.

6. Identification of an approximate date by which the construction of project(s) of the City will commence if the City determines that sufficient funds have been collected to complete financing on an incomplete project of the City, as identified in paragraph (2) of subdivision (A) of Section 66001, and the project of the City remains incomplete.

The City's currently incomplete fire projects and their approximate commencement dates are shown in Appendix I. The City has determined that it has or will obtain sufficient funds to finance such projects.

7. Description of each interfund transfer or loan made from the account or sub-account(s), including project(s) of the City on which the transferred or loaned Impact Fees will be expended, and, in the case of an interfund loan, the date on which the loan will be repaid, and the rate of Interest that the account or sub-account(s) will receive on the loan.

No transfers or loans were made from the Fire Facilities Fee Accounts in Fiscal Years 2015-2016 through 2020-2021.

8. The amount of refunds made or revenues allocated for other purposes if the administrative costs of refunding unexpended revenues exceed the amount to be refunded.

No refunds were made from the Fire Facilities Fee Accounts in Fiscal Years 2015-2016 through 2020-2021.

E Police Facilities

1. Description of the type of Impact Fees in the account or sub-account(s) of the City.

The Police Facilities includes those facilities used by the City. In order to serve new development through build out, the City identified the need for additional equipment, specifically fixed and mobile police cameras.

2. Amount of the Impact Fees.

**Table II-11: Police Facilities Fee by Land Use for Projects Submitted Prior to July 16, 2018
(Fund 303)**

Land Use	Fee Amount
Single Family	\$423.00 per unit
Multiple Family	\$272.00 per unit
Hotel/Motel	\$313.00 per unit
Non-Residential	\$0.09 per sq. ft.

**Table II-12: Police Facilities Fee by Land Use for Projects Submitted After July 16, 2018
(Fund 312)**

Land Use	Fee Amount
Single Family	\$10.00 per unit
Multi-Family	\$8.00 per unit
Commercial/Office/Retail	\$4.00 per 1,000 bldg. sq. ft.
Industrial	\$16.00 per 1,000 bldg. sq. ft.
Hotel/Motel	\$2.00 per room

3. Beginning and ending fund balance of account and sub-account(s).

Tables 1 and 2 in Appendix E list the beginning and ending fund balances for the Police Facilities Fee Accounts from Fiscal Year 2015-2016 through Fiscal Year 2020-2021.

4. Amount of the Impact Fees collected and interest earned.

Tables 1 and 2 in Appendix E show the amount of Policies Facilities Fees collected, interest earned, and miscellaneous income during Fiscal Years 2015-2016 through 2020-2021.

5. Identification of each improvement on which Impact Fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of each project of the City that was funded with Impact Fees.

Table II-13: Fiscal Years 2015-2016 through 2020-2021
Police Facilities Fee Expenditures

Project	Amount	Percentage of Project Funded by Fees
Automatic License Plate Reader (ALPR) Fixed Cameras	\$404,528	90%
Total	\$404,528	N/A

6. Identification of an approximate date by which the construction of project(s) of the City will commence if the City determines that sufficient funds have been collected to complete financing on an incomplete project of the City, as identified in paragraph (2) of subdivision (A) of Section 66001, and the project of the City remains incomplete.

The City's currently incomplete police facilities projects and their approximate commencement dates are shown in Appendix I. The City has determined that it has or will obtain sufficient funds to finance such projects.

7. Description of each interfund transfer or loan made from the account or sub-account(s), including project(s) of the City on which the transferred or loaned Impact Fees will be expended, and, in the case of an interfund loan, the date on which the loan will be repaid, and the rate of Interest that the account or sub-account(s) will receive on the loan.

No transfers or loans were made from the Police Facilities Fee Accounts in Fiscal Years 2015-2016 through 2020-2021.

8. The amount of refunds made or revenues allocated for other purposes if the administrative costs of refunding unexpended revenues exceed the amount to be refunded.

No refunds were made from the Police Facilities Fee Accounts in Fiscal Years 2015-2016 through 2020-2021.

F Public and City Hall Facilities

1. Description of the type of Impact Fees in the account or sub-account(s) of the City.
The Public and City Hall Facilities includes those facilities used by the City to provide a range of administrative duties and public services, exclusive of public safety.

2. Amount of the Impact Fees.

**Table II-14: Public Facilities Fee by Land Use for Projects Submitted Prior to July 16, 2018
(Fund 304)**

Land Use	Fee Amount
Single Family	\$1,109.00 per unit
Multiple Family	\$710.00 per unit
Hotel/Motel	\$810.00 per unit
Non-Residential	\$0.24 per sq. ft.

**Table II-15: City Hall Facilities Fee by Land Use for Projects Submitted After July 16, 2018
(Fund 309)**

Land Use	Fee Amount
Single Family	\$530.00 per unit
Multi-Family	\$424.00 per unit
Commercial/Office/Retail	\$194.00 per 1,000 bldg. sq. ft.
Industrial	\$837.00 per 1,000 bldg. sq. ft.
Hotel/Motel	\$81.00 per room

3. Beginning and ending fund balance of account and sub-account(s).

Tables 1 and 2 in Appendix F list the beginning and ending fund balances for the Public and City Hall Facilities Fee Accounts from Fiscal Year 2015-2016 through Fiscal Year 2020-2021.

4. Amount of the Impact Fees collected and interest earned.

Tables 1 and 2 in Appendix F show the amount of Public and City Hall Facilities Fees collected, interest earned, and miscellaneous income during Fiscal Years 2015-2016 through 2020-2021.

5. Identification of each improvement on which Impact Fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of each project of the City that was funded with Impact Fees.

**Table II-16: Fiscal Years 2015-2016 through 2020-2021
Public and City Hall Facilities Fee Expenditures**

Project	Amount	Percentage of Project Funded by Fees
General Fund Loan Interest Payments ¹	\$173,061	100%
Total	\$173,061	N/A

Note:

1. In October 2013, the Hesperia Joint Public Finance Authority issued the 2013 Refunding Lease Revenue Bonds to refinance the previous 2005 Civic Plaza Certificates of Participation. As with the prior 2005 Certificates of Participation, Impact Fees would continue to fund 87.25% of the annual debt service, with the General Fund contributing the remaining 12.75%. The bonds interest rates are fixed, ranging from 2.00% to 5.00%. The original principal amount was \$12,445,000. As of June 30, 2021, the outstanding principal balance was \$10,430,000. Beginning in Fiscal Year 2014-2015, Impact Fees were insufficient to fully fund the 87.25% contribution. As a result, a loan from the General Fund was issued so that the required contribution for the annual bond debt service payment could be made. The loan amount will increase annually until Impact Fees are sufficient to make the full 87.25% contribution and includes interest calculated at the Local Agency Investment Fund (LAIF) rate.

6. Identification of an approximate date by which the construction of project(s) of the City will commence if the City determines that sufficient funds have been collected to complete financing on an incomplete project of the City, as identified in paragraph (2) of subdivision (A) of Section 66001, and the project of the City remains incomplete.

The City's currently incomplete public and city hall facilities projects and their approximate commencement dates are shown in Appendix I. The City has determined that it has or will obtain sufficient funds to finance such projects.

7. Description of each interfund transfer or loan made from the account or sub-account(s), including project(s) of the City on which the transferred or loaned Impact Fees will be expended, and, in the case of an interfund loan, the date on which the loan will be repaid, and the rate of Interest that the account or sub-account(s) will receive on the loan.

Table II-17: Fiscal Years 2015-2016 through 2020-2021
Public and City Hall Facilities Interfund Transfers

Description of Project for which Interfund Transfer will be Used	Funds(s) from Which Fees were Transferred	Fund(s) to Which Fees were Transferred	Total Amount Transferred
2013 Bonds Debt Service Payments	Fund 304	Fund 403	\$3,409,686
General Fund Loan ¹	Fund 309	Fund 304	\$3,304,783
2013 Bonds Debt Service Payments	Fund 309	Fund 403	\$711,419
Total	N/A	N/A	\$7,425,888

Note:

1. The amount shown above includes \$3,304,783 in funds transferred from Fund 309 to Fund 304. This was done in order to move the City's General Fund loan debt accumulated under Fund 304 to Fund 309 so that Fund 304 can be closed.

No loans were made from the Public and City Hall Facilities Fee Accounts in Fiscal Years 2015-2016 through 2020-2021.

8. The amount of refunds made or revenues allocated for other purposes if the administrative costs of refunding unexpended revenues exceed the amount to be refunded.

No refunds were made from the Public and City Hall Facilities Fee Accounts in Fiscal Years 2015-2016 through 2020-2021.

G Animal Control Facilities

1. Description of the type of Impact Fees in the account or sub-account(s) of the City.

The Animal Control Facilities includes those facilities used by the City to provide basic animal control services. In order to serve new development through build out in Hesperia, the City identified the need for a new animal control facility.

2. Amount of the Impact Fees.

Table II-18: Animal Control Facilities Fee by Land Use (Fund 310)

Land Use	Fee Amount
Single Family	\$223.00 per unit
Multi-Family	\$176.00 per unit
Commercial/Office/Retail	\$0.00 per 1,000 bldg. sq. ft.
Industrial	\$0.00 per 1,000 bldg. sq. ft.
Hotel/Motel	\$0.00 per room

3. Beginning and ending fund balance of account and sub-account(s).

Table 1 in Appendix G lists the beginning and ending fund balances for the Animal Control Facilities Fee Account from Fiscal Year 2015-2016 through Fiscal Year 2020-2021.

4. Amount of the Impact Fees collected and interest earned.

Table 1 in Appendix G shows the amount of Animal Control Facilities Fees collected, interest earned, and miscellaneous income during Fiscal Years 2015-2016 through 2020-2021.

5. Identification of each improvement on which Impact Fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of each project of the City that was funded with Impact Fees.

No projects were funded by the Animal Control Facilities Fees in Fiscal Years 2015-2016 through 2020-2021.

6. Identification of an approximate date by which the construction of project(s) of the City will commence if the City determines that sufficient funds have been collected to complete financing on an incomplete project of the City, as identified in paragraph (2) of subdivision (A) of Section 66001, and the project of the City

remains incomplete.

The City's currently incomplete animal control facilities projects and their approximate commencement dates are shown in Appendix I. The City has determined that it has or will obtain sufficient funds to finance such projects.

7. Description of each interfund transfer or loan made from the account or sub-account(s), including project(s) of the City on which the transferred or loaned Impact Fees will be expended, and, in the case of an interfund loan, the date on which the loan will be repaid, and the rate of Interest that the account or sub-account(s) will receive on the loan.

No transfers or loans were made from the Animal Control Facilities Fee Account in Fiscal Years 2015-2016 through 2020-2021.

8. The amount of refunds made or revenues allocated for other purposes if the administrative costs of refunding unexpended revenues exceed the amount to be refunded.

No refunds were made from the Animal Control Facilities Fee Account in Fiscal Years 2015-2016 through 2020-2021.

H Records Storage Facilities

1. Description of the type of Impact Fees in the account or sub-account(s) of the City.

The Records Storage Facilities includes those facilities used by the City to provide additional storage services. In order to serve new development through build out in Hesperia, the City identified the need for a new records storage facility.

2. Amount of the Impact Fees.

Table II-19: Records Storage Facilities Fee by Land Use (Fund 311)

Land Use	Fee Amount
Single Family	\$26.00 per unit
Multi-Family	\$20.00 per unit
Commercial/Office/Retail	\$9.00 per 1,000 bldg. sq. ft.
Industrial	\$41.00 per 1,000 bldg. sq. ft.
Hotel/Motel	\$4.00 per room

3. Beginning and ending fund balance of account and sub-account(s).

Table 1 in Appendix H lists the beginning and ending fund balances for the Records Storage Facilities Fee Account from Fiscal Year 2015-2016 through Fiscal Year 2020-2021.

4. Amount of the Impact Fees collected and interest earned.

Table 1 in Appendix H shows the amount of Records Storage Facilities Fees

collected, interest earned, and miscellaneous income during Fiscal Years 2015-2016 through 2020-2021.

5. Identification of each improvement on which Impact Fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of each project of the City that was funded with Impact Fees.

No projects were funded by the Records Storage Facilities Fees in Fiscal Years 2015-2016 through 2020-2021.

6. Identification of an approximate date by which the construction of project(s) of the City will commence if the City determines that sufficient funds have been collected to complete financing on an incomplete project of the City, as identified in paragraph (2) of subdivision (A) of Section 66001, and the project of the City remains incomplete.

The City's currently incomplete records storage facilities projects and their approximate commencement dates are shown in Appendix I. The City has determined that it has or will obtain sufficient funds to finance such projects.

7. Description of each interfund transfer or loan made from the account or sub-account(s), including project(s) of the City on which the transferred or loaned Impact Fees will be expended, and, in the case of an interfund loan, the date on which the loan will be repaid, and the rate of Interest that the account or sub-account(s) will receive on the loan.

No transfers or loans were made from the Records Storage Facilities Fee Account in Fiscal Years 2015-2016 through 2020-2021.

8. The amount of refunds made or revenues allocated for other purposes if the administrative costs of refunding unexpended revenues exceed the amount to be refunded.

No refunds were made from the Records Storage Facilities Fee Account in Fiscal Years 2015-2016 through 2020-2021.

III FISCAL YEAR 2020-2021 FIVE-YEAR REPORT

In accordance with Government Code Section 66001, the City provides the following information with respect to that portion of the Impact Fee accounts or sub-account(s) remaining unexpended, whether committed or uncommitted:

- Identification of the purpose to which the Impact Fees are to be put.

The purpose of the Impact Fees imposed and collected on new development within the City during Fiscal Year 2020-2021 was to fund the additional public facilities needed to serve new development within the City.

- Demonstration of a reasonable relationship between the Impact Fees and the purposes for which they are charged.

There is a roughly proportional, reasonable relationship between the new development upon which the Impact Fees are charged and the need for additional public facilities by reason of the fact that additional residents and employees will be generated by additional development within the City and the City does not have capacity in its existing public facilities to accommodate these new residents and employees. Furthermore, the Impact Fees charged on new development will be used to fund additional public facilities which will be used to serve the residents and employees generated from new development.

- Identification of all sources and amounts of funding anticipated to complete financing of the public facilities the City has identified in the City's reports.

Table III-1 below is a summary of the fund balance in each fund as of June 30, 2021, as well as the costs of the pending public facility projects currently identified by the City as shown in further detail in Appendix I. As indicated in the table below, the current fee fund balances are needed to complete the pending projects.

Table III-1: Fund Balance for Each Fund as of June 30, 2021

Fund	Fund Balance as of 6/30/2021	Cost of Future Projects
Transportation Facilities	\$15,192,602	\$135,594,231
Citywide Drainage Facilities	\$3,603,171	\$5,343,724
A-04 Drainage Facilities	\$948,687	\$20,163,141
Fire Facilities	\$1,864,449	\$19,173,000
Police Facilities	\$29,936	\$128,567
Public and City Hall Facilities	(\$3,674,754) ¹	\$14,871,425
Animal Control Facilities	\$128,288	\$12,600,000
Records Storage Facilities	\$17,478	\$1,716,000

Note:

1. Reflects General Fund loan debt accumulated in order to cover the shortfall in the required 87.25% contribution from Impact Fees. The General Fund loan amount will increase annually until Impact Fees are sufficient to make the full 87.25% contribution.
- Identification of the approximate dates on which the funding referred to in Table III-1 is expected to be deposited into the appropriate account or fund.

Appendix I shows the approximate dates on which the funds are expected to be available for the Public Facility projects presently identified by the City.

APPENDIX A

City of Hesperia

Government Code Sections 66001 and 66006 Annual and Five-Year Reports

Fiscal Years 2015-2016 Through 2020-2021



TRANSPORTATION FACILITIES FEE FINANCIAL SUMMARY REPORT

APPENDIX A
CITY OF HESPERIA
GOVERNMENT CODE SECTION 66006
ANNUAL REPORT
FISCAL YEARS 2015-2016 THROUGH 2020-2021
TRANSPORTATION FACILITIES

Table 1: Transportation Facilities Transaction Detail (Fund 300)

DESCRIPTION	FISCAL YEAR 2015-2016	FISCAL YEAR 2016-2017	FISCAL YEAR 2017-2018	FISCAL YEAR 2018-2019	FISCAL YEAR 2019-2020	FISCAL YEAR 2020-2021 [1]	TOTAL
Beginning Fund Balance (7/1)	\$7,222,997	\$8,166,511	\$9,836,945	\$12,472,017	\$12,288,836	\$10,710,591	\$7,222,997
Sources of Funds							
Fee Revenues	\$1,108,102	\$1,777,451	\$3,389,227	\$2,052,777	\$379,945	\$212,400	\$8,919,902
Interest Income	\$1,058	\$9,047	\$51,434	\$118,684	\$75,413	\$12,119	\$267,755
Other Income	\$8,749	\$0	\$0	\$0	\$350,000	\$0	\$358,749
Total Sources of Funds	\$1,117,909	\$1,786,498	\$3,440,661	\$2,171,461	\$805,358	\$224,519	\$9,546,406
Uses of Funds							
Capital Improvement Projects	(\$174,395)	(\$116,064)	(\$805,589)	(\$47,695)	(\$91,119)	(\$302,260)	(\$1,537,122)
Loan Interest and Principal Payments	\$0	\$0	\$0	(\$2,306,947)	(\$2,292,484)	(\$2,062,738)	(\$6,662,169)
Refund of Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Uses of Funds	(\$174,395)	(\$116,064)	(\$805,589)	(\$2,354,642)	(\$2,383,603)	(\$2,364,998)	(\$8,199,291)
Ending Fund Balance (6/30)	\$8,166,511	\$9,836,945	\$12,472,017	\$12,288,836	\$10,710,591	\$8,570,112	\$8,570,112

[1] Unaudited and subject to change pending the completion of the annual audit from an independent audit firm.

[2] Includes the return of the Army Corps of Engineers habitat deposit related to the completion of the Ranchero Road Interchange project.

Table 2: Transportation Facilities Transaction Detail (Fund 306)

DESCRIPTION	FISCAL YEAR 2015-2016	FISCAL YEAR 2016-2017	FISCAL YEAR 2017-2018	FISCAL YEAR 2018-2019	FISCAL YEAR 2019-2020	FISCAL YEAR 2020-2021 [1]	TOTAL
Beginning Fund Balance (7/1)	\$0	\$0	\$0	\$0	\$790,110	\$4,092,581	\$0
Sources of Funds							
Fee Revenues	\$0	\$0	\$0	\$783,151	\$3,264,329	\$2,504,287	\$6,551,767
Interest Income	\$0	\$0	\$0	\$6,959	\$38,142	\$25,622	\$70,723
Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Sources of Funds	\$0	\$0	\$0	\$790,110	\$3,302,471	\$2,529,909	\$6,622,490
Uses of Funds							
Capital Improvement Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Loan Interest and Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Refund of Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Uses of Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Fund Balance (6/30)	\$0	\$0	\$0	\$790,110	\$4,092,581	\$6,622,490	\$6,622,490

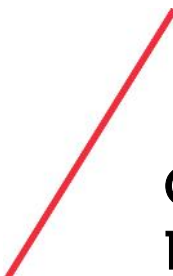
[1] Unaudited and subject to change pending the completion of the annual audit from an independent audit firm.

APPENDIX B

City of Hesperia

Government Code Sections 66001 and 66006 Annual and Five-Year Reports

Fiscal Years 2015-2016 Through 2020-2021



CITYWIDE DRAINAGE FACILITIES FEE FINANCIAL SUMMARY REPORT

APPENDIX B
CITY OF HESPERIA
GOVERNMENT CODE SECTION 66006
ANNUAL REPORT
FISCAL YEARS 2015-2016 THROUGH 2020-2021
CITYWIDE DRAINAGE FACILITIES

Table 1: Citywide Drainage Facilities Transaction Detail (Fund 301)

DESCRIPTION	FISCAL YEAR 2015-2016	FISCAL YEAR 2016-2017	FISCAL YEAR 2017-2018	FISCAL YEAR 2018-2019	FISCAL YEAR 2019-2020	FISCAL YEAR 2020-2021 [1]	TOTAL
Beginning Fund Balance (7/1)	\$2,341,697	\$2,448,262	\$2,515,552	\$2,927,323	\$3,185,411	\$3,058,712	\$2,341,697
Sources of Funds							
Fee Revenues	\$146,821	\$233,321	\$469,190	\$272,358	\$48,619	\$29,708	\$1,200,017
Interest Income	\$8,604	\$14,309	\$34,522	\$66,279	\$55,206	\$14,649	\$193,569
Other Income	\$0	\$0	\$0	\$18	\$0	\$18,280	\$18,298
Total Sources of Funds	\$155,425	\$247,630	\$503,712	\$338,655	\$103,825	\$62,637	\$1,411,884
Uses of Funds							
Capital Improvement Projects	\$0	(\$113,457)	(\$36,387)	(\$80,567)	(\$230,524)	(\$73,418)	(\$534,353)
Property Acquisition Costs	(\$48,860)	(\$66,883)	(\$55,554)	\$0	\$0	\$0	(\$171,297)
Refund of Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Uses of Funds	(\$48,860)	(\$180,340)	(\$91,941)	(\$80,567)	(\$230,524)	(\$73,418)	(\$705,650)
Ending Fund Balance (6/30)	\$2,448,262	\$2,515,552	\$2,927,323	\$3,185,411	\$3,058,712	\$3,047,931	\$3,047,931

[1] Unaudited and subject to change pending the completion of the annual audit from an independent audit firm.

[2] Includes a \$18,115 reimbursement from a developer for Southern California Edison license fees paid by the City and \$183 in property tax refunds for land purchases.

Table 2: Citywide Drainage Facilities Transaction Detail (Fund 307)

DESCRIPTION	FISCAL YEAR 2015-2016	FISCAL YEAR 2016-2017	FISCAL YEAR 2017-2018	FISCAL YEAR 2018-2019	FISCAL YEAR 2019-2020	FISCAL YEAR 2020-2021 [1]	TOTAL
Beginning Fund Balance (7/1)	\$0	\$0	\$0	\$0	\$76,152	\$337,065	\$0
Sources of Funds							
Fee Revenues	\$0	\$0	\$0	\$75,481	\$257,608	\$216,074	\$549,163
Interest Income	\$0	\$0	\$0	\$671	\$3,305	\$2,101	\$6,077
Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Sources of Funds	\$0	\$0	\$0	\$76,152	\$260,913	\$218,175	\$555,240
Uses of Funds							
Capital Improvement Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property Acquisition Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Refund of Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Uses of Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Fund Balance (6/30)	\$0	\$0	\$0	\$76,152	\$337,065	\$555,240	\$555,240

[1] Unaudited and subject to change pending the completion of the annual audit from an independent audit firm.

APPENDIX C

City of Hesperia

Government Code Sections 66001 and 66006 Annual and Five-Year Reports

Fiscal Years 2015-2016 Through 2020-2021



A-04 DRAINAGE FACILITIES FEE FINANCIAL SUMMARY REPORT

APPENDIX C
CITY OF HESPERIA
GOVERNMENT CODE SECTION 66006
ANNUAL REPORT
FISCAL YEARS 2015-2016 THROUGH 2020-2021
A-04 DRAINAGE FACILITIES

Table 1: A-04 Drainage Facilities Transaction Detail (Fund 313)

DESCRIPTION	FISCAL YEAR 2015-2016	FISCAL YEAR 2016-2017	FISCAL YEAR 2017-2018	FISCAL YEAR 2018-2019	FISCAL YEAR 2019-2020	FISCAL YEAR 2020-2021 [1]	TOTAL
Beginning Fund Balance (7/1)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sources of Funds							
Fee Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Income	\$0	\$0	\$0	\$0	\$0	\$1,086	\$1,086
Other Income	\$0	\$0	\$0	\$0	\$0	\$959,049	\$959,049
Total Sources of Funds	\$0	\$0	\$0	\$0	\$0	\$960,135	\$960,135
Uses of Funds							
Capital Improvement Projects	\$0	\$0	\$0	\$0	\$0	(\$11,448)	(\$11,448)
Property Acquisition Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Refund of Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Uses of Funds	\$0	\$0	\$0	\$0	\$0	(\$11,448)	(\$11,448)
Ending Fund Balance (6/30)	\$0	\$0	\$0	\$0	\$0	\$948,687	\$948,687

[1] Unaudited and subject to change pending the completion of the annual audit from an independent audit firm.

[2] A developer with plans to build residential properties within the City secured a tax-exempt bond through a Statewide Community Infrastructure Program (SCIP) in which the developer and City both participated, but for which the City has no repayment obligation in any form. The bonds were issued to finance development impact fees due from the developer of the project to the City. As a result of the bond issue which closed during Fiscal Year 2021-2022, \$959,049 in development impact fees received during Fiscal Year 2020-2021 were subsequently required to be transferred to the bond trustee during Fiscal Year 2021-2022; therefore, deferred revenue was recorded as of 6/30/2021. Draws against bond proceeds will begin during Fiscal Year 2021-2022, as progress is made on capital improvements within the A-04 drainage area.

APPENDIX D

City of Hesperia

Government Code Sections 66001 and 66006 Annual and Five-Year Reports

Fiscal Years 2015-2016 Through 2020-2021



FIRE FACILITIES FEE FINANCIAL SUMMARY REPORT

APPENDIX D
CITY OF HESPERIA
GOVERNMENT CODE SECTION 66006
ANNUAL REPORT
FISCAL YEARS 2015-2016 THROUGH 2020-2021
FIRE FACILITIES

Table 1: Fire Facilities Transaction Detail (Fund 302)

DESCRIPTION	FISCAL YEAR 2015-2016	FISCAL YEAR 2016-2017	FISCAL YEAR 2017-2018	FISCAL YEAR 2018-2019	FISCAL YEAR 2019-2020	FISCAL YEAR 2020-2021 [1]	TOTAL
Beginning Fund Balance (7/1)	\$889,165	\$911,060	\$941,012	\$1,152,851	\$1,349,407	\$1,406,317	\$889,165
Sources of Funds							
Fee Revenues	\$18,676	\$24,683	\$198,235	\$169,543	\$32,588	\$26,438	\$470,163
Interest Income	\$3,219	\$5,269	\$13,604	\$27,013	\$24,322	\$6,763	\$80,190
Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Sources of Funds	\$21,895	\$29,952	\$211,839	\$196,556	\$56,910	\$33,201	\$550,353
Uses of Funds							
Capital Improvement Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Refund of Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Uses of Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Fund Balance (6/30)	\$911,060	\$941,012	\$1,152,851	\$1,349,407	\$1,406,317	\$1,439,518	\$1,439,518

[1] Unaudited and subject to change pending the completion of the annual audit from an independent audit firm.

Table 2: Fire Facilities Transaction Detail (Fund 308)

DESCRIPTION	FISCAL YEAR 2015-2016	FISCAL YEAR 2016-2017	FISCAL YEAR 2017-2018	FISCAL YEAR 2018-2019	FISCAL YEAR 2019-2020	FISCAL YEAR 2020-2021 [1]	TOTAL
Beginning Fund Balance (7/1)	\$0	\$0	\$0	\$0	\$51,488	\$263,389	\$0
Sources of Funds							
Fee Revenues	\$0	\$0	\$0	\$51,035	\$209,576	\$159,892	\$420,503
Interest Income	\$0	\$0	\$0	\$453	\$2,325	\$1,650	\$4,428
Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Sources of Funds	\$0	\$0	\$0	\$51,488	\$211,901	\$161,542	\$424,931
Uses of Funds							
Capital Improvement Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Refund of Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Uses of Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Fund Balance (6/30)	\$0	\$0	\$0	\$51,488	\$263,389	\$424,931	\$424,931

[1] Unaudited and subject to change pending the completion of the annual audit from an independent audit firm.

APPENDIX E

City of Hesperia

Government Code Sections 66001 and 66006 Annual and Five-Year Reports

Fiscal Years 2015-2016 Through 2020-2021



POLICE FACILITIES FEE FINANCIAL SUMMARY REPORT

APPENDIX E
CITY OF HESPERIA
GOVERNMENT CODE SECTION 66006
ANNUAL REPORT
FISCAL YEARS 2015-2016 THROUGH 2020-2021
POLICE FACILITIES

Table 1: Police Facilities Transaction Detail (Fund 303)

DESCRIPTION	FISCAL YEAR 2015-2016	FISCAL YEAR 2016-2017	FISCAL YEAR 2017-2018	FISCAL YEAR 2018-2019	FISCAL YEAR 2019-2020	FISCAL YEAR 2020-2021 [1]	TOTAL
Beginning Fund Balance (7/1)	\$271,279	\$277,712	\$286,542	\$349,539	\$408,017	\$21,082	\$271,279
Sources of Funds							
Fee Revenues	\$5,452	\$7,225	\$58,870	\$50,304	\$9,657	\$8,017	\$139,525
Interest Income	\$981	\$1,605	\$4,127	\$8,174	\$1,808	\$91	\$16,786
Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Sources of Funds	\$6,433	\$8,830	\$62,997	\$58,478	\$11,465	\$8,108	\$156,311
Uses of Funds							
Capital Improvement Projects	\$0	\$0	\$0	\$0	(\$398,400)	(\$6,128)	(\$404,528)
Refund of Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Uses of Funds	\$0	\$0	\$0	\$0	(\$398,400)	(\$6,128)	(\$404,528)
Ending Fund Balance (6/30)	\$277,712	\$286,542	\$349,539	\$408,017	\$21,082	\$23,062	\$23,062

[1] Unaudited and subject to change pending the completion of the annual audit from an independent audit firm.

Table 2: Police Facilities Transaction Detail (Fund 312)

DESCRIPTION	FISCAL YEAR 2015-2016	FISCAL YEAR 2016-2017	FISCAL YEAR 2017-2018	FISCAL YEAR 2018-2019	FISCAL YEAR 2019-2020	FISCAL YEAR 2020-2021 [1]	TOTAL
Beginning Fund Balance (7/1)	\$0	\$0	\$0	\$0	\$795	\$4,316	\$0
Sources of Funds							
Fee Revenues	\$0	\$0	\$0	\$788	\$3,483	\$2,531	\$6,802
Interest Income	\$0	\$0	\$0	\$7	\$38	\$27	\$72
Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Sources of Funds	\$0	\$0	\$0	\$795	\$3,521	\$2,558	\$6,874
Uses of Funds							
Capital Improvement Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Refund of Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Uses of Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Fund Balance (6/30)	\$0	\$0	\$0	\$795	\$4,316	\$6,874	\$6,874

[1] Unaudited and subject to change pending the completion of the annual audit from an independent audit firm.

APPENDIX F

City of Hesperia

Government Code Sections 66001 and 66006 Annual and Five-Year Reports

Fiscal Years 2015-2016 Through 2020-2021



PUBLIC AND CITY HALL FACILITIES FEE FINANCIAL SUMMARY REPORT

APPENDIX F

CITY OF HESPERIA
GOVERNMENT CODE SECTION 66006
ANNUAL REPORT
FISCAL YEARS 2015-2016 THROUGH 2020-2021
PUBLIC AND CITY HALL FACILITIES

Table 1: Public Facilities Transaction Detail (Fund 304)

DESCRIPTION	FISCAL YEAR 2015-2016	FISCAL YEAR 2016-2017	FISCAL YEAR 2017-2018	FISCAL YEAR 2018-2019	FISCAL YEAR 2019-2020	FISCAL YEAR 2020-2021 [1]	TOTAL
Beginning Fund Balance (7/1)	(\$116,480)	(\$781,477)	(\$1,459,043)	(\$1,985,395)	(\$2,564,368)	(\$3,328,253)	(\$116,480)
Sources of Funds							
Fee Revenues	\$15,037	\$20,266	\$155,630	\$133,800	\$25,334	\$23,470	\$373,537
Interest Income	\$172	\$334	\$975	\$22	\$134	\$0	\$1,637
Other Income	\$0	\$0	\$0	\$0	\$0	\$3,304,783	\$3,304,783
Total Sources of Funds	\$15,209	\$20,600	\$156,605	\$133,822	\$25,468	\$3,328,253	\$3,679,957
Uses of Funds							
Capital Improvement Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Loan Interest and Principal Payments	(\$2,622)	(\$9,633)	(\$26,270)	(\$55,977)	(\$59,289)	\$0	(\$153,791)
Operating Transfers Out	(\$677,584)	(\$688,533)	(\$656,687)	(\$656,818)	(\$730,064)	\$0	(\$3,409,686)
Refund of Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Uses of Funds	(\$680,206)	(\$698,166)	(\$682,957)	(\$712,795)	(\$789,353)	\$0	(\$3,563,477)
Ending Fund Balance (6/30)	(\$781,477)	(\$1,459,043)	(\$1,985,395)	(\$2,564,368)	(\$3,328,253)	\$0	\$0

[1] Unaudited and subject to change pending the completion of the annual audit from an independent audit firm.

[2] Beginning in Fiscal Year 2014-2015, Impact Fees were insufficient to fully fund the 87.25% contribution. As a result, a loan from the General Fund was issued so that the required contribution for the annual bond debt service payment could be made. The amount shown above includes \$3,304,783 in funds transferred from Fund 309 to Fund 304. This was done in order to move the City's General Fund loan debt accumulated under Fund 304 to Fund 309 so that Fund 304 can be closed.

[3] Includes \$3,409,686 in annual debt service payments on the bonds transferred to Fund 403. Fund 403 is a City non-Impact Fee fund used to pay annual debt service on the 2013 Refunding Lease Revenue Bonds.

Table 2: City Hall Facilities Transaction Detail (Fund 309)

DESCRIPTION	FISCAL YEAR 2015-2016	FISCAL YEAR 2016-2017	FISCAL YEAR 2017-2018	FISCAL YEAR 2018-2019	FISCAL YEAR 2019-2020	FISCAL YEAR 2020-2021 [1]	TOTAL
Beginning Fund Balance (7/1)	\$0	\$0	\$0	\$0	\$42,135	\$225,952	\$0
Sources of Funds							
Fee Revenues	\$0	\$0	\$0	\$41,764	\$181,847	\$133,575	\$357,186
Interest Income	\$0	\$0	\$0	\$371	\$1,970	\$1,191	\$3,532
Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Sources of Funds	\$0	\$0	\$0	\$42,135	\$183,817	\$134,766	\$360,718
Uses of Funds							
Capital Improvement Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Loan Interest and Principal Payments	\$0	\$0	\$0	\$0	\$0	(\$19,270)	(\$19,270)
Operating Transfers Out	\$0	\$0	\$0	\$0	\$0	(\$4,016,202)	(\$4,016,202)
Refund of Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Uses of Funds	\$0	\$0	\$0	\$0	\$0	(\$4,035,472)	(\$4,035,472)
Ending Fund Balance (6/30)	\$0	\$0	\$0	\$42,135	\$225,952	(\$3,674,754)	(\$3,674,754)

[1] Unaudited and subject to change pending the completion of the annual audit from an independent audit firm.

[2] Includes \$711,419 in annual debt service payments on the bonds transferred to Fund 403 and \$3,304,783 in funds transferred to Fund 304.

[3] Reflects General Fund loan debt accumulated in order to cover the shortfall in the required 87.25% contribution from Impact Fees. The General Fund loan amount will increase annually until Impact Fees are sufficient to make the full 87.25% contribution.

APPENDIX G

City of Hesperia

Government Code Sections 66001 and 66006 Annual and Five-Year Reports

Fiscal Years 2015-2016 Through 2020-2021



ANIMAL CONTROL FACILITIES FEE FINANCIAL SUMMARY REPORT

APPENDIX G
CITY OF HESPERIA
GOVERNMENT CODE SECTION 66006
ANNUAL REPORT
FISCAL YEARS 2015-2016 THROUGH 2020-2021
ANIMAL CONTROL FACILITIES

Table 1: Animal Control Facilities Transaction Detail (Fund 310)

DESCRIPTION	FISCAL YEAR 2015-2016	FISCAL YEAR 2016-2017	FISCAL YEAR 2017-2018	FISCAL YEAR 2018-2019	FISCAL YEAR 2019-2020	FISCAL YEAR 2020-2021 [1]	TOTAL
Beginning Fund Balance (7/1)	\$0	\$0	\$0	\$0	\$17,726	\$74,663	\$0
Sources of Funds							
Fee Revenues	\$0	\$0	\$0	\$17,570	\$56,249	\$52,977	\$126,796
Interest Income	\$0	\$0	\$0	\$156	\$688	\$648	\$1,492
Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Sources of Funds	\$0	\$0	\$0	\$17,726	\$56,937	\$53,625	\$128,288
Uses of Funds							
Capital Improvement Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Refund of Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Uses of Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Fund Balance (6/30)	\$0	\$0	\$0	\$17,726	\$74,663	\$128,288	\$128,288

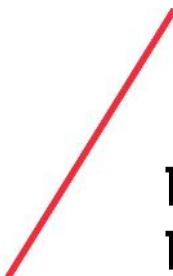
[1] Unaudited and subject to change pending the completion of the annual audit from an independent audit firm.

APPENDIX H

City of Hesperia

Government Code Sections 66001 and 66006 Annual and Five-Year Reports

Fiscal Years 2015-2016 Through 2020-2021



RECORDS STORAGE FACILITIES FEE FINANCIAL SUMMARY REPORT

APPENDIX H
CITY OF HESPERIA
GOVERNMENT CODE SECTION 66006
ANNUAL REPORT
FISCAL YEARS 2015-2016 THROUGH 2020-2021
RECORDS STORAGE FACILITIES

Table 1: Records Storage Facilities Transaction Detail (Fund 311)

DESCRIPTION	FISCAL YEAR 2015-2016	FISCAL YEAR 2016-2017	FISCAL YEAR 2017-2018	FISCAL YEAR 2018-2019	FISCAL YEAR 2019-2020	FISCAL YEAR 2020-2021 [1]	TOTAL
Beginning Fund Balance (7/1)	\$0	\$0	\$0	\$0	\$2,066	\$10,923	\$0
Sources of Funds							
Fee Revenues	\$0	\$0	\$0	\$2,048	\$8,761	\$6,487	\$17,296
Interest Income	\$0	\$0	\$0	\$18	\$96	\$68	\$182
Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Sources of Funds	\$0	\$0	\$0	\$2,066	\$8,857	\$6,555	\$17,478
Uses of Funds							
Capital Improvement Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Refund of Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Uses of Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Fund Balance (6/30)	\$0	\$0	\$0	\$2,066	\$10,923	\$17,478	\$17,478

[1] Unaudited and subject to change pending the completion of the annual audit from an independent audit firm.

APPENDIX I

City of Hesperia
Government Code Sections 66001 and 66006 Annual and Five-Year Reports
Fiscal Years 2015-2016 Through 2020-2021

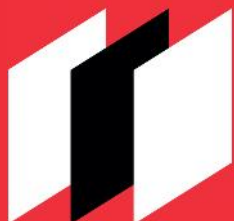


SUMMARY OF INCOMPLETE PROJECTS

APPENDIX I
CITY OF HESPERIA
GOVERNMENT CODE SECTIONS 66001 AND 66006
ANNUAL AND FIVE-YEAR REPORTS
FISCAL YEAR 2020-2021
SUMMARY OF INCOMPLETE PROJECTS

Project	Total Cost	Amount to be Funded by Impact Fees	Source of Impact Fees	Amount to be Funded by Other Sources of Funds	Description of Other Sources of Funds	Timeframe
Transportation Facilities						
7046-Ranchero Road Undercrossing	\$31,910,895	\$5,383,995	On Deposit/Future Collections	\$26,526,900	General Fund, Measure I, Redevelopment Agency, Ranchero Road Undercrossing Special Projects Fund	thru FY 2025-26
7086-Ranchero Road & I-15 Interchange	\$38,853,753	\$12,284,570	On Deposit/Future Collections	\$26,569,183	Ranchero/1-15 Interchange, State Transportation Improvement Program, Sewer Capital, SBCTA Interchange Loan	TBD
7094-Ranchero Road Improve-Mariposa	\$37,320,583	\$7,082,683	On Deposit/Future Collections	\$30,237,900	Measure I Renewal, Local Transportation Funds, Citywide Projects	TBD
7096-Aqueduct Cross Widen @ Main	\$9,797,000	\$18,028	On Deposit/Future Collections	\$9,778,972	Measure I Renewal, Local Transportation Funds, Redevelopment Agency	TBD
7131-Traffic Signal @ Ranchero Road & Maple Ave	\$450,000	\$261,770	On Deposit/Future Collections	\$188,230	Measure I, SBCTA Reimbursement, Local Transportation Fund	TBD
7139-Ranchero Road Aqueduct Crossing	\$16,362,000	\$6,034,623	On Deposit/Future Collections	\$10,327,377	Measure I Renewal, SBCTA Reimbursement, RMRA LPP Grant, Local Transportation Fund	TBD
7146-Traffic Signal @ Ranchero Road/Cottonwood Ave	\$450,000	\$260,297	On Deposit/Future Collections	\$189,703	Measure I Renewal	TBD
7154-Traffic Signal @ Ranchero Road/Seventh Ave	\$450,000	\$260,297	On Deposit/Future Collections	\$189,703	Measure I Renewal	TBD
Additional Transportation projects	TBD	TBD	On Deposit/Future Collections	TBD	TBD	TBD
Subtotal	\$135,594,231	\$31,586,263		\$104,007,968		
Citywide Drainage Facilities						
7140-Temecula Ave - C01 Retention Basin	\$4,020,969	\$4,020,969	On Deposit/Future Collections	\$0	NA	TBD
7141-Walnut Street - H-01 Retention Basin	\$1,322,755	\$572,755	On Deposit/Future Collections	\$750,000	Prop 1 Grant	TBD
Additional Drainage projects	TBD	TBD	On Deposit/Future Collections	TBD	TBD	TBD
Subtotal	\$5,343,724	\$4,593,724		\$750,000		
A-04 Drainage Facilities						
7152-A-04 Drainage Program	\$20,163,141	\$163,141	On Deposit/Future Collections	\$20,000,000	NA	TBD
Fire Facilities [1]						
Tear Down and Rebuild Fire Station 301	\$7,600,000	TBD	On Deposit/Future Collections	TBD	TBD	TBD
Tear Down and Rebuild Fire Station 302	\$9,240,000	TBD	On Deposit/Future Collections	TBD	TBD	TBD
Fire Station 304 Expansion	\$2,333,000	TBD	On Deposit/Future Collections	TBD	TBD	TBD
Subtotal	\$19,173,000	\$0		\$0		
Police Facilities						
4 ALPR Traffic Cameras	\$128,567	\$25,398	On Deposit/Future Collections	\$103,169	General Fund	FY 2021-22
Public and City Hall Facilities						
2013 Civic Plaza Bonds (Refinancing of 2005 COP)	\$14,871,425	\$12,975,318	On Deposit/Future Collections	\$1,896,107	General Fund	thru 2035
Additional Facilities	TBD	TBD	On Deposit/Future Collections	TBD	TBD	TBD
Subtotal	\$14,871,425	\$12,975,318		\$1,896,107		
Animal Control Facilities						
Construct new Animal Control Facility	\$12,600,000	TBD	On Deposit/Future Collections	TBD	TBD	TBD
Records Storage Facilities						
Construct new Records Storage Facility	\$1,716,000	TBD	On Deposit/Future Collections	TBD	TBD	TBD

[1] The former Hesperia Fire Protection District was annexed into the San Bernardino County Fire Protection District (SBCFP) in 2018. The City will work with SBCFP for possibilities for future site expansion or possible construction of a new fire station.



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City of Hesperia

STAFF REPORT



DATE: January 18, 2022

TO: Mayor and Council Members
Chair and Board Members, Hesperia Water District

FROM: Nils Bentsen, City Manager

BY: Casey Brooksher, Director of Administrative Services
Victor Knight, Economic Development Manager

SUBJECT: Network Security Detection and Response Services

RECOMMENDED ACTION

It is recommended that the City Council and Board of Directors of the Hesperia Water District authorize the City Manager to enter into a three (3) year agreement with Kroll, LLC (Kroll) in an amount not-to-exceed \$78,000, to actively monitor the City's network for cybersecurity intrusions and provide remediation.

BACKGROUND

The City's existing cybersecurity measures provide a moderate level of protection against cybersecurity attacks and prevention; however, improvement can be made utilizing a third party service.

Augmenting existing measures with security analyst expertise and monitoring the City's network activity 24 hours a day, seven days a week will further ensure the City's security, integrity and ability to operate un-interrupted.

ISSUES/ANALYSIS

Kroll would provide the City with a security operation center staffed with security professionals that are able to respond to potentially malicious behavior at all hours. In the City's current state, attacks that are executed against the City during off hours do not always receive an immediate response, and analysis by a security analyst is not a resource that can be deployed.

In the case of a potential cyberattack, Kroll's security analysts will review City network activity using third party software licensed through Kroll. If suspicious activity is observed, Kroll security analysts will remotely triage, investigate, and respond using the third party software in an effort to contain and remediate identified threats on actively monitored servers and devices. The City would then be notified of the incident and following analysis by Kroll. Kroll will provide the City with a description of actions taken to stop an attack and provide guidance on how to prevent similar attacks if applicable.

FISCAL IMPACT

Funding from budgetary savings in the Fiscal Year (FY) 2021-22 Budget will be utilized. Prospectively, annual funding of \$26,000 will be included in the annual budget by staff for the duration of the contract (FY 2022-23 through FY 2023-24).

ALTERNATIVE(S)

1. Provide alternative direction to staff.

ATTACHMENT(S)

None

City of Hesperia

STAFF REPORT



DATE: January 18, 2021

TO: Chair and Board Members, Hesperia Water District

FROM: Nils Bentsen, City Manager

BY: Jeremy McDonald, Director of Public Works
Marc Morales, Management Analyst

SUBJECT: GP Electric Motor Contract Amendment

RECOMMENDED ACTION

It is recommended that the City Council and Board Members of the Hesperia Water District (District) authorize the City Manager to execute an amendment to increase the existing contract with GP Electric Motor in the amount of \$30,000, for a revised not-to-exceed amount of \$100,000 for well and booster motor maintenance.

BACKGROUND

Electric motors that operate the water pumps require proactive or reactive (emergency) repairs throughout the year to continue to have water pumped at the well and booster sites in order to maintain positive water pressure in the distribution system to serve homes and businesses. The proactive and reactive repairs will also greatly reduce the possibility of a water service outage through the City.

ISSUES/ANALYSIS

The current contract with GP Electric Motor is for a not-to-exceed amount of \$70,000 and due to unforeseen repairs to the electric motors has resulted in utilizing the contract amount. Based on the historical trend of repairs performed by the contractor, staff estimates an additional \$30,000 for the amended not-to-exceed amount of \$100,000 will be sufficient for the remainder of the contract term.

FISCAL IMPACT

Sufficient funding exists in the Fiscal Year 2021-22 Budget. If unforeseen repairs arise, a budget amendment will be requested if budget savings are not otherwise available.

ALTERNATIVES

1. Provide alternative direction to staff.

ATTACHMENTS

None

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City of Hesperia

STAFF REPORT



DATE: January 18, 2022

TO: Mayor and Council Members

FROM: Nils Bentsen, City Manager

BY: Rachel Molina, Assistant City Manager
Mark McKinley, Assistant Engineer

SUBJECT: Award of Contract for Engineering Plan Review and Inspection Services

RECOMMENDED ACTION

It is recommended that the City Council approve the award of two (2) Professional Services Agreements (PSAs); one to HRGreen in the amount of \$20,000 for a term of 1 year for Plan Check services and the other to Transtech in the amount of \$10,000 for a term of 1 year for Engineering Inspection services.

BACKGROUND

Coordination of plan review and inspection activities between Engineering, Building and Safety, and Public Works, is conducted on all construction projects in the City to ensure compliance with code requirements. During extremely busy periods in the development community, it becomes necessary to contract for plan review and inspection services in order to provide and maintain a high level of customer service to the development community. These services include, but are not limited to, the performance of plan review and inspection of residential, commercial, and industrial projects.

ISSUES/ANALYSIS

Due to the City's need for professional engineering services, City staff has elected to seek Contract Plan Review and Inspection Services to keep pace with development in the City in lieu of hiring additional staff. The contract would provide the flexibility to increase or decrease the volume and frequency of contracted services depending on the fluctuating project workloads.

During September 2021, the City issued a Request for Proposal (RFP) for City Engineering Plan Check and Inspection Services was released. During the RFP proposal acceptance timeframe, a total of thirty-three (33) engineering firms were contacted either through e-mail, City's Public Purchase or the City's website to reach a broad range of engineering firms in the hopes of receiving a multitude of proposal submissions. The deadline for submitting proposals was Tuesday, October 12, 2021 and a total of eight (8) firms responded to the RFP by submitting a proposal. A review panel consisting of three City staff reviewed and scored the proposals. Upon the panel's completion of the proposal review, it was determined that HRGreen was the top ranked firm for Plan Check services and Transtech was the top ranked firm for Inspection services.

Once the ranking of the firms has been determined, the Fee Proposal of the top ranked firm will be opened by City staff. After review of the Fee Proposal, it allows City staff to negotiate with the top ranked firm.

The review panel's RFP scoring summary showing each firm's total points at the conclusion of the RFP evaluation process has been provided below:

REVIEW PANEL SUMMARY for Plan Check Services								
Firms								
Total Available Points = 300	Bureau Veritas	HRGreen	Transtech Engineers, Inc.	KOA	GK & Associates	RMA Group	CASC Engineering & Consulting	InterWest
Total Score	262	299	263	224	N/A	N/A	259	259
Ranking	3	1	2	6	N/A	N/A	5	5

REVIEW PANEL SUMMARY for Inspector Services								
Firms								
Total Available Points = 300	Bureau Veritas	HRGreen	Transtech Engineers, Inc.	KOA	GK & Associates	RMA Group	CASC Engineering & Consulting	InterWest
Total Score	171	198	268	241	224	261	N/A	N/A
Ranking	6	5	1	3	4	2	N/A	N/A

A comparison analysis was provided by Finance that allowed Engineering to view the final panel summary sheet to compare. Upon Engineering's review of the comparison analysis, Finance began negotiation with the top ranked firms. Upon completion of the negotiations, Finance and the top ranked firms were able to reach mutually agreeable terms based upon the top ranked firm's competitive rates for each position of need.

FISCAL IMPACT

Funding of \$30,000 for Engineering Plan Review and Inspection Services was not included in the Fiscal Year 2021-2022 Budget and an amendment will be presented to the City Council during the Mid-Year Budget Review.

ALTERNATIVE(S)

1. Provide alternative direction to staff.

ATTACHMENT(S)

None

City of Hesperia

STAFF REPORT



DATE: January 18, 2022

TO: Mayor and Council Members
Chair and Board Members, Water District

FROM: Nils Bentsen, City Manager **SECOND READING AND ADOPTION**
REVISED EXHIBIT A REFLECTS COUNCIL/BOARD DIRECTION

BY: Rachel Molina, Assistant City Manager
Tina Souza, Senior Management Analyst

SUBJECT: Amendments to Title 14, Chapter 14.04 of the Hesperia Municipal Code related to water use, conservation and water shortage plan.

RECOMMENDED ACTION

It is recommended that the City Council and the Board of Directors of the Hesperia Water District introduce and place on first reading Ordinance No. 2021-08 regarding water use, water conservation and water shortage plan; amending Title 14, Chapter 14.04 of the Hesperia Municipal Code.

At the December 21, 2021 Council meeting the City Council and Board of Directors made a minor amendment to the wording of Stage 2, a. to reflect that mandatory consumption reduction methods may be in effect.

BACKGROUND

On January 17, 2014, California State Governor Edmund G. Brown Jr. issued drought emergency proclamation which was followed by further executive orders and emergency regulations enacting specific conservations requirements, prohibitions against wasteful water use practices, and requirements for water purveyors to report to the state monthly.

The drought restrictions were repealed in part February 17, 2017, with the remaining requirements expiring on November 25, 2017. However, the long-term framework to establish permanent conservation standards and improve urban water management planning had been placed into motion.

May 31, 2018, Governor Brown signed Assembly Bill (AB) 1668 and Senate Bill (SB) 606 which established guidelines for efficient water use and implementation of new standards intended to achieve long term conservation and provide water supply reliability to adapt to longer, more intense droughts experienced in California. In summary, the bills required the creation of new efficiency standards for indoor and outdoor use and leaks as well as establishes requirements for drought planning and water efficiency reporting. The plan for development and implementation of the new state regulations are collectively referenced in a document prepared by the California Department of Water Resources and State Water Resources Control Board titled "Making Water Conservation A California Way of Life".

Further, various components of water management planning are accomplished through an Urban Water Management Plan (UWMP) as required by the Urban Water Management Planning Act in

Staff Report to the Mayor and Council Members and Chair and Board Members of Hesperia Water District Amendments to Title 14, Chapter 14.04 of the Hesperia Municipal Code related to water use, conservation and water shortage plan.

December 21, 2021

connection with certain regulations from the above legislation. Development of the UWMP prepared by Tully & Young, Inc. that was accepted by the Board of Directors via Resolution No. 2021-013 on August 3, 2021 prompted the need to evaluate and update Title 14, Chapter 14.04, Sections 14.04.160 and 14.04.170 consist with current State regulations implemented subsequent to the Assembly and Senate Bills respectively.

Staff originally presented first reading of this ordinance to the Council and Board members on November 2, 2021. Since then, additional revisions have been made to the ordinance resulting in the recurrence of first reading.

ISSUES/ANALYSIS

California Water Code (CWC) Section 350 et seq. authorizes Hesperia Water District (District) to restrict the use of District water during any emergency caused by drought, or other threatened or existing water shortage, and to prohibit the unreasonable use or waste of District water for any purpose other than household uses or such other restricted uses as may be determined to be necessary and may prohibit use of such water during such periods for specific uses which the District may from time to time find to be nonessential.

CWC Section 350 et seq. further authorizes the District to prescribe and define by ordinance those restrictions, prohibitions, and exclusions it may determine to be necessary in restricting the use of District water during threatened or existing water shortages.

CWC 16032 related to Urban Water Management Planning requires urban water suppliers to adopt a water shortage contingency plan containing certain elements such as six standard water shortage levels.

In comparison to State regulations related to water use and conservation, the existing Hesperia Municipal Code (HMC) is generally more restrictive due to existing mandatory conservation requirements. However, consistent with AB 1668, SB 606, and CWC 16032, the water shortage plan should have six stages along with additional conservations efforts while the current ordinance has only three. Subsequently, this resulted in the need for modifications and reformatting of HMC, Title 14, Chapter 14.04, Sections 14.04.160 and 14.04.170. Working in conjunction with Tully & Young, Inc. these chapters were evaluated, and a new proposed ordinance developed.

14.04.160 – Wasting water

The title of this section is “Unreasonable and Wasteful Water Use.”

This section was slightly modified to better clarify and identify the course of action that may be taken by the general manager for wasteful and unreasonable water use.

14.04.170 – Water conservation emergency plan

The new title of this section is “Water Conservation and Water Shortage Plan.”

This section was modified considerably to reflect consistency with State regulations and to allow for three additional stages within the water shortage plan. Stage 1 in the revised section is substantially consistent with HMC’s existing Stage 1 Normal Conditions -Mandatory conservation measures, with some of the measures being moved to Stage 2. Stage 6 in the revised ordinance is substantially consistent with the existing Stage 3 Water Shortage Emergency.

Staff Report to the Mayor and Council Members and Chair and Board Members of Hesperia Water District
Amendments to Title 14, Chapter 14.04 of the Hesperia Municipal Code related to water use,
conservation and water shortage plan.

December 21, 2021

Although almost all the existing language from these sections remains. Because the reorganization and addition of new language is so significant, this is essentially a new ordinance. Consequently, a red-line version of the existing ordinance is not provided. Instead, a copy of the existing version and the new version of these sections of Chapter 14.04 have been provided for reference.

As a result of the comments received by the Council and Board members during the first reading of the revised ordinance on November 2, 2021, staff made further revisions to the proposed Ordinance No. 2021-08 as indicated by the red-line version of the new ordinance in Attachment 3.

The State continues to develop regulations related to water use, conservation, and water supply management. Consequently, as further regulations are implemented, additional updates to the HMC may be warranted. Staff will continue to monitor the impacts of said regulations as they are carried out by the State and periodically revise the HMC as needed.

FISCAL IMPACT

There are no fiscal impacts associated with approval of the recommended action. However, it should be noted that in general, a reduction in water use through water conservation and the progression of the water shortage plan, subsequently results in a reduction of water sales revenue for the District.

ALTERNATIVE(S)

1. Provide alternative direction to staff.

ATTACHMENT(S)

1. Ordinance 2021-08
2. Attachment 2 – Existing Title 14, Chapter 14.04. Section 14.04.160 and 14.04.170
3. Attachment 3 – Redline Version with changes to New Ordinance 2021-08 as presented November 2, 2021
4. Attachment 4 – Exhibit “A” Municipal Code Title 14, Chapter 14.04. Section 14.04.160 and 14.04.170

ORDINANCE NO. 2021-08

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HESPERIA AND THE BOARD OF DIRECTORS OF THE HESPERIA WATER DISTRICT, CALIFORNIA, AMENDING TITLE 14, CHAPTER 14.02 OF THE HESPERIA MUNICIPAL CODE, RELATED TO WATER USE, WATER CONSERVATION AND WATER SHORTAGE PLAN

WHEREAS, Assembly Bill (AB) 1668 and Senate Bill (SB) 606 established guidelines for efficient water use and implementation of new standards intended to achieve long term conservation and provide water supply reliability to adapt to longer, more intense droughts experienced in California; and

WHEREAS, AB 1668 and SB 606 required the creation of new efficiency standards for indoor and outdoor use and leaks as well as establishes requirements for drought planning and water efficiency reporting; and

WHEREAS, various components of water management planning are accomplished through an Urban Water Management Plan (UWMP); and

WHEREAS, the Hesperia Water District (District) Board of Directors accepted the Hesperia Water District 2020 Urban Water Management Plan on August 3, 2021; and

WHEREAS, California Water Code (CWC) Section 350 et seq. authorizes the District to restrict the use of District water during any emergency caused by drought, or other threatened or existing water shortage, and to prohibit the unreasonable use or waste of District water for any purpose other than household uses or such other restricted uses as may be determined to be necessary and may prohibit use of such water during such periods for specific uses which the District may from time to time find to be nonessential; and

WHEREAS, CWC Section 350 et seq. authorizes the District to prescribe and define by ordinance those restrictions, prohibitions, and exclusions it may determine to be necessary in restricting the use of District water during threatened or existing water shortages; and

WHEREAS, in connection with AB 1668 and SB 606, CWC 16032 related to Urban Water Management Planning, requires urban water suppliers to adopt a water shortage contingency plan containing certain elements such as consistency with six standard water shortage levels; and

WHEREAS, Title 14, Chapter 14.04, Sections 14.04.160 and 14.04.170 contains regulations related to water use, water conservation and water shortage plan; and

WHEREAS, amendments to Chapter 14.04, Sections 14.04.160 and 14.04.170 are required consistent with AB 1668, SB 606, and CWC 16032; and

WHEREAS, all legal prerequisites to the adoption of this Ordinance have occurred.

NOW THEREFORE, THE HESPERIA CITY COUNCIL AND HESPERIA WATER DISTRICT BOARD OF DIRECTORS DOES ORDAIN AS FOLLOWS:

Section 1. All of the facts set forth in the foregoing recitals are true, correct and are adopted as findings.

Section 2. Title 14, Chapter 14.04 of the Hesperia Municipal Code is hereby amended by replacing 14.04.160 and 14.04.170 as set forth in Exhibit "A," attached hereto.

Section 3. Title 14, Chapter 14.04 containing the regulations related to Water Service shall remain in full force and effect, excepting any changes noted in Exhibit "A" attached hereto.

Section 4. The City Council of the City of Hesperia and the Board of Directors of the Hesperia Water District hereby declares that should any provision, section, paragraph, sentence, or word of this Ordinance hereby adopted be rendered or declared invalid by any final court action in a court of competent jurisdiction, or by any reason of any preemptive legislation, the remaining provisions, sections, paragraphs, sentences, and words shall remain in full force and effect.

Section 5. This Ordinance shall take effect thirty (30) days from the date of adoption.

Section 6. The City Clerk shall certify to the adoption of the Ordinance and shall cause the same to be posted in three (3) public places within the City of Hesperia pursuant to the provisions of Resolution 2007-101.

ADOPTED AND APPROVED this 21st day of December 2021.

Brigit Bennington, Mayor

ATTEST:

Melinda Sayre
City Clerk

14.04.160 Wasting water.

- A. Wasting Water. No customer shall knowingly permit leaks or waste of water. Where water is wastefully or negligently used on a customer's premises seriously affecting the general service, the district may disconnect the service after giving the customer notice if such conditions are not immediately corrected. In such circumstances, the district shall not be liable to the customer or to any employee, licensee, invitee or permittee of the customer on account of any bodily injury or property damage alleged to have occurred on account of such action taken by the district.
- B. Excessive Irrigation and Related Unreasonable Uses—Remedial Actions. No customer or other person acting on behalf of or under the direction of a customer shall cause or permit the use of water for irrigation of landscaping or other outdoor vegetation, plantings, lawns or other growth, to exceed the amount required to provide reasonable irrigation of same, and shall not cause or permit any waste of water from said irrigation activities or from watering devices or systems. If the general manager of the district or his designee finds that any customer or other person is in violation of the provisions in this section, in addition to any other remedies available, any one or more of the following actions may be taken by the general manager:
1. Request initiation of proceedings for prosecution by the district attorney or any other proper prosecuting officer of any violation of this section;
 2. Disconnect water service either for said irrigation purposes (if a separate meter and turnoff facilities are available for those purposes) or to the entire premises served, as deemed appropriate under the circumstances by the general manager, after giving prior written notice to disconnect or service will be terminated if said violation is not immediately disconnected. Notice may be by delivery to the customer or person appearing to be in charge of the premises, or by placing said notice on the door handle, gate, or other conspicuous place on or about the property receiving the water service and immediately mailing a copy of said notice to the customer at the last known mailing address in the district's customer records; notice shall be given at least twenty-four (24) hours before turn-off by the general manager or his designee unless the general manager, or his designee, in his discretion, determines that a shorter period of notice is required in view of the nature of the violation and to protect the public health and safety, in which case the notice shall be given as expeditiously as said manager or his designee finds to be reasonable under the circumstances.

(Ord. No. 2011-06, § 4(Exh. A), 7-19-11)

14.04.170 Water conservation emergency plan.

- A. Purpose.
1. The district is authorized by California Water Code Section 350 et seq. to restrict the use of district water during any emergency caused by drought, or other threatened or existing water shortage, and to prohibit the waste of district water or the use of district water during such periods, for any purpose other than household uses or such other restricted uses as may be determined to be necessary by the district and may prohibit use of such water during such periods for specific uses which the district may from time to time find to be nonessential.

2. The district is further authorized by California Water Code Section 350 et seq. to prescribe and define by ordinance those restrictions, prohibitions and exclusions it may determine to be necessary pursuant to California Water Code Section 350 et seq. in restricting the use of district water during threatened or existing water shortages.
 3. It is therefore the intent of the district to establish by this section those procedures required to maximize the beneficial use of its available water resources to the extent to which they are capable, and that the waste or unreasonable uses or unreasonable method of use of water be prevented and the conservation of such water is to be extended with a view to the reasonable and beneficial use thereof in the interests of the people of the community of Hesperia and for the public welfare.
- B. Implementation and Termination. The general manager shall monitor the supply and demand for water on a daily basis to determine the level of conservation required by the water shortage emergency or to recommend termination of the water conservation plan stages, and shall notify the board of the necessity for the implementation or termination of each stage. Each declaration of the board implementing or terminating a water conservation stage shall be published at least once in a newspaper of general circulation and shall remain in effect until the board otherwise declares, as provided herein.
- C. Water Supply Plan.
1. Stage No. 1. Normal Conditions—Mandatory conservation measures. Normal conditions shall be in effect when the district is able to meet all the water demands of its customers in the immediate future. During normal conditions, all water users must continue to use water wisely, to prevent the waste or unreasonable use of water, and to reduce water consumption to that necessary for ordinary domestic and commercial purposes.
 - a. Exterior Landscape Plans. Exterior landscape plans for all new multi-family; commercial and industrial development shall provide for timed irrigation systems and shall require the use of drought resistant varieties of plants, shrubs, and turf. Such plans shall be presented to and approved prior to issuance of a water service letter.
 - b. Excess Irrigation and Related Waste. No customer of the district or other person acting on behalf of or under the direction of a customer shall cause or permit the use of water for irrigation of landscaping or other outdoor vegetation plantings, lawns or other growth, to exceed the amount required to provide reasonable irrigation of the same, and shall not cause or permit any unreasonable or excessive waste of water from said irrigation activities or from watering devices or systems. The free flow of water away from an irrigated site shall be presumptively considered excessive irrigation and waste.
 - c. Agricultural Irrigation. Persons receiving water from the district who are engaged in agricultural practices, whether for the purpose of crop production or growing of commercial ornamental plants, shall provide, maintain and use irrigation equipment and practices which are the most efficient possible. The general manager may require the owner or operators of these systems to prepare a plan describing their irrigation practices and equipment, including but not limited to, an estimate of the efficiency of the use of water on their properties.
 - d. Commercial Facilities. Commercial and industrial facilities shall, upon request of the general manager, provide the district with their plan to insure conservation of water at their facilities. The district will provide these facilities with information

regarding the average monthly water use by the facility for the last two-year period. The facility will be expected to provide the district with a plan to conserve or reduce the amount of water used by that percentage deemed to be necessary under the circumstances. After review and approval by the general manager, the water conservation plan shall be considered subject to inspection and enforcement by the district.

- e. Swimming Pools. All residential, public and recreational swimming pools shall use evaporation resistant covers and shall recirculate water. Any swimming pool which does not have a cover installed during periods of nonuse shall be considered a waste of water.
 - f. Vehicle Washing. The washing of cars, trucks or other vehicles is not permitted, except with a hose equipped with an automatic shut-off device, or at a commercial facility designed and so designated on the district's billing records.
2. Stage No. 2. Threatened water supply shortage. In the event of a threatened water supply shortage which will affect the district's ability to provide water for ordinary domestic and commercial uses, the board shall hold a noticed public hearing after giving at least ten days' notice by publication in a newspaper of general circulation at which consumers of the water supply shall have the opportunity to testify concerning the pending water supply shortage and for the district to determine required conservation measures. Stage No. 2 requirements are in addition to those mandated by Stage No. 1.
- a. Parks, Golf Courses, and School Grounds. Parks, golf courses (municipal and private) and school grounds which use water provided by the district shall be irrigated between the hours of eleven p.m. and five a.m., or such other times as may be determined appropriate by the district. Additionally, turf areas in excess of one thousand (1,000) square feet will be required to use soil moisture sensors and rain shut-off valves as part of their irrigation system.
 - b. Irrigation. The district may determine that the irrigation of exterior vegetation shall be conducted only during specified hours and/or days, and may impose other restrictions on the use of water for such irrigation. The irrigation of exterior vegetation at other than these times shall be considered to be a waste of water.
 - c. Run-Off and Wash-Down. No water provided by the district shall be used for the purposes of wash-down of hard surfaces such as driveways, sidewalks, and parking lot areas, except as specifically permitted by the district for public health and safety reasons such as wash-down of flammable or otherwise dangerous liquids or substances. Any water used on a premises that is allowed to escape the premises and run-off into gutters or storm drains shall be considered a waste of water.
 - d. Drinking Water Provided by Restaurants. Restaurants are requested not to provide drinking water to patrons except by request.
 - e. Construction Meter. No domestic water provided by the district may be used through construction meters between the hours of six a.m. and ten p.m.
3. Stage No. 3. Water Shortage Emergency—Mandatory Conservation Measures. In the event of an unforeseeable disaster or water emergency such as an earthquake or other major disruption in the water supply or any emergency that prevents the district from meeting the water demands of the community, the general manager is

authorized to implement the emergency provisions of this chapter as provided herein. Public notice will follow enactment of said provision by publishing notice of said action in a newspaper of general circulation.

In the event of a foreseeable emergency such as extended drought conditions, the general manager may be authorized to implement the applicable provisions of this chapter as provided herein, after a public meeting is held before the board, after giving such public notice as the general manager determines is reasonable under the circumstances. After action of the board within seventy-two (72) hours of such declaration, adopting a resolution finding a Stage 3 water shortage emergency, the following rules and regulations shall be in effect immediately following such action:

- a. Watering of parks, school grounds and golf courses is prohibited.
- b. Lawn watering and landscape irrigation is prohibited.
- c. Washing down of driveways, parking lots or other impervious surfaces is prohibited.
- d. Washing of vehicles is prohibited, except when done by commercial car wash establishments with recycled or reclaimed water systems.
- e. Filling or adding water to swimming pools, wading pools, spas, ornamental ponds, fountains and artificial lakes is prohibited.
- f. Restaurants shall not serve drinking water to patrons except by request.
- g. No new construction meter permits shall be issued by the district.
- h. All existing construction meters shall be removed and/or locked.
- i. Commercial nurseries shall discontinue all watering and irrigation. Watering of livestock is permitted as necessary.

D. Exceptions.

1. Application for Exception Permit. The general manager may grant permits for uses of water otherwise prohibited under the provisions of this chapter if he finds and determines that special circumstances make compliance impossible, or that restrictions herein would cause an emergency condition affecting the health, sanitation, fire protection or safety of the water use or of the public.
2. Such exceptions may be granted only upon written application therefor. Upon granting such exception permit, the general manager may impose any conditions he determines to be just and proper.

(Ord. No. 2011-06, § 4(Exh. A), 7-19-11)

14.04.160 – Unreasonable and Wasteful Water Use.

- A. Unreasonable and Wasteful Water Use. No customer shall unreasonably or wastefully use district's water. Where water is unreasonably or wastefully used on a customer's premises, the district may fine the customer after giving the customer notice if such conditions are not immediately corrected. In the event the customer does not immediately correct the unreasonable or wasteful use of water identified in the notice, the district may fine the customer or disconnect the customer's service. Unreasonable or wasteful use of water is presumed where a customer is not in compliance with section 14.04.170. In the event the district assesses fines or disconnects water service, the district shall not be liable to the customer or to any employee, licensee, invitee, lessee, or permittee of the customer on account of any bodily injury or property damage alleged to have occurred on account of such action taken by the district.
- B. Unreasonable and Wasteful Water Use – Remedial Actions. No customer or other person acting on behalf of, or under the direction of, a customer shall cause or permit the unreasonable or wasteful use of water. If the general manager of the district or his designee finds that any customer or other person is in violation of the provisions in this section, in addition to any other remedies available, any one or more of the following actions may be taken by the general manager or his designee:
1. Impose a fine in accordance with this Chapter or Chapter 1.12 pursuant to the Administrative Fine Schedule for the unreasonable or wasteful water use violation not remedied by the customer after giving prior written notice of potential fine. Notice may be by delivery to the customer or person occupying the premises, or by placing the notice on the door handle, gate, or other conspicuous place on or about the property receiving the water service and mailing a copy of the notice to the customer at the last known mailing address in the district's customer records. Notice shall be given at least twenty-four (24) hours by the general manager or his designee before fine assessment unless the general manager, or his designee, in his discretion, determines that a shorter period of notice is required in view of the nature of the violation and to protect the public health and safety, in which case the notice shall be given as expeditiously as the general manager or his designee finds to be reasonable under the circumstances.
 2. Disconnect water service for unreasonable or wasteful water use (if separate meter and turnoff facilities are available for those purposes) or to the entire premises served, as deemed appropriate under the circumstances by the general manager or his designee, after giving prior written notice that service will be disconnected if the violation is not immediately corrected. Notice may be by delivery to the customer or person occupying the premises, or by placing the notice on the door handle, gate, or other conspicuous place on or about the property receiving the water service and mailing a copy of the notice to the customer at the last known mailing address in the district's customer records. Notice shall be given at least twenty-four (24) hours by the general manager or his designee before disconnection unless the general manager, or his designee, in his discretion, determines that a shorter period of notice is required in view of the nature of the violation and to protect the public health and safety, in which case the notice shall be

given as expeditiously as the general manager or his designee finds to be reasonable under the circumstances.

3. Request initiation of proceedings for prosecution by the district attorney or any other proper prosecuting officer of any violation of this section.

14.04.170 – Water Conservation and Water Shortage Plan.

A. Purpose.

1. The district is authorized by California Water Code Section 350 et seq. to restrict the use of district water during any emergency caused by drought, or other threatened or existing water shortage, and to prohibit the unreasonable use or waste of district water for any purpose other than household uses or such other restricted uses as may be determined to be necessary by the district and may prohibit use of such water during such periods for specific uses which the district may from time to time find to be nonessential.
2. The district is further authorized by California Water Code Section 350 et seq. to prescribe and define by ordinance those restrictions, prohibitions, and exclusions it may determine to be necessary pursuant to California Water Code Section 350 et seq. in restricting the use of district water during threatened or existing water shortages.
3. It is therefore the intent of the district to establish by this section those procedures required to maximize the beneficial use of its available water resources to the extent to which they are capable, and that the wasteful and unreasonable uses of water be prevented and the conservation of such water is to be extended with a view to the reasonable and beneficial use thereof in the interests of the people of the community of Hesperia and for the public welfare.

- B. Implementation and Termination. The general manager or his designee shall monitor the water supply and demand daily to determine the level of conservation required by the water shortage emergency or to recommend implementation of the water conservation plan stages and shall notify the board of the necessity for the implementation or termination of each stage. Each declaration of the board implementing or terminating a water conservation stage shall be published at least once in a newspaper of general circulation and shall remain in effect until the board otherwise declares, as provided herein.

C. Water Shortage Plan.

1. Customer Use Baseline Water Use. Each customer's baseline water use shall be calculated based upon unconstrained water use pursuant to a method as determined by the district. Unconstrained water use shall mean water use during a period or averaged across multiple periods absent any implementation of the water conservation stages in excess of Stage 1 identified in this chapter.
2. Public Notice and Public Hearing. In the event of a threatened or actual water supply shortage in excess of Stage ~~No.~~ 1 which will affect the district's ability to provide water

for ordinary domestic, industrial, and commercial uses, the board shall hold a noticed public hearing after giving at least ten days' notice by publication in a newspaper of general circulation at which district's customers shall have the opportunity to testify concerning the pending water supply shortage and for the district to determine required conservation measures.

3. In addition to any other remedies available, the district may implement any one or more of the following actions to reduce water demands based on the characterization and severity of water shortage conditions, such as the percentage of reduction required, disasters, water emergency, or state policy directives:
 - a. Levy water use restrictions and prohibitions.
 - b. Perform water use audits.
 - c. Identify customers with high per capita water usage to achieve proportionally greater reduction than those with low use.
 - d. Enact water rationing with water use allocation limits.

D. Stages of Water Conservation

Current water shortage condition response measures will be updated based on board approvals and direction, state policy directives, emergency conditions, or to improve customer response.

1. Stage 1 – Water Alert: Savings up to 10%. Stage 1 shall be normal operating conditions in effect when the district is able to meet all the water demands of its customers in the immediate future. The district continuously operates under mandatory conservation. Unreasonable use and waste of water is prohibited, and water conservation measures are mandatory. All water users must continue to use water reasonably, to prevent the unreasonable use or waste of water, and to reduce water consumption to that necessary for ordinary domestic and commercial purposes.
 - a. The following conservations measure shall be in effect at all times:
 - i. Exterior landscape plans for all new multi-family; commercial and industrial development shall provide for timed irrigation systems that provide options to irrigate landscapes after 8 p.m. but before 6 a.m. and shall require the use of drought resistant varieties of plants, shrubs, and turf.
 - ii. No customer of the district or other person acting on behalf of or under the direction of a customer shall cause or permit the use of water for irrigation of landscaping or other outdoor vegetation plantings, lawns, or other growth to exceed the amount required to provide reasonable irrigation of the same and shall not cause or permit any unreasonable or excessive waste of water from said irrigation activities or from watering devices or systems. Landscape watering shall be confined to a user's property and shall not runoff onto adjacent properties, roadsides, or gutters. Free flow of water away from an irrigated site shall be presumptively considered excessive irrigation and waste.

- iii. Persons receiving water from the district who are engaged in agricultural practices, whether for the purpose of crop production or growing of commercial ornamental plants, shall provide, maintain, and use irrigation equipment and practices which are consistent with efficiency standards of irrigators in arid environments. The general manager or his designee may require the owner or operators of these systems to prepare a plan describing their irrigation practices and equipment, including but not limited to, an estimate of the efficiency of the use of water on their properties.
- iv. Commercial and industrial facilities shall, upon request of the general manager or his designee, provide the district with its plan to ensure conservation of water at its facilities. The district will provide these facilities with information regarding the average monthly water use by the facility for the last two-year period. The facility will be expected to provide the district with a plan to conserve or reduce the amount of water used by that percentage deemed to be necessary under the circumstances. After review and approval by the general manager or his designee, the water conservation plan shall be considered subject to inspection and enforcement by the district.
- ~~v. The washing of cars, trucks or other vehicles is not permitted, except with a hose equipped with an automatic shut-off device, or at a commercial facility designed and so designated on the district's billing records.~~
- ~~vi. All residential, public, and recreational swimming pools shall use evaporation resistant covers and shall recirculate water. Any swimming pool which does not have a cover installed during periods of nonuse shall be considered an unreasonable and wasteful use of water.~~
- v. Unauthorized use of hydrants is prohibited. Authorization for use must be obtained from the district.
- b. The district manager or his designee may also implement one or more of the following conservation instruments during this or any subsequent stage of water conservation:
 - i. Establish customer use baselines.
 - ii. Conduct a public information campaign that may consist of distribution of literature, speaking engagements, website updates, bill inserts, conservation messages printed in local newspapers, educational programs in area schools and/or other methods of disseminating information.
 - iii. Implement programs to assist customers in reducing water use.
 - iv. Evaluate operations and make operational changes.

2. Stage 2. Moderate Water Shortage: Savings up to 20%. Augmentation of water supply conditions requiring reduction in water use. All aspects of Stage 1, including conservation measures implemented, shall remain in effect. A reduction of water use by up to an additional 10% is anticipated. Water consumption reduction methods from Stage 1 ~~shall~~ **may** be intensified as needed. Additional voluntary conservation measures are encouraged.
 - a. The following additional mandatory consumption reduction methods shall be in effect:
 - i. Parks, golf courses (municipal and private) and school grounds which use water provided by the district shall be irrigated between the hours of 10 p.m. and 5 a.m., or such other times as may be determined appropriate by the district. Additionally, turf areas in excess of one thousand (1,000) square feet will be required to use soil moisture sensors and rain shut-off valves as part of their irrigation system.
 - ii. Commercial, industrial, institutional equipment that uses water must be properly maintained and in full working order to eliminate unreasonable or wasteful uses of water.
 - iii. The washing of cars, trucks or other vehicles is not permitted, except with a hose equipped with an automatic shut-off device, or at a commercial facility designed and so designated on the district's billing records.
 - iv. All residential, public, and recreational swimming pools shall use evaporation resistant covers and shall recirculate water. Any swimming pool which does not have a cover installed during periods of nonuse shall be considered an unreasonable and wasteful use of water.
 - v. Utilize sweeping or other methods to clean impervious surfaces such as driveways, sidewalks, and parking lot. The use of water to clean impervious surfaces is prohibited unless for public health and safety purposes.
 - b. Customers are encouraged to practice the following consumption reduction measures:
 - i. Fix leaks or faulty sprinklers promptly.
 - ii. Decorative water features (water fountains, etc.) ~~must~~ **should** recirculate water and be leak proof.
 - iii. Irrigate landscapes between the hours of 10 p.m. and 5 a.m. to reduce evaporation.
 - iv. Landscape watering should not occur during rain events.
 - v. Equip all hoses with a shut-off nozzle while using water for any purpose.

- vi. Wash only full loads when washing dishes or clothes.
 - ~~vii. Sweep to clean impervious surfaces such as driveways, sidewalks, and parking lot areas unless for public health and safety purposes. The use of water to clean impervious surfaces is prohibited unless for public health and safety purposes.~~
 - vii. Restaurants - serve water to patrons upon request.
 - viii. Hotels and motels – encourage guests to conserve water and limit hotel laundering of linens and towels.
3. Stage 3. Severe Water Shortage: Savings up to 30%. Increase of water supply conservation actions that require a reduction in water use. A reduction of water use by up to an additional 10% is anticipated. All conservation measures implemented in Stage 1 and 2 shall remain in effect. Water consumption reduction methods from Stage 1 and 2 ~~shall~~ **may** be intensified as needed and customer usage ~~will~~ **may** be assessed against established baseline.
- a. One or more of the following additional mandatory restrictions shall be in effect as determined by ~~the~~ district:
 - i. The district may determine that the irrigation of exterior vegetation shall be conducted only during specified hours and days such as restricting irrigation to the hours between 10 p.m. and 5 a.m. limited to 3 days per week and may impose other restrictions on the use of water for such irrigation. The irrigation of exterior vegetation at other than the times and days specified by the district at the time of implementation shall be considered a waste of water. Outdoor plant containers, trees, shrubs, and vegetable gardens may be watered additional days using only drip irrigation or hand watering. The district may determine that this shall conform to the restrictions for other outdoor irrigation.
 - ii. Restrictions may be implemented for domestic water provided by the district used for construction meters limiting use to only during specified hours.
 - iii. Washing down impervious surfaces such as driveways, sidewalks, and parking lot areas is prohibited unless for extraordinary public health and safety purposes. Any water used on a premises that is allowed to escape the premises and run-off into gutters or storm drains shall be considered a waste of water.
 - iv. Leaks or faulty sprinklers shall be repaired within 7 days, or as directed by the district.
 - v. Restaurants shall serve water to patrons only upon request.
 - vi. Hotels and motels shall have messaging in all guest rooms encouraging water conservation and limiting hotel laundering of linens and towels.

- b. The following consumption reduction measures shall also apply:
 - i. Non-essential potable water uses are strongly discouraged.
 - ii. Customers are encouraged to continue implementing voluntary measures from prior stages, which are not mandatory under this stage.
 - iii. There are no restrictions on landscape watering with non-potable water.
- 4. Stage 4. Critical Water Shortage: Savings up to 40%. Increase of water supply conservation actions that require a reduction in water use. A reduction of water use by up to an additional 10% is anticipated. All conservation measures implemented in Stage 1-3 shall remain in effect. Water consumption reduction methods from Stage 1-3 ~~shall~~ **may** be intensified as needed and customer usage ~~will~~ **may** be assessed against established baseline.
 - a. One or more of the following additional mandatory restrictions shall be in effect as determined by ~~the~~ district:
 - i. Outdoor irrigation of exterior vegetation shall be conducted only during specified hours and days and district may impose other restrictions on the use of water for such irrigation. The irrigation of exterior vegetation at other than these times and days shall be considered a waste of water. Outdoor plant containers, trees, shrubs, and vegetable gardens may be watered additional days using only drip irrigation or hand watering. The district may determine that this shall conform to the restrictions for other outdoor irrigation. During Warm/Dry Season: Turf shall be limited to hours and/or days determined by district when using potable water for irrigation. During Cool/Wet Season: Turf shall not be watered unless utilizing non-potable water during extended dry spells.
 - ii. Customer water usage in excess of baseline will be monitored and recorded.
 - iii. ~~All~~ **e**CConservation activities will be intensified, and production monitored daily for compliance with necessary reductions from customer baseline.
 - iv. Water allocations and mandatory conservation may be implemented. Water usage in excess of allocation derived from water use baseline may be considered a waste of water.
 - v. Leaks or faulty sprinklers shall be repaired within 3 days or as directed by ~~the~~ district.
 - vi. Decorative water features that use potable water must be drained and kept dry.
 - vii. Washing of vehicles is prohibited, except when using ~~a~~ commercial carwash establishments ~~s~~ that use reclaimed water, recirculate water, or use high pressure/low volume wash systems.

- viii. A construction water use plan shall be submitted to ~~the~~ district that addresses how impacts to existing water users will be mitigated (such as dust control).
 - ix. With the exception of landscapes watered with non-potable water, installation of new turf or hydroseed is prohibited.
5. Stage 5. Water Shortage Crisis: Savings up to 50%. Increase of water supply conservation actions that require a reduction in water use. Source of supply for the water system is severely curtailed to the level that requires each customer to restrict their water use. All conservation measures implemented in Stage 1-4 shall remain in effect. Water consumption reduction methods from Stage 1-4 ~~shall~~ ~~may~~ be intensified as needed. Production ~~will~~ ~~may~~ be monitored daily for compliance with necessary reductions from customer baseline.
- a. ~~All~~ ~~e~~Consumption reduction methods shall be intensified as needed and one or more of the following mandatory restrictions shall be in effect:
 - i. District may impose further restrictions on outdoor irrigation of exterior vegetation, including complete cessation in irrigation on properties.
 - ii. Repair leaks or faulty sprinklers within 1 day.
 - iii. Existing pools shall not be emptied and refilled using potable water unless required for public health and safety purposes.
 - iv. Water use for new landscape installations or renovations is not authorized.
 - v. Previous waivers will be revoked.
 - vi. Water use may be restricted to human health and safety purposes.
 - vii. Customer rationing may be implemented as compared to a water use baseline determined by the district.
 - viii. Shortage condition measures shall be updated as needed.
 - ix. Catastrophic event actions may be deemed necessary (such as a boil water order and/or other actions).
6. Stage 6. Emergency Water Shortage: Savings greater than 50% requiring reduction in water use. Source of supply for the water system is severely curtailed to the level that requires each customer to restrict their water use for only human health and safety purposes.

In the event of an unforeseeable disaster or water emergency such as an earthquake or other major disruption in the water supply or any emergency that prevents the district from meeting the water demands of the community, the general manager is authorized

to implement the emergency provisions of this chapter as provided herein. Public notice will follow enactment of said provision by publishing notice of said action in a newspaper of general circulation.

All measures implemented in Stages 1-5 shall remain in effect. Water consumption reduction methods from Stage 1-5 ~~shall~~ **may** be intensified as needed. Production ~~will~~ **may** be monitored continually for compliance with necessary reductions from customer baseline.

a. ~~All~~ **e**Consumption reduction methods shall be intensified as needed and the following mandatory restrictions shall be in effect:

- i. Watering of parks, school grounds and golf courses is prohibited.
- ii. Turf watering and landscape irrigation is prohibited.
- iii. Washing down of driveways, parking lots or other impervious surfaces is prohibited.
- iv. Filling or adding water to swimming pools, wading pools, spas, ornamental ponds, fountains, and artificial lakes is prohibited.
- v. ~~No n~~**N**ew construction meter permits shall not be issued by the district.
- vi. All existing construction meters shall be removed and/or locked.
- vii. Commercial nurseries shall discontinue all watering and irrigation. ~~Watering of domesticated animals and livestock is permitted as necessary.~~
- viii. **Watering of domesticated animals and livestock is permitted as necessary.**
- ix. Implement applicable actions for catastrophic events (such as a boil water order or other actions).

E. Exceptions to Water Shortage Stage Implementation.

1. Application for Exception Permit. The general manager may grant exception permits for uses of water otherwise prohibited under the provisions of this chapter if it is found and determined that special circumstances make compliance impossible, or that restrictions herein would cause an emergency condition affecting the health, sanitation, fire protection or safety of the water use or of the public.
2. Written Application. Such exceptions may be granted only upon written application for a permit addressed to the district's general manager. Upon granting such exception

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permit, the general manager may impose any conditions determined to be just and proper.

3. Exception Denied. In the event the general manager denies an exception to a water shortage stage, the proponent of the exception may appeal the determination to the district's board.

14.04.160 – Unreasonable and Wasteful Water Use.

- A. Unreasonable and Wasteful Water Use. No customer shall unreasonably or wastefully use district's water. Where water is unreasonably or wastefully used on a customer's premises, the district may fine the customer after giving the customer notice if such conditions are not immediately corrected. In the event the customer does not immediately correct the unreasonable or wasteful use of water identified in the notice, the district may fine the customer or disconnect the customer's service. Unreasonable or wasteful use of water is presumed where a customer is not in compliance with section 14.04.170. In the event the district assesses fines or disconnects water service, the district shall not be liable to the customer or to any employee, licensee, invitee, lessee, or permittee of the customer on account of any bodily injury or property damage alleged to have occurred on account of such action taken by the district.
- B. Unreasonable and Wasteful Water Use – Remedial Actions. No customer or other person acting on behalf of, or under the direction of, a customer shall cause or permit the unreasonable or wasteful use of water. If the general manager of the district or his designee finds that any customer or other person is in violation of the provisions in this section, in addition to any other remedies available, any one or more of the following actions may be taken by the general manager or his designee:
1. Impose a fine in accordance with this Chapter or Chapter 1.12 pursuant to the Administrative Fine Schedule for the unreasonable or wasteful water use violation not remedied by the customer after giving prior written notice of potential fine. Notice may be by delivery to the customer or person occupying the premises, or by placing the notice on the door handle, gate, or other conspicuous place on or about the property receiving the water service and mailing a copy of the notice to the customer at the last known mailing address in the district's customer records. Notice shall be given at least twenty-four (24) hours by the general manager or his designee before fine assessment unless the general manager, or his designee, in his discretion, determines that a shorter period of notice is required in view of the nature of the violation and to protect the public health and safety, in which case the notice shall be given as expeditiously as the general manager or his designee finds to be reasonable under the circumstances.
 2. Disconnect water service for unreasonable or wasteful water use (if separate meter and turnoff facilities are available for those purposes) or to the entire premises served, as deemed appropriate under the circumstances by the general manager or his designee, after giving prior written notice that service will be disconnected if the violation is not immediately corrected. Notice may be by delivery to the customer or person occupying the premises, or by placing the notice on the door handle, gate, or other conspicuous place on or about the property receiving the water service and mailing a copy of the notice to the customer at the last known mailing address in the district's customer records. Notice shall be given at least twenty-four (24) hours by the general manager or his designee before disconnection unless the general manager, or his designee, in his discretion, determines that a shorter period of notice is required in view of the nature of the violation and to protect the public health and safety, in which case the notice shall be

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given as expeditiously as the general manager or his designee finds to be reasonable under the circumstances.

3. Request initiation of proceedings for prosecution by the district attorney or any other proper prosecuting officer of any violation of this section.

14.04.170 – Water Conservation and Water Shortage Plan.

A. Purpose.

1. The district is authorized by California Water Code Section 350 et seq. to restrict the use of district water during any emergency caused by drought, or other threatened or existing water shortage, and to prohibit the unreasonable use or waste of district water for any purpose other than household uses or such other restricted uses as may be determined to be necessary by the district and may prohibit use of such water during such periods for specific uses which the district may from time to time find to be nonessential.
2. The district is further authorized by California Water Code Section 350 et seq. to prescribe and define by ordinance those restrictions, prohibitions, and exclusions it may determine to be necessary pursuant to California Water Code Section 350 et seq. in restricting the use of district water during threatened or existing water shortages.
3. It is therefore the intent of the district to establish by this section those procedures required to maximize the beneficial use of its available water resources to the extent to which they are capable, and that the wasteful and unreasonable uses of water be prevented and the conservation of such water is to be extended with a view to the reasonable and beneficial use thereof in the interests of the people of the community of Hesperia and for the public welfare.

- B. Implementation and Termination. The general manager or his designee shall monitor the water supply and demand daily to determine the level of conservation required by the water shortage emergency or to recommend implementation of the water conservation plan stages and shall notify the board of the necessity for the implementation or termination of each stage. Each declaration of the board implementing or terminating a water conservation stage shall be published at least once in a newspaper of general circulation and shall remain in effect until the board otherwise declares, as provided herein.

C. Water Shortage Plan.

1. Customer Use Baseline Water Use. Each customer's baseline water use shall be calculated based upon unconstrained water use pursuant to a method as determined by the district. Unconstrained water use shall mean water use during a period or averaged across multiple periods absent any implementation of the water conservation stages in excess of Stage 1 identified in this chapter.
2. Public Notice and Public Hearing. In the event of a threatened or actual water supply shortage in excess of Stage 1 which will affect the district's ability to provide water for

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ordinary domestic, industrial, and commercial uses, the board shall hold a noticed public hearing after giving at least ten days' notice by publication in a newspaper of general circulation at which district's customers shall have the opportunity to testify concerning the pending water supply shortage and for the district to determine required conservation measures.

3. In addition to any other remedies available, the district may implement any one or more of the following actions to reduce water demands based on the characterization and severity of water shortage conditions, such as the percentage of reduction required, disasters, water emergency, or state policy directives:
 - a. Levy water use restrictions and prohibitions.
 - b. Perform water use audits.
 - c. Identify customers with high per capita water usage to achieve proportionally greater reduction than those with low use.
 - d. Enact water rationing with water use allocation limits.

D. Stages of Water Conservation

Current water shortage condition response measures will be updated based on board approvals and direction, state policy directives, emergency conditions, or to improve customer response.

1. Stage 1 – Water Alert: Savings up to 10%. Stage 1 shall be normal operating conditions in effect when the district is able to meet all the water demands of its customers in the immediate future. The district continuously operates under mandatory conservation. Unreasonable use and waste of water is prohibited, and water conservation measures are mandatory. All water users must continue to use water reasonably, to prevent the unreasonable use or waste of water, and to reduce water consumption to that necessary for ordinary domestic and commercial purposes.
 - a. The following conservations measure shall be in effect at all times:
 - i. Exterior landscape plans for all new multi-family; commercial and industrial development shall provide for timed irrigation systems that provide options to irrigate landscapes after 8 p.m. but before 6 a.m. and shall require the use of drought resistant varieties of plants, shrubs, and turf.
 - ii. No customer of the district or other person acting on behalf of or under the direction of a customer shall cause or permit the use of water for irrigation of landscaping or other outdoor vegetation plantings, lawns, or other growth to exceed the amount required to provide reasonable irrigation of the same and shall not cause or permit any unreasonable or excessive waste of water from said irrigation activities or from watering devices or systems. Landscape watering shall be confined to a user's property and shall not runoff onto adjacent properties, roadsides, or gutters. Free flow of water away from an irrigated site shall be presumptively considered excessive irrigation and waste.

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- iii. Persons receiving water from the district who are engaged in agricultural practices, whether for the purpose of crop production or growing of commercial ornamental plants, shall provide, maintain, and use irrigation equipment and practices which are consistent with efficiency standards of irrigators in arid environments. The general manager or his designee may require the owner or operators of these systems to prepare a plan describing their irrigation practices and equipment, including but not limited to, an estimate of the efficiency of the use of water on their properties.
 - iv. Commercial and industrial facilities shall, upon request of the general manager or his designee, provide the district with its plan to ensure conservation of water at its facilities. The district will provide these facilities with information regarding the average monthly water use by the facility for the last two-year period. The facility will be expected to provide the district with a plan to conserve or reduce the amount of water used by that percentage deemed to be necessary under the circumstances. After review and approval by the general manager or his designee, the water conservation plan shall be considered subject to inspection and enforcement by the district.
 - v. Unauthorized use of hydrants is prohibited. Authorization for use must be obtained from the district.
- b. The district manager or his designee may also implement one or more of the following conservation instruments during this or any subsequent stage of water conservation:
- i. Establish customer use baselines.
 - ii. Conduct a public information campaign that may consist of distribution of literature, speaking engagements, website updates, bill inserts, conservation messages printed in local newspapers, educational programs in area schools and/or other methods of disseminating information.
 - iii. Implement programs to assist customers in reducing water use.
 - iv. Evaluate operations and make operational changes.
2. Stage 2. Moderate Water Shortage: Savings up to 20%. Augmentation of water supply conditions requiring reduction in water use. All aspects of Stage 1, including conservation measures implemented, shall remain in effect. A reduction of water use by up to an additional 10% is anticipated. Water consumption reduction methods from Stage 1 may be intensified as needed. Additional voluntary conservation measures are encouraged.
- a. The following additional mandatory consumption reduction methods ~~shall~~ may be in effect:

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- i. Parks, golf courses (municipal and private) and school grounds which use water provided by the district shall be irrigated between the hours of 10 p.m. and 5 a.m., or such other times as may be determined appropriate by the district. Additionally, turf areas in excess of one thousand (1,000) square feet will be required to use soil moisture sensors and rain shut-off valves as part of their irrigation system.
 - ii. Commercial, industrial, institutional equipment that uses water must be properly maintained and in full working order to eliminate unreasonable or wasteful uses of water.
 - iii. The washing of cars, trucks or other vehicles is not permitted, except with a hose equipped with an automatic shut-off device, or at a commercial facility designed and so designated on the district's billing records.
 - iv. All residential, public, and recreational swimming pools shall use evaporation resistant covers and shall recirculate water. Any swimming pool which does not have a cover installed during periods of nonuse shall be considered an unreasonable and wasteful use of water.
 - v. Utilize sweeping or other methods to clean impervious surfaces such as driveways, sidewalks, and parking lot. The use of water to clean impervious surfaces is prohibited unless for public health and safety purposes.
- b. Customers are encouraged to practice the following consumption reduction measures:
- i. Fix leaks or faulty sprinklers promptly.
 - ii. Decorative water features (water fountains, etc.) should recirculate water and be leak proof.
 - iii. Irrigate landscapes between the hours of 10 p.m. and 5 a.m. to reduce evaporation.
 - iv. Landscape watering should not occur during rain events.
 - v. Equip all hoses with a shut-off nozzle while using water for any purpose.
 - vi. Wash only full loads when washing dishes or clothes.
 - vii. Restaurants - serve water to patrons upon request.
 - viii. Hotels and motels – encourage guests to conserve water and limit hotel laundering of linens and towels.

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3. Stage 3. Severe Water Shortage: Savings up to 30%. Increase of water supply conservation actions that require a reduction in water use. A reduction of water use by up to an additional 10% is anticipated. All conservation measures implemented in Stage 1 and 2 shall remain in effect. Water consumption reduction methods from Stage 1 and 2 may be intensified as needed and customer usage may be assessed against established baseline.
 - a. One or more of the following additional mandatory restrictions shall be in effect as determined by the district:
 - i. The district may determine that the irrigation of exterior vegetation shall be conducted only during specified hours and days such as restricting irrigation to the hours between 10 p.m. and 5 a.m. limited to 3 days per week and may impose other restrictions on the use of water for such irrigation. The irrigation of exterior vegetation at other than the times and days specified by the district at the time of implementation shall be considered a waste of water. Outdoor plant containers, trees, shrubs, and vegetable gardens may be watered additional days using only drip irrigation or hand watering. The district may determine that this shall conform to the restrictions for other outdoor irrigation.
 - ii. Restrictions may be implemented for domestic water provided by the district used for construction meters limiting use to only during specified hours.
 - iii. Washing down impervious surfaces such as driveways, sidewalks, and parking lot areas is prohibited unless for extraordinary public health and safety purposes. Any water used on a premises that is allowed to escape the premises and run-off into gutters or storm drains shall be considered a waste of water.
 - iv. Leaks or faulty sprinklers shall be repaired within 7 days, or as directed by the district.
 - v. Restaurants shall serve water to patrons only upon request.
 - vi. Hotels and motels shall have messaging in all guest rooms encouraging water conservation and limiting hotel laundering of linens and towels.
 - b. The following consumption reduction measures shall also apply:
 - i. Non-essential potable water uses are strongly discouraged.
 - ii. Customers are encouraged to continue implementing voluntary measures from prior stages, which are not mandatory under this stage.
 - iii. There are no restrictions on landscape watering with non-potable water.
4. Stage 4. Critical Water Shortage: Savings up to 40%. Increase of water supply conservation actions that require a reduction in water use. A reduction of water use by up to an additional 10% is anticipated. All conservation measures implemented in Stage

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1-3 shall remain in effect. Water consumption reduction methods from Stage 1-3 may be intensified as needed and customer usage may be assessed against established baseline.

- a. One or more of the following additional mandatory restrictions shall be in effect as determined by the district:
 - i. Outdoor irrigation of exterior vegetation shall be conducted only during specified hours and days and district may impose other restrictions on the use of water for such irrigation. The irrigation of exterior vegetation at other than these times and days shall be considered a waste of water. Outdoor plant containers, trees, shrubs, and vegetable gardens may be watered additional days using only drip irrigation or hand watering. The district may determine that this shall conform to the restrictions for other outdoor irrigation. During Warm/Dry Season: Turf shall be limited to hours and/or days determined by district when using potable water for irrigation. During Cool/Wet Season: Turf shall not be watered unless utilizing non-potable water during extended dry spells.
 - ii. Customer water usage in excess of baseline will be monitored and recorded.
 - iii. Conservation activities will be intensified, and production monitored daily for compliance with necessary reductions from customer baseline.
 - iv. Water allocations and mandatory conservation may be implemented. Water usage in excess of allocation derived from water use baseline may be considered a waste of water.
 - v. Leaks or faulty sprinklers shall be repaired within 3 days or as directed by the district.
 - vi. Decorative water features that use potable water must be drained and kept dry.
 - vii. Washing of vehicles is prohibited, except when using commercial carwash establishments that use reclaimed water, recirculate water, or use high pressure/low volume wash systems.
 - viii. A construction water use plan shall be submitted to the district that addresses how impacts to existing water users will be mitigated (such as dust control).
 - ix. With the exception of landscapes watered with non-potable water, installation of new turf or hydroseed is prohibited.
5. Stage 5. Water Shortage Crisis: Savings up to 50%. Increase of water supply conservation actions that require a reduction in water use. Source of supply for the water system is severely curtailed to the level that requires each customer to restrict their water use. All conservation measures implemented in Stage 1-4 shall remain in effect. Water consumption reduction methods from Stage 1-4 may be intensified as

Exhibit A

needed. Production may be monitored daily for compliance with necessary reductions from customer baseline.

- a. Consumption reduction methods shall be intensified as needed and one or more of the following mandatory restrictions shall be in effect:
 - i. District may impose further restrictions on outdoor irrigation of exterior vegetation, including complete cessation in irrigation on properties.
 - ii. Repair leaks or faulty sprinklers within 1 day.
 - iii. Existing pools shall not be emptied and refilled using potable water unless required for public health and safety purposes.
 - iv. Water use for new landscape installations or renovations is not authorized.
 - v. Previous waivers will be revoked.
 - vi. Water use may be restricted to human health and safety purposes.
 - vii. Customer rationing may be implemented as compared to a water use baseline determined by the district.
 - viii. Shortage condition measures shall be updated as needed.
 - ix. Catastrophic event actions may be deemed necessary (such as a boil water order and/or other actions).
6. Stage 6. Emergency Water Shortage: Savings greater than 50% requiring reduction in water use. Source of supply for the water system is severely curtailed to the level that requires each customer to restrict their water use for only human health and safety purposes.

In the event of an unforeseeable disaster or water emergency such as an earthquake or other major disruption in the water supply or any emergency that prevents the district from meeting the water demands of the community, the general manager is authorized to implement the emergency provisions of this chapter as provided herein. Public notice will follow enactment of said provision by publishing notice of said action in a newspaper of general circulation.

All measures implemented in Stages 1-5 shall remain in effect. Water consumption reduction methods from Stage 1-5 may be intensified as needed. Production may be monitored continually for compliance with necessary reductions from customer baseline.

- a. Consumption reduction methods shall be intensified as needed and the following mandatory restrictions shall be in effect:
 - i. Watering of parks, school grounds and golf courses is prohibited.

Exhibit A

- ii. Turf watering and landscape irrigation is prohibited.
- iii. Washing down of driveways, parking lots or other impervious surfaces is prohibited.
- iv. Filling or adding water to swimming pools, wading pools, spas, ornamental ponds, fountains, and artificial lakes is prohibited.
- v. New construction meter permits shall not be issued by the district.
- vi. All existing construction meters shall be removed and/or locked.
- vii. Commercial nurseries shall discontinue all watering and irrigation.
- viii. Watering of domesticated animals and livestock is permitted as necessary.
- ix. Implement applicable actions for catastrophic events (such as a boil water order or other actions).

E. Exceptions to Water Shortage Stage Implementation.

1. Application for Exception Permit. The general manager may grant exception permits for uses of water otherwise prohibited under the provisions of this chapter if it is found and determined that special circumstances make compliance impossible, or that restrictions herein would cause an emergency condition affecting the health, sanitation, fire protection or safety of the water use or of the public.
2. Written Application. Such exceptions may be granted only upon written application for a permit addressed to the district's general manager. Upon granting such exception permit, the general manager may impose any conditions determined to be just and proper.
3. Exception Denied. In the event the general manager denies an exception to a water shortage stage, the proponent of the exception may appeal the determination to the district's board.



DATE: January 18, 2022

TO: Mayor and Council Members

FROM: Nils Bentsen, City Manager

BY: Melinda Sayre, Director of Government Services/City Clerk
Erin Baum, Assistant City Clerk

SUBJECT: Third Public Hearing – Redistricting due to 2020 Census and Review of Draft Maps

RECOMMENDED ACTION

It is recommended that the City Council 1) Receive a presentation from National Demographics Corporation (NDC), the City's redistricting consultant detailing the redistricting process and permissible criteria to be considered to create district boundaries; 2) Conduct the third public hearing to receive public input on the redistricting process and composition of districts; and 3) review and consider the three draft maps provided by National Demographics Corporation and any others that may have been submitted by the public for review.

BACKGROUND

Every ten years, local governments use new census data to Redistrict. Redistricting is the process of adjusting City Council voting districts so that each district has substantially the same number of voting-aged residents and reflect how local populations have changed. The legal deadline for the City to adopt new district maps is April 17, 2022. This meeting is the third of four public hearings required for the redistricting process to gain public input.

ISSUES/ANALYSIS

On June 6, 2017 the City Council approved Ordinance 2017-09 establishing a by-district election system including five (5) districts, each having one (1) City Council seat representative and each serving a four (4) year term with a rotating appointed mayor. By-district elections were implemented in a staggered manner with the first by-district election held in 2018 for districts two (2), three (3) and four (4). In 2020, by-district elections were held for districts one (1) and five (5).

In July the City contracted National Demographic Corporation (NDC) to coordinate the City's redistricting process and required community outreach. Assembly Bill 849, known as the "Fair and Inclusive Redistrict for Municipalities and Political Subdivisions (FAIR MAPS) Act in 2019 requires cities to engage communities in the redistricting process by holding a minimum of four (4) public hearings and/or workshops. The purpose of this third public hearing is to gather public input and present the three (3) maps (attached) drafted by the City's consultant and any others that may have been submitted to the City.

On January 10, 2022, staff loaded interactive draft mapping tools to the City's website for the public to utilize during the redistricting process. Paper map kits can also be printed from the website or picked up from City Hall.

FISCAL IMPACT

There is no fiscal impact associated with this item.

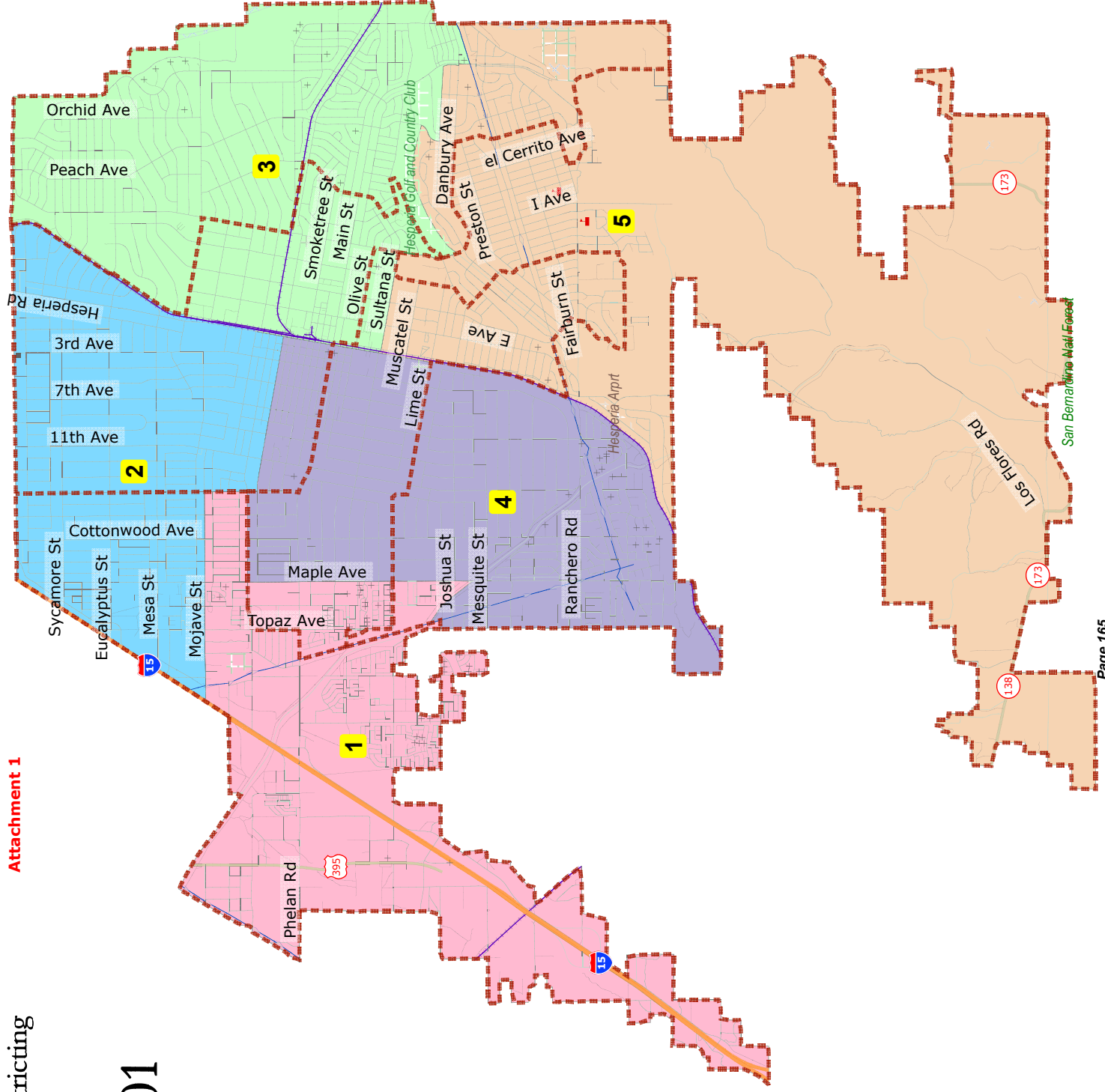
ALTERNATIVE(S)

1. Provide alternative direction to staff

ATTACHMENT(S)

1. NDC Map 101
2. NDC Map 102
3. NDC Map 103

NDC 101

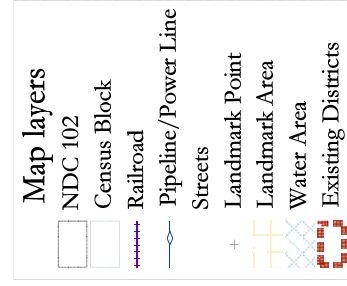


Map layers

- NDC 101
- Census Block
- Railroad
- Pipeline/Power Line
- Streets
- Landmark Point
- Landmark Area
- Water Area
- Existing Districts

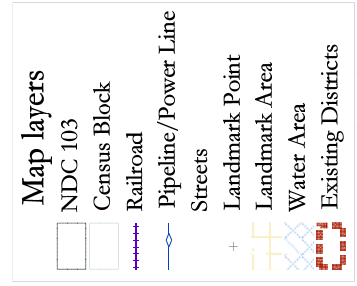
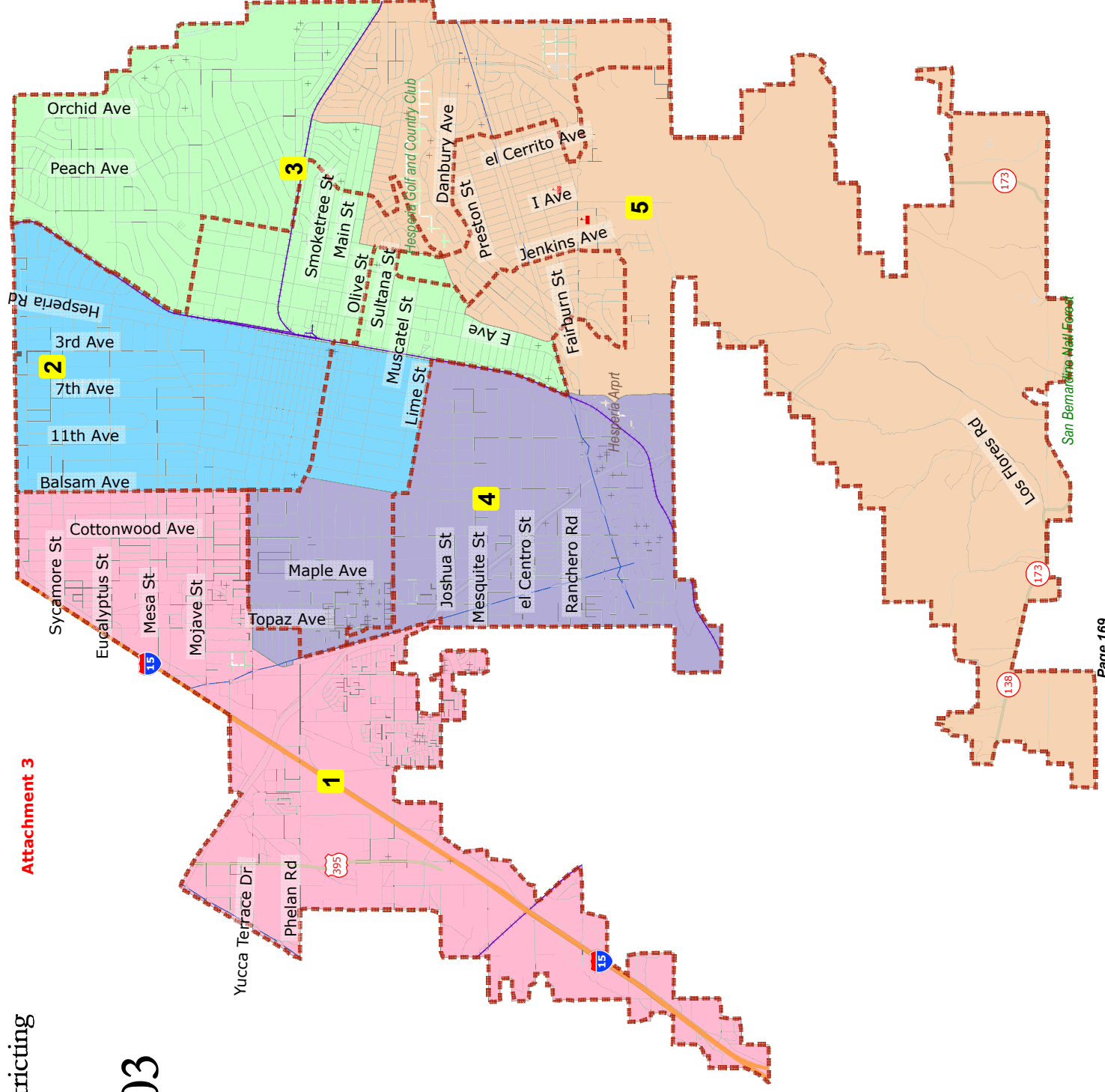
NDC 101							
District		1	2	3	4	5	Total
	Total Pop	20,224	19,504	20,576	20,598	19,264	100,166
	Deviation from ideal	191	-529	543	565	-769	1,334
	% Deviation	0.95%	-2.64%	2.71%	2.82%	-3.84%	6.66%
Total Pop	% Hisp	61.3%	67%	56%	61%	49%	59%
	% NH White	22%	22%	34%	30%	40%	29%
	% NH Black	9%	6%	5%	4%	6%	6%
	% Asian-American	5%	2%	2%	2%	2%	3%
Citizen Voting Age Pop	Total	10,905	10,990	12,653	11,505	11,344	57,397
	% Hisp	53%	57%	46%	51%	38%	49%
	% NH White	33%	36%	46%	42%	54%	42%
	% NH Black	8%	4%	4%	4%	6%	5%
	% Asian/Pac.Isl.	5%	3%	2%	3%	2%	3%
Voter Registration (Nov 2020)	Total	9,471	8,863	10,629	10,127	10,476	49,566
	% Latino est.	50%	55%	42%	45%	35%	45%
	% Spanish-Surnamed	46%	50%	39%	42%	33%	41%
	% Asian-Surnamed	3%	1%	1%	1%	1%	1%
	% Filipino-Surnamed	1%	1%	1%	1%	1%	1%
	% NH White est.	40%	42%	54%	52%	59%	50%
	% NH Black	9%	4%	4%	3%	5%	5%
Voter Turnout (Nov 2020)	Total	6,665	5,819	7,476	7,301	7,749	35,010
	% Latino est.	47%	51%	38%	41%	31%	41%
	% Spanish-Surnamed	43%	47%	36%	38%	29%	38%
	% Asian-Surnamed	2%	1%	1%	1%	1%	1%
	% Filipino-Surnamed	1%	1%	1%	1%	1%	1%
	% NH White est.	42%	46%	57%	55%	63%	53%
	% NH Black	9%	3%	4%	3%	5%	5%
Voter Turnout (Nov 2018)	Total	3,566	3,459	4,762	4,441	4,857	21,085
	% Latino est.	42%	41%	30%	32%	25%	33%
	% Spanish-Surnamed	39%	39%	29%	30%	24%	32%
	% Asian-Surnamed	2%	1%	1%	0%	1%	1%
	% Filipino-Surnamed	1%	1%	1%	0%	1%	1%
	% NH White est.	44%	52%	63%	63%	67%	59%
	% NH Black est.	9%	3%	4%	3%	5%	5%
ACS Pop. Est.	Total	18,996	18,991	20,460	18,703	17,644	94,795
Age	age0-19	36%	36%	32%	31%	31%	33%
	age20-60	52%	50%	49%	52%	53%	51%
	age60plus	12%	14%	19%	17%	16%	16%
Immigration	immigrants	21%	21%	19%	20%	12%	19%
	naturalized	54%	44%	49%	48%	49%	49%
Language spoken at home	english	65%	60%	62%	63%	83%	66%
	spanish	30%	38%	36%	35%	16%	31%
	asian-lang	2%	1%	1%	1%	1%	1%
	other lang	2%	1%	1%	1%	0%	1%
Language Fluency	Speaks Eng. "Less than Very Well"	12%	14%	12%	15%	7%	12%
Education (among those age 25+)	hs-grad	58%	60%	57%	59%	64%	59%
	bachelor	10%	6%	8%	6%	8%	7%
	graduatedegree	4%	2%	5%	3%	5%	4%
Child in Household	child-under18	55%	48%	44%	44%	41%	46%
Pct of Pop. Age 16+	employed	58%	54%	55%	58%	57%	56%
Household Income	income 0-25k	13%	27%	31%	21%	18%	22%
	income 25-50k	20%	25%	23%	25%	24%	24%
	income 50-75k	17%	19%	18%	21%	23%	20%
	income 75-200k	47%	28%	26%	31%	32%	32%
	income 200k-plus	3%	0%	2%	1%	4%	2%
Housing Stats	single family	95%	79%	89%	88%	88%	88%
	multi-family	5%	21%	11%	12%	12%	12%
	rented	33%	45%	38%	40%	36%	38%
	owned	67%	55%	62%	60%	64%	62%
Total population data from the 2020 Decennial Census.							
Surname-based Voter Registration and Turnout data from the California Statewide Database.							
Latino voter registration and turnout data are Spanish-surname counts adjusted using Census Population Department undercount estimates. NH White and NH Black registration and turnout counts estimated by NDC. Citizen Voting Age Pop., Age, Immigration, and other demographics from the 2015-2019 American Community Survey and Special Tabulation 5-year data.							

NDC 102



NDC 102							
District		1	2	3	4	5	Total
	Total Pop	20,242	20,012	20,165	20,035	19,712	100,166
	Deviation from ideal	209	-21	132	2	-321	530
	% Deviation	1.04%	-0.10%	0.66%	0.01%	-1.60%	2.65%
Total Pop	% Hisp	64.1%	64%	53%	61%	51%	59%
	% NH White	24%	23%	37%	23%	40%	29%
	% NH Black	6%	9%	4%	8%	3%	6%
	% Asian-American	3%	2%	2%	5%	2%	3%
Citizen Voting Age Pop	Total	11,518	11,027	12,459	10,462	11,932	57,397
	% Hisp	57%	52%	42%	54%	40%	49%
	% NH White	35%	35%	52%	34%	53%	42%
	% NH Black	5%	7%	3%	6%	5%	5%
	% Asian/Pac.Isl.	2%	2%	2%	5%	2%	3%
Voter Registration (Nov 2020)	Total	9,358	8,282	10,890	9,936	11,100	49,566
	% Latino est.	52%	50%	39%	49%	37%	45%
	% Spanish-Surnamed	48%	46%	36%	45%	35%	41%
	% Asian-Surnamed	1%	1%	1%	3%	1%	1%
	% Filipino-Surnamed	1%	1%	1%	1%	1%	1%
	% NH White est.	44%	42%	58%	43%	59%	50%
	% NH Black	5%	9%	3%	7%	4%	5%
Voter Turnout (Nov 2020)	Total	6,414	5,315	7,792	7,085	8,404	35,010
	% Latino est.	48%	46%	35%	46%	34%	41%
	% Spanish-Surnamed	45%	43%	33%	42%	32%	38%
	% Asian-Surnamed	1%	0%	1%	2%	1%	1%
	% Filipino-Surnamed	1%	1%	1%	1%	1%	1%
	% NH White est.	46%	45%	61%	45%	62%	53%
	% NH Black	5%	8%	3%	7%	3%	5%
Voter Turnout (Nov 2018)	Total	3,782	3,061	4,971	3,960	5,311	21,085
	% Latino est.	38%	39%	28%	39%	26%	33%
	% Spanish-Surnamed	36%	38%	27%	36%	25%	32%
	% Asian-Surnamed	1%	0%	1%	2%	1%	1%
	% Filipino-Surnamed	1%	1%	1%	1%	0%	1%
	% NH White est.	54%	50%	67%	51%	67%	59%
	% NH Black est.	4%	8%	2%	7%	4%	5%
ACS Pop. Est.	Total	19,516	19,762	19,695	17,944	17,877	94,795
Age	age0-19	36%	35%	32%	34%	29%	33%
	age20-60	49%	52%	50%	51%	53%	51%
	age60plus	15%	14%	18%	14%	18%	16%
Immigration	immigrants	20%	20%	17%	21%	15%	19%
	naturalized	49%	36%	51%	54%	57%	49%
Language spoken at home	english	62%	60%	68%	65%	78%	66%
	spanish	36%	39%	30%	30%	21%	31%
	asian-lang	1%	1%	1%	3%	1%	1%
	other lang	0%	1%	1%	3%	0%	1%
Language Fluency	Speaks Eng. "Less than Very Well"	14%	13%	11%	12%	8%	12%
Education (among those age 25+)	hs-grad	61%	57%	58%	57%	64%	59%
	bachelor	6%	6%	9%	10%	5%	7%
	graduatedegree	2%	3%	5%	4%	5%	4%
Child in Household	child-under18	49%	46%	42%	51%	43%	46%
Pct of Pop. Age 16+	employed	53%	57%	57%	59%	57%	56%
Household Income	income 0-25k	25%	33%	26%	11%	14%	22%
	income 25-50k	23%	27%	25%	18%	24%	24%
	income 50-75k	22%	15%	19%	19%	23%	20%
	income 75-200k	29%	25%	26%	48%	36%	32%
	income 200k-plus	0%	0%	3%	3%	3%	2%
Housing Stats	single family	84%	68%	92%	97%	99%	88%
	multi-family	16%	32%	8%	3%	1%	12%
	rented	42%	58%	35%	30%	26%	38%
	owned	58%	42%	65%	70%	74%	62%
Total population data from the 2020 Decennial Census.							
Surname-based Voter Registration and Turnout data from the California Statewide Database.							
Latino voter registration and turnout data are Spanish-surname counts adjusted using Census Population Department undercount estimates. NH White and NH Black registration and turnout counts estimated by NDC. Citizen Voting Age Pop., Age, Immigration, and other demographics from the 2015-2019 American Community Survey and Special Tabulation 5-year data.							

NDC 103



NDC 103							
District		1	2	3	4	5	Total
	Total Pop	20,381	19,815	19,797	20,338	19,835	100,166
	Deviation from ideal	348	-218	-236	305	-198	584
	% Deviation	1.74%	-1.09%	-1.18%	1.52%	-0.99%	2.92%
Total Pop	% Hisp	63.0%	67%	57%	58%	48%	59%
	% NH White	22%	22%	31%	31%	43%	29%
	% NH Black	8%	6%	7%	4%	4%	6%
	% Asian-American	4%	2%	2%	4%	2%	3%
Citizen Voting Age Pop	Total	11,069	10,954	11,434	11,506	12,435	57,397
	% Hisp	57%	56%	48%	47%	37%	49%
	% NH White	34%	36%	41%	42%	57%	42%
	% NH Black	5%	4%	7%	6%	3%	5%
	% Asian/Pac.Isl.	3%	3%	2%	5%	1%	3%
Voter Registration (Nov 2020)	Total	9,705	8,535	9,654	10,349	11,323	49,566
	% Latino est.	51%	55%	43%	44%	35%	45%
	% Spanish-Surnamed	47%	50%	40%	41%	33%	41%
	% Asian-Surnamed	2%	1%	1%	2%	1%	1%
	% Filipino-Surnamed	1%	1%	1%	1%	1%	1%
	% NH White est.	43%	42%	51%	50%	62%	50%
	% NH Black	6%	4%	7%	5%	2%	5%
Voter Turnout (Nov 2020)	Total	6,850	5,508	6,675	7,528	8,449	35,010
	% Latino est.	47%	51%	40%	41%	31%	41%
	% Spanish-Surnamed	44%	47%	37%	38%	29%	38%
	% Asian-Surnamed	2%	1%	0%	1%	1%	1%
	% Filipino-Surnamed	1%	1%	1%	1%	1%	1%
	% NH White est.	44%	45%	53%	53%	65%	53%
	% NH Black	6%	4%	7%	5%	3%	5%
Voter Turnout (Nov 2018)	Total	3,807	3,164	4,138	4,562	5,414	21,085
	% Latino est.	41%	42%	32%	32%	24%	33%
	% Spanish-Surnamed	38%	40%	30%	30%	23%	32%
	% Asian-Surnamed	1%	1%	1%	1%	1%	1%
	% Filipino-Surnamed	1%	1%	0%	0%	1%	1%
	% NH White est.	49%	51%	59%	60%	70%	59%
	% NH Black est.	6%	3%	7%	5%	3%	5%
ACS Pop. Est.	Total	19,146	19,280	18,641	18,435	19,293	94,795
Age	age0-19	36%	35%	31%	32%	32%	33%
	age20-60	50%	52%	51%	52%	51%	51%
	age60plus	14%	14%	18%	17%	17%	16%
Immigration	immigrants	21%	21%	18%	20%	13%	19%
	naturalized	52%	38%	45%	57%	55%	49%
Language spoken at home	english	64%	58%	64%	67%	79%	66%
	spanish	33%	40%	34%	30%	20%	31%
	asian-lang	2%	1%	1%	2%	1%	1%
	other lang	1%	1%	1%	2%	0%	1%
Language Fluency	Speaks Eng. "Less than Very Well"	12%	15%	11%	13%	9%	12%
Education (among those age 25+)	hs-grad	59%	59%	59%	60%	61%	59%
	bachelor	8%	5%	7%	8%	8%	7%
	graduatedegree	4%	2%	4%	4%	5%	4%
Child in Household	child-under18	53%	48%	41%	45%	44%	46%
Pct of Pop. Age 16+	employed	56%	56%	55%	58%	57%	56%
Household Income	income 0-25k	18%	28%	32%	16%	18%	22%
	income 25-50k	19%	27%	23%	25%	24%	24%
	income 50-75k	18%	18%	17%	21%	23%	20%
	income 75-200k	44%	27%	26%	36%	31%	32%
	income 200k-plus	1%	1%	2%	2%	4%	2%
Housing Stats	single family	93%	75%	78%	95%	98%	88%
	multi-family	7%	25%	22%	5%	2%	12%
	rented	32%	51%	47%	34%	28%	38%
	owned	68%	49%	53%	66%	72%	62%
Total population data from the 2020 Decennial Census.							
Surname-based Voter Registration and Turnout data from the California Statewide Database.							
Latino voter registration and turnout data are Spanish-surname counts adjusted using Census Population Department undercount estimates. NH White and NH Black registration and turnout counts estimated by NDC. Citizen Voting Age Pop., Age, Immigration, and other demographics from the 2015-2019 American Community Survey and Special Tabulation 5-year data.							

City of Hesperia STAFF REPORT



DATE: January 18, 2022
TO: Mayor and Council Members
FROM: Nils Bentsen, City Manager
BY: Eric L. Dunn, City Attorney
SUBJECT: National Opioid Settlements – Permitted Use of Settlement Funds

RECOMMENDED ACTION

It is recommended that the City Council receive and file this report.

BACKGROUND

On December 21, 2021, the City Council approved participation in the National Opioid Settlements. By way of providing background, various states, counties, and cities have been in litigation with the McKesson Corporation, Cardinal Health, Inc., and AmerisourceBergen Corporation. (collectively, the “Distributors”) and Johnson & Johnson, Janssen Pharmaceuticals, Inc., Ortho-McNeil-Janssen Pharmaceuticals, Inc., and Janssen Pharmaceutica, Inc. (collectively, the “Manufacturer”) (for purposes of this report, the Distributors and Manufacturer are collectively referred to as the “Settling Defendants”).

The litigation concerns the distribution and manufacture of opioids that have contributed to the opioid addiction epidemic in the United States. Two tentative settlements have been reached with the Distributors and Manufacturer, respectively (“National Opioids Settlements”). The full text of the National Opioid Settlements can be found at the following website under the links entitled “Distributor Master Settlement Agreement” and “J&J Master Settlement Agreement”: <https://nationalopioidsettlement.com>. This website also contains additional detailed information regarding the National Opioid Settlements.

In order to proceed, a “critical mass” of participation by States, cities and counties must be achieved. This critical mass is determined by the Settling Defendants in their sole discretion. If a critical mass is not achieved, then the National Opioids Settlements do not proceed and the litigation continues. Thus, there are two parts to achieving critical mass: first, a critical mass of States must be achieved and, second, a critical mass of cities and counties must be achieved. At this stage, a critical mass of state participation has already occurred. By participating, the City has contributed to the “critical mass” of cities and counties.

ISSUES/ANALYSIS

Assuming there is a critical mass to proceed, the payout amounts under the settlements with the Settling Defendants is contingent upon various factors, including the number of states, cities, and counties participating, with a maximum payout of \$21 billion over the course of 18 years by the Distributors and \$5 billion over no more than nine years by the Manufacturer to all participating entities. A fraction of that amount will be received by California, its counties, and cities. The actual

amount for the City is dependent on a number of variables, including, but not limited to, the number of California cities and counties participating (essentially, the more cities and counties in California participating means more money that could be allocated to the City), whether or not cities later sue the Settling Defendants, and certain actions that may be taken by the State of California. Further, the City's share of the potential amount is determined using three factors: (1) Opioid use disorder; (2) Opioid deaths; and (3) Opioid dosage.

The funds will automatically be allocated to the County unless the City opts to receive the funds directly; however, there are certain reporting and tracking requirements if the City receives the funds directly (see below). If the County receives the City's share of the settlement funds per the Agreements, the County is not required to exclusively spend the funds in the City (however, it should also be noted that funds will probably be used on County programs that are available to all residents of the County). Additionally, the City may opt in and out of receiving the funds directly at any time, provided that this is communicated to the Settlement Fund Administrator at least 60 days prior to a payment date. For example, the City may opt to send the funds to the County for 2022 but may later decide that the 2023 allocation be directly received by the City. At this point in time, there is currently no process set-up for the City to opt to receive the funds directly; however, we have been informed that, if the settlement proceeds and once a settlement fund administrator is chosen, then a procedure will be created.

The National Opioid Settlements will allow for a range of approved abatement uses, which includes a range of intervention, treatment, education, and recovery services. However, the use of funds is restricted to the opioid abatement remediation activities. Attachment 1 of this Report includes the permissible uses for settlement funds. The uses potentially include utilizing the settlements funds to partner with a local nonprofit regarding opioid remediation. For example, on the City may support people with opioid use disorder through evidence-based and evidenced-informed programs or strategies that include programs or strategies that "Engage non-profits, faith-based communities, and community coalitions to support people in treatment and recovery and to support family members in their efforts to support the person with OUD in the family." (See Page E-5 and E-6 of Attachment 1) ("OUD" stands for "opioid use disorder" per the master settlement agreements).

Additionally, 50% of the settlement funds per calendar year must be spent on "high impact abatement activities" as follows:

"In addition to this requirement, no less than 50% of the funds received by a CA Participating Subdivision [i.e., cities and counties] from the Abatement Accounts Fund in each calendar year will be used for one or more of the following High Impact Abatement Activities:

- (1) the provision of matching funds or operating costs for substance use disorder facilities within the Behavioral Health Continuum Infrastructure Program;
- (2) creating new or expanded Substance Use Disorder ("SUD") treatment infrastructure;
- (3) addressing the needs of communities of color and vulnerable populations (including sheltered and unsheltered homeless populations) that are disproportionately impacted by SUD;
- (4) diversion of people with SUD from the justice system into treatment, including by providing training and resources to first and early responders (sworn and non-sworn) and implementing best practices for outreach, diversion and deflection, employability, restorative justice, and harm reduction; and/or
- (5) interventions to prevent drug addiction in vulnerable youth"

The California Department of Health Care Services (“DHCS”) may add to this list (but not delete from it) by designating additional High Impact Abatement Activities. DHCS is also required to make reasonable efforts to consult with stakeholders, including the CA Participating Subdivisions, before adding additional High Impact Abatement Activities to this list.

There are also significant public reporting and tracking requirements on the expenditures for such funds, which may make County receipt and expenditure of such funds more desirable. For example, the State-Subdivision Allocation agreements for the Manufacturer and Distributors would require the following reporting and tracking:

1. Each CA Participating Subdivision (i.e., cities and counties) that receives payments of funds from the settlement must prepare written reports at least annually regarding the use of those funds, until those funds are fully expended and for one year thereafter. These reports will also include a certification that all funds received through the settlement have been used in compliance with the settlement agreements and the allocation agreements. The report will be in a form reasonably determined by DHCS.
2. All CA Participating Subdivisions receiving CA Abatement Accounts Funds must track all deposits and expenditures. Each such subdivision is responsible solely for the settlement funds it receives. However, a county is not responsible for oversight, reporting, or monitoring of settlement funds received by a city within that county that receives direct payment. Unless otherwise exempt, expenditures and uses of settlement funds will be subject to the normal budgetary and expenditure process of the relevant subdivision.

In terms of enforcement, if DHCS believes that the use of settlement funds is inconsistent with the requirements, it must meet and confer with the subdivision (i.e., the City), and if not resolved, DHCS may perform an audit. If the issue is not resolved, DHCS can bring a motion or action in court to resolve the concern or to enforce the terms of the settlement agreement/state-allocation agreement. There are also time limits on expenditure where money not expended or encumbered within 5 years of receipt must be transferred to the State. However, these requirements only apply to the City if it elects to receive direct distribution and does not apply to the City if the funds go to the County.

FISCAL IMPACT

It is estimated that Hesperia’s total share is \$560,985 or approximately \$31,165 per year over 18 years. This figure assumes 100% participation by cities and counties, a decrease of which will decrease the actual amount.

ALTERNATIVE(S)

1. Provide alternative direction to staff

ATTACHMENT(S)

Attachment 1 – Exhibit E of the Master Settlement Agreements

EXHIBIT E

List of Opioid Remediation Uses

Schedule A Core Strategies

States and Qualifying Block Grantees shall choose from among the abatement strategies listed in Schedule B. However, priority shall be given to the following core abatement strategies (“*Core Strategies*”).¹⁴

A. **NALOXONE OR OTHER FDA-APPROVED DRUG TO
REVERSE OPIOID OVERDOSES**

1. Expand training for first responders, schools, community support groups and families; and
2. Increase distribution to individuals who are uninsured or whose insurance does not cover the needed service.

B. **MEDICATION-ASSISTED TREATMENT (“MAT”)
DISTRIBUTION AND OTHER OPIOID-RELATED
TREATMENT**

1. Increase distribution of MAT to individuals who are uninsured or whose insurance does not cover the needed service;
2. Provide education to school-based and youth-focused programs that discourage or prevent misuse;
3. Provide MAT education and awareness training to healthcare providers, EMTs, law enforcement, and other first responders; and
4. Provide treatment and recovery support services such as residential and inpatient treatment, intensive outpatient treatment, outpatient therapy or counseling, and recovery housing that allow or integrate medication and with other support services.

¹⁴ As used in this Schedule A, words like “expand,” “fund,” “provide” or the like shall not indicate a preference for new or existing programs.

C. **PREGNANT & POSTPARTUM WOMEN**

1. Expand Screening, Brief Intervention, and Referral to Treatment (“*SBIRT*”) services to non-Medicaid eligible or uninsured pregnant women;
2. Expand comprehensive evidence-based treatment and recovery services, including MAT, for women with co-occurring Opioid Use Disorder (“*OUD*”) and other Substance Use Disorder (“*SUD*”) /Mental Health disorders for uninsured individuals for up to 12 months postpartum; and
3. Provide comprehensive wrap-around services to individuals with OUD, including housing, transportation, job placement/training, and childcare.

D. **EXPANDING TREATMENT FOR NEONATAL ABSTINENCE SYNDROME (“*NAS*”)**

1. Expand comprehensive evidence-based and recovery support for NAS babies;
2. Expand services for better continuum of care with infant-need dyad; and
3. Expand long-term treatment and services for medical monitoring of NAS babies and their families.

E. **EXPANSION OF WARM HAND-OFF PROGRAMS AND RECOVERY SERVICES**

1. Expand services such as navigators and on-call teams to begin MAT in hospital emergency departments;
2. Expand warm hand-off services to transition to recovery services;
3. Broaden scope of recovery services to include co-occurring SUD or mental health conditions;
4. Provide comprehensive wrap-around services to individuals in recovery, including housing, transportation, job placement/training, and childcare; and
5. Hire additional social workers or other behavioral health workers to facilitate expansions above.

F. **TREATMENT FOR INCARCERATED POPULATION**

1. Provide evidence-based treatment and recovery support, including MAT for persons with OUD and co-occurring SUD/MH disorders within and transitioning out of the criminal justice system; and
2. Increase funding for jails to provide treatment to inmates with OUD.

G. **PREVENTION PROGRAMS**

1. Funding for media campaigns to prevent opioid use (similar to the FDA's "Real Cost" campaign to prevent youth from misusing tobacco);
2. Funding for evidence-based prevention programs in schools;
3. Funding for medical provider education and outreach regarding best prescribing practices for opioids consistent with the 2016 CDC guidelines, including providers at hospitals (academic detailing);
4. Funding for community drug disposal programs; and
5. Funding and training for first responders to participate in pre-arrest diversion programs, post-overdose response teams, or similar strategies that connect at-risk individuals to behavioral health services and supports.

H. **EXPANDING SYRINGE SERVICE PROGRAMS**

1. Provide comprehensive syringe services programs with more wrap-around services, including linkage to OUD treatment, access to sterile syringes and linkage to care and treatment of infectious diseases.

I. **EVIDENCE-BASED DATA COLLECTION AND RESEARCH ANALYZING THE EFFECTIVENESS OF THE ABATEMENT STRATEGIES WITHIN THE STATE**

Schedule B Approved Uses

Support treatment of Opioid Use Disorder (OUD) and any co-occurring Substance Use Disorder or Mental Health (SUD/MH) conditions through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

PART ONE: TREATMENT

A. **TREAT OPIOID USE DISORDER (OUD)**

Support treatment of Opioid Use Disorder (“*OUD*”) and any co-occurring Substance Use Disorder or Mental Health (“*SUD/MH*”) conditions through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, those that:¹⁵

1. Expand availability of treatment for OUD and any co-occurring SUD/MH conditions, including all forms of Medication-Assisted Treatment (“*MAT*”) approved by the U.S. Food and Drug Administration.
2. Support and reimburse evidence-based services that adhere to the American Society of Addiction Medicine (“*ASAM*”) continuum of care for OUD and any co-occurring SUD/MH conditions.
3. Expand telehealth to increase access to treatment for OUD and any co-occurring SUD/MH conditions, including *MAT*, as well as counseling, psychiatric support, and other treatment and recovery support services.
4. Improve oversight of Opioid Treatment Programs (“*OTPs*”) to assure evidence-based or evidence-informed practices such as adequate methadone dosing and low threshold approaches to treatment.
5. Support mobile intervention, treatment, and recovery services, offered by qualified professionals and service providers, such as peer recovery coaches, for persons with OUD and any co-occurring SUD/MH conditions and for persons who have experienced an opioid overdose.
6. Provide treatment of trauma for individuals with OUD (*e.g.*, violence, sexual assault, human trafficking, or adverse childhood experiences) and family members (*e.g.*, surviving family members after an overdose or overdose fatality), and training of health care personnel to identify and address such trauma.
7. Support evidence-based withdrawal management services for people with OUD and any co-occurring mental health conditions.

¹⁵ As used in this Schedule B, words like “expand,” “fund,” “provide” or the like shall not indicate a preference for new or existing programs.

8. Provide training on MAT for health care providers, first responders, students, or other supporting professionals, such as peer recovery coaches or recovery outreach specialists, including telementoring to assist community-based providers in rural or underserved areas.
9. Support workforce development for addiction professionals who work with persons with OUD and any co-occurring SUD/MH conditions.
10. Offer fellowships for addiction medicine specialists for direct patient care, instructors, and clinical research for treatments.
11. Offer scholarships and supports for behavioral health practitioners or workers involved in addressing OUD and any co-occurring SUD/MH or mental health conditions, including, but not limited to, training, scholarships, fellowships, loan repayment programs, or other incentives for providers to work in rural or underserved areas.
12. Provide funding and training for clinicians to obtain a waiver under the federal Drug Addiction Treatment Act of 2000 (“*DATA 2000*”) to prescribe MAT for OUD, and provide technical assistance and professional support to clinicians who have obtained a DATA 2000 waiver.
13. Disseminate of web-based training curricula, such as the American Academy of Addiction Psychiatry’s Provider Clinical Support Service–Opioids web-based training curriculum and motivational interviewing.
14. Develop and disseminate new curricula, such as the American Academy of Addiction Psychiatry’s Provider Clinical Support Service for Medication–Assisted Treatment.

B. SUPPORT PEOPLE IN TREATMENT AND RECOVERY

Support people in recovery from OUD and any co-occurring SUD/MH conditions through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the programs or strategies that:

1. Provide comprehensive wrap-around services to individuals with OUD and any co-occurring SUD/MH conditions, including housing, transportation, education, job placement, job training, or childcare.
2. Provide the full continuum of care of treatment and recovery services for OUD and any co-occurring SUD/MH conditions, including supportive housing, peer support services and counseling, community navigators, case management, and connections to community-based services.
3. Provide counseling, peer-support, recovery case management and residential treatment with access to medications for those who need it to persons with OUD and any co-occurring SUD/MH conditions.

4. Provide access to housing for people with OUD and any co-occurring SUD/MH conditions, including supportive housing, recovery housing, housing assistance programs, training for housing providers, or recovery housing programs that allow or integrate FDA-approved medication with other support services.
5. Provide community support services, including social and legal services, to assist in deinstitutionalizing persons with OUD and any co-occurring SUD/MH conditions.
6. Support or expand peer-recovery centers, which may include support groups, social events, computer access, or other services for persons with OUD and any co-occurring SUD/MH conditions.
7. Provide or support transportation to treatment or recovery programs or services for persons with OUD and any co-occurring SUD/MH conditions.
8. Provide employment training or educational services for persons in treatment for or recovery from OUD and any co-occurring SUD/MH conditions.
9. Identify successful recovery programs such as physician, pilot, and college recovery programs, and provide support and technical assistance to increase the number and capacity of high-quality programs to help those in recovery.
10. Engage non-profits, faith-based communities, and community coalitions to support people in treatment and recovery and to support family members in their efforts to support the person with OUD in the family.
11. Provide training and development of procedures for government staff to appropriately interact and provide social and other services to individuals with or in recovery from OUD, including reducing stigma.
12. Support stigma reduction efforts regarding treatment and support for persons with OUD, including reducing the stigma on effective treatment.
13. Create or support culturally appropriate services and programs for persons with OUD and any co-occurring SUD/MH conditions, including new Americans.
14. Create and/or support recovery high schools.
15. Hire or train behavioral health workers to provide or expand any of the services or supports listed above.

**C. CONNECT PEOPLE WHO NEED HELP TO THE HELP THEY NEED
(CONNECTIONS TO CARE)**

Provide connections to care for people who have—or are at risk of developing—OUD and any co-occurring SUD/MH conditions through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, those that:

1. Ensure that health care providers are screening for OUD and other risk factors and know how to appropriately counsel and treat (or refer if necessary) a patient for OUD treatment.
2. Fund SBIRT programs to reduce the transition from use to disorders, including SBIRT services to pregnant women who are uninsured or not eligible for Medicaid.
3. Provide training and long-term implementation of SBIRT in key systems (health, schools, colleges, criminal justice, and probation), with a focus on youth and young adults when transition from misuse to opioid disorder is common.
4. Purchase automated versions of SBIRT and support ongoing costs of the technology.
5. Expand services such as navigators and on-call teams to begin MAT in hospital emergency departments.
6. Provide training for emergency room personnel treating opioid overdose patients on post-discharge planning, including community referrals for MAT, recovery case management or support services.
7. Support hospital programs that transition persons with OUD and any co-occurring SUD/MH conditions, or persons who have experienced an opioid overdose, into clinically appropriate follow-up care through a bridge clinic or similar approach.
8. Support crisis stabilization centers that serve as an alternative to hospital emergency departments for persons with OUD and any co-occurring SUD/MH conditions or persons that have experienced an opioid overdose.
9. Support the work of Emergency Medical Systems, including peer support specialists, to connect individuals to treatment or other appropriate services following an opioid overdose or other opioid-related adverse event.
10. Provide funding for peer support specialists or recovery coaches in emergency departments, detox facilities, recovery centers, recovery housing, or similar settings; offer services, supports, or connections to care to persons with OUD and any co-occurring SUD/MH conditions or to persons who have experienced an opioid overdose.
11. Expand warm hand-off services to transition to recovery services.
12. Create or support school-based contacts that parents can engage with to seek immediate treatment services for their child; and support prevention, intervention, treatment, and recovery programs focused on young people.
13. Develop and support best practices on addressing OUD in the workplace.

14. Support assistance programs for health care providers with OUD.
15. Engage non-profits and the faith community as a system to support outreach for treatment.
16. Support centralized call centers that provide information and connections to appropriate services and supports for persons with OUD and any co-occurring SUD/MH conditions.

D. ADDRESS THE NEEDS OF CRIMINAL JUSTICE-INVOLVED PERSONS

Address the needs of persons with OUD and any co-occurring SUD/MH conditions who are involved in, are at risk of becoming involved in, or are transitioning out of the criminal justice system through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, those that:

1. Support pre-arrest or pre-arraignment diversion and deflection strategies for persons with OUD and any co-occurring SUD/MH conditions, including established strategies such as:
 1. Self-referral strategies such as the Angel Programs or the Police Assisted Addiction Recovery Initiative (“*PAARI*”);
 2. Active outreach strategies such as the Drug Abuse Response Team (“*DART*”) model;
 3. “Naloxone Plus” strategies, which work to ensure that individuals who have received naloxone to reverse the effects of an overdose are then linked to treatment programs or other appropriate services;
 4. Officer prevention strategies, such as the Law Enforcement Assisted Diversion (“*LEAD*”) model;
 5. Officer intervention strategies such as the Leon County, Florida Adult Civil Citation Network or the Chicago Westside Narcotics Diversion to Treatment Initiative; or
 6. Co-responder and/or alternative responder models to address OUD-related 911 calls with greater SUD expertise.
2. Support pre-trial services that connect individuals with OUD and any co-occurring SUD/MH conditions to evidence-informed treatment, including MAT, and related services.
3. Support treatment and recovery courts that provide evidence-based options for persons with OUD and any co-occurring SUD/MH conditions.

4. Provide evidence-informed treatment, including MAT, recovery support, harm reduction, or other appropriate services to individuals with OUD and any co-occurring SUD/MH conditions who are incarcerated in jail or prison.
5. Provide evidence-informed treatment, including MAT, recovery support, harm reduction, or other appropriate services to individuals with OUD and any co-occurring SUD/MH conditions who are leaving jail or prison or have recently left jail or prison, are on probation or parole, are under community corrections supervision, or are in re-entry programs or facilities.
6. Support critical time interventions (“*CTT*”), particularly for individuals living with dual-diagnosis OUD/serious mental illness, and services for individuals who face immediate risks and service needs and risks upon release from correctional settings.
7. Provide training on best practices for addressing the needs of criminal justice-involved persons with OUD and any co-occurring SUD/MH conditions to law enforcement, correctional, or judicial personnel or to providers of treatment, recovery, harm reduction, case management, or other services offered in connection with any of the strategies described in this section.

E. ADDRESS THE NEEDS OF PREGNANT OR PARENTING WOMEN AND THEIR FAMILIES, INCLUDING BABIES WITH NEONATAL ABSTINENCE SYNDROME

Address the needs of pregnant or parenting women with OUD and any co-occurring SUD/MH conditions, and the needs of their families, including babies with neonatal abstinence syndrome (“*NAS*”), through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, those that:

1. Support evidence-based or evidence-informed treatment, including MAT, recovery services and supports, and prevention services for pregnant women—or women who could become pregnant—who have OUD and any co-occurring SUD/MH conditions, and other measures to educate and provide support to families affected by Neonatal Abstinence Syndrome.
2. Expand comprehensive evidence-based treatment and recovery services, including MAT, for uninsured women with OUD and any co-occurring SUD/MH conditions for up to 12 months postpartum.
3. Provide training for obstetricians or other healthcare personnel who work with pregnant women and their families regarding treatment of OUD and any co-occurring SUD/MH conditions.
4. Expand comprehensive evidence-based treatment and recovery support for NAS babies; expand services for better continuum of care with infant-need dyad; and expand long-term treatment and services for medical monitoring of NAS babies and their families.

5. Provide training to health care providers who work with pregnant or parenting women on best practices for compliance with federal requirements that children born with NAS get referred to appropriate services and receive a plan of safe care.
6. Provide child and family supports for parenting women with OUD and any co-occurring SUD/MH conditions.
7. Provide enhanced family support and child care services for parents with OUD and any co-occurring SUD/MH conditions.
8. Provide enhanced support for children and family members suffering trauma as a result of addiction in the family; and offer trauma-informed behavioral health treatment for adverse childhood events.
9. Offer home-based wrap-around services to persons with OUD and any co-occurring SUD/MH conditions, including, but not limited to, parent skills training.
10. Provide support for Children's Services—Fund additional positions and services, including supportive housing and other residential services, relating to children being removed from the home and/or placed in foster care due to custodial opioid use.

PART TWO: PREVENTION

F. PREVENT OVER-PRESCRIBING AND ENSURE APPROPRIATE PRESCRIBING AND DISPENSING OF OPIOIDS

Support efforts to prevent over-prescribing and ensure appropriate prescribing and dispensing of opioids through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

1. Funding medical provider education and outreach regarding best prescribing practices for opioids consistent with the Guidelines for Prescribing Opioids for Chronic Pain from the U.S. Centers for Disease Control and Prevention, including providers at hospitals (academic detailing).
2. Training for health care providers regarding safe and responsible opioid prescribing, dosing, and tapering patients off opioids.
3. Continuing Medical Education (CME) on appropriate prescribing of opioids.
4. Providing Support for non-opioid pain treatment alternatives, including training providers to offer or refer to multi-modal, evidence-informed treatment of pain.
5. Supporting enhancements or improvements to Prescription Drug Monitoring Programs ("PDMPs"), including, but not limited to, improvements that:

1. Increase the number of prescribers using PDMPs;
2. Improve point-of-care decision-making by increasing the quantity, quality, or format of data available to prescribers using PDMPs, by improving the interface that prescribers use to access PDMP data, or both; or
3. Enable states to use PDMP data in support of surveillance or intervention strategies, including MAT referrals and follow-up for individuals identified within PDMP data as likely to experience OUD in a manner that complies with all relevant privacy and security laws and rules.
6. Ensuring PDMPs incorporate available overdose/naloxone deployment data, including the United States Department of Transportation's Emergency Medical Technician overdose database in a manner that complies with all relevant privacy and security laws and rules.
7. Increasing electronic prescribing to prevent diversion or forgery.
8. Educating dispensers on appropriate opioid dispensing.

G. PREVENT MISUSE OF OPIOIDS

Support efforts to discourage or prevent misuse of opioids through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

1. Funding media campaigns to prevent opioid misuse.
2. Corrective advertising or affirmative public education campaigns based on evidence.
3. Public education relating to drug disposal.
4. Drug take-back disposal or destruction programs.
5. Funding community anti-drug coalitions that engage in drug prevention efforts.
6. Supporting community coalitions in implementing evidence-informed prevention, such as reduced social access and physical access, stigma reduction—including staffing, educational campaigns, support for people in treatment or recovery, or training of coalitions in evidence-informed implementation, including the Strategic Prevention Framework developed by the U.S. Substance Abuse and Mental Health Services Administration (“SAMHSA”).
7. Engaging non-profits and faith-based communities as systems to support prevention.

8. Funding evidence-based prevention programs in schools or evidence-informed school and community education programs and campaigns for students, families, school employees, school athletic programs, parent-teacher and student associations, and others.
9. School-based or youth-focused programs or strategies that have demonstrated effectiveness in preventing drug misuse and seem likely to be effective in preventing the uptake and use of opioids.
10. Create or support community-based education or intervention services for families, youth, and adolescents at risk for OUD and any co-occurring SUD/MH conditions.
11. Support evidence-informed programs or curricula to address mental health needs of young people who may be at risk of misusing opioids or other drugs, including emotional modulation and resilience skills.
12. Support greater access to mental health services and supports for young people, including services and supports provided by school nurses, behavioral health workers or other school staff, to address mental health needs in young people that (when not properly addressed) increase the risk of opioid or another drug misuse.

H. PREVENT OVERDOSE DEATHS AND OTHER HARMS (HARM REDUCTION)

Support efforts to prevent or reduce overdose deaths or other opioid-related harms through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

1. Increased availability and distribution of naloxone and other drugs that treat overdoses for first responders, overdose patients, individuals with OUD and their friends and family members, schools, community navigators and outreach workers, persons being released from jail or prison, or other members of the general public.
2. Public health entities providing free naloxone to anyone in the community.
3. Training and education regarding naloxone and other drugs that treat overdoses for first responders, overdose patients, patients taking opioids, families, schools, community support groups, and other members of the general public.
4. Enabling school nurses and other school staff to respond to opioid overdoses, and provide them with naloxone, training, and support.
5. Expanding, improving, or developing data tracking software and applications for overdoses/naloxone revivals.
6. Public education relating to emergency responses to overdoses.

7. Public education relating to immunity and Good Samaritan laws.
8. Educating first responders regarding the existence and operation of immunity and Good Samaritan laws.
9. Syringe service programs and other evidence-informed programs to reduce harms associated with intravenous drug use, including supplies, staffing, space, peer support services, referrals to treatment, fentanyl checking, connections to care, and the full range of harm reduction and treatment services provided by these programs.
10. Expanding access to testing and treatment for infectious diseases such as HIV and Hepatitis C resulting from intravenous opioid use.
11. Supporting mobile units that offer or provide referrals to harm reduction services, treatment, recovery supports, health care, or other appropriate services to persons that use opioids or persons with OUD and any co-occurring SUD/MH conditions.
12. Providing training in harm reduction strategies to health care providers, students, peer recovery coaches, recovery outreach specialists, or other professionals that provide care to persons who use opioids or persons with OUD and any co-occurring SUD/MH conditions.
13. Supporting screening for fentanyl in routine clinical toxicology testing.

PART THREE: OTHER STRATEGIES

I. FIRST RESPONDERS

In addition to items in section C, D and H relating to first responders, support the following:

1. Education of law enforcement or other first responders regarding appropriate practices and precautions when dealing with fentanyl or other drugs.
2. Provision of wellness and support services for first responders and others who experience secondary trauma associated with opioid-related emergency events.

J. LEADERSHIP, PLANNING AND COORDINATION

Support efforts to provide leadership, planning, coordination, facilitations, training and technical assistance to abate the opioid epidemic through activities, programs, or strategies that may include, but are not limited to, the following:

1. Statewide, regional, local or community regional planning to identify root causes of addiction and overdose, goals for reducing harms related to the opioid epidemic, and areas and populations with the greatest needs for treatment

intervention services, and to support training and technical assistance and other strategies to abate the opioid epidemic described in this opioid abatement strategy list.

2. A dashboard to (a) share reports, recommendations, or plans to spend opioid settlement funds; (b) to show how opioid settlement funds have been spent; (c) to report program or strategy outcomes; or (d) to track, share or visualize key opioid- or health-related indicators and supports as identified through collaborative statewide, regional, local or community processes.
3. Invest in infrastructure or staffing at government or not-for-profit agencies to support collaborative, cross-system coordination with the purpose of preventing overprescribing, opioid misuse, or opioid overdoses, treating those with OUD and any co-occurring SUD/MH conditions, supporting them in treatment or recovery, connecting them to care, or implementing other strategies to abate the opioid epidemic described in this opioid abatement strategy list.
4. Provide resources to staff government oversight and management of opioid abatement programs.

K. TRAINING

In addition to the training referred to throughout this document, support training to abate the opioid epidemic through activities, programs, or strategies that may include, but are not limited to, those that:

1. Provide funding for staff training or networking programs and services to improve the capability of government, community, and not-for-profit entities to abate the opioid crisis.
2. Support infrastructure and staffing for collaborative cross-system coordination to prevent opioid misuse, prevent overdoses, and treat those with OUD and any co-occurring SUD/MH conditions, or implement other strategies to abate the opioid epidemic described in this opioid abatement strategy list (*e.g.*, health care, primary care, pharmacies, PDMPs, etc.).

L. RESEARCH

Support opioid abatement research that may include, but is not limited to, the following:

1. Monitoring, surveillance, data collection and evaluation of programs and strategies described in this opioid abatement strategy list.
2. Research non-opioid treatment of chronic pain.
3. Research on improved service delivery for modalities such as SBIRT that demonstrate promising but mixed results in populations vulnerable to opioid use disorders.

4. Research on novel harm reduction and prevention efforts such as the provision of fentanyl test strips.
5. Research on innovative supply-side enforcement efforts such as improved detection of mail-based delivery of synthetic opioids.
6. Expanded research on swift/certain/fair models to reduce and deter opioid misuse within criminal justice populations that build upon promising approaches used to address other substances (*e.g.*, Hawaii HOPE and Dakota 24/7).
7. Epidemiological surveillance of OUD-related behaviors in critical populations, including individuals entering the criminal justice system, including, but not limited to approaches modeled on the Arrestee Drug Abuse Monitoring (“*ADAM*”) system.
8. Qualitative and quantitative research regarding public health risks and harm reduction opportunities within illicit drug markets, including surveys of market participants who sell or distribute illicit opioids.
9. Geospatial analysis of access barriers to MAT and their association with treatment engagement and treatment outcomes.

City of Hesperia STAFF REPORT



DATE: January 18, 2022

TO: Mayor and Council Members

FROM: Nils Bentsen, City Manager

BY: Rachel Molina, Assistant City Manager
Casey Brooksher, Director of Administrative Services
Mike Thornton, City Engineer
Ryan Leonard, Senior Planner

SUBJECT: Capital Improvement Project Prioritization

RECOMMENDED ACTION

It is recommended that the City Council receive and file this report.

BACKGROUND

At the December 21, 2021 City Council Meeting, the City Council requested an item be agendaized for a presentation on Capital Improvement Project (CIP) prioritization along the freeway corridor and Main Street. It was requested that the presentation include information about land-use designations along the freeway corridor north of Main Street, as well as information about proposed freeway interchanges. The information presented herein is for General Fund projects and does not include CIP projects for the Hesperia Water District.

Eucalyptus Interchange

In 2005, the City of Hesperia and City of Victorville jointly funded the preparation of a Project Study Report/Project Development Study, which was the first phase study report needed to justify a new interchange at this location. In 2005, 2006, and 2007, the Eucalyptus Interchange was included in the City's Legislative Priorities document and federal funding had been requested. In 2007, the City of Victorville's representative to the local transportation authority reversed their support of the project in favor of the Nisqualli/La Mesa Interchange.

After Victorville withdrew their support, it was determined that this project was infeasible and the City redirected efforts to other areas of need, including the Rancho and Muscatel Interchanges. In the 15 years since the Eucalyptus Interchange Project Study has been completed, transportation and circulation needs, as well as proposed development have shifted markedly. The 2007/2008 recession, the changes in online shopping habits of consumers, and the influx in residential development throughout the west side of Hesperia have contributed to staff identifying other alignments of priority over Eucalyptus. For these reasons, City staff no longer recommends prioritization of this improvement.

Muscatel Interchange

In 2007, prioritization shifted from the Eucalyptus Interchange to the Muscatel Interchange. Located between Rancho Road and Main Street, this site is entirely within the City of Hesperia jurisdiction. The location was deemed to be desirable because of the proximity to housing on the

west side, as well as the being conveniently located along a vital commercial corridor. With the subsequent recession, this project was reprioritized in the budget in favor of the Ranchero Corridor Projects. There is currently no funding identified for engineering or construction of this project.

Mojave Street Interchange

The proposed Mojave Street Interchange is located approximately 1 mile south of the Eucalyptus Street Interchange. The current land uses surrounding the Mojave Street Interchange consist primarily of vacant land. The existing Southern California Edison power line runs in a northwest to southeast direction and crosses Mojave Street approximately 700 feet west of the 15 freeway. The General Plan Land Use Map designates the north and south side of Mojave Street as Regional Commercial (RC). There is currently no funding identified for engineering or construction of this project.

Alternative Interchange Alignments

Because of the aforementioned changes to circulation needs directly related to the patterns of development across the Hesperia, a preferred alternative interchange alignment of Mesa Street, between Main Street and Bear Valley, is in preliminary discussions; funding to study alternate alignments has not been identified. It should be noted that this alternative is not identified in the City's Circulation Element of the General Plan.

As alternative alignments are discussed, important considerations have continued to include: increased interest in residential development north of Main Street and the resulting traffic congestion. Additionally, plans for the construction of a hospital and potentially a trauma center on the west side of Interstate 15 (I-15) between Main Street and Bear Valley Road are being considering with respect to alternate alignments that best meet the needs of Hesperia residents and businesses.

Main Street Widening and Aqueduct Bridge Construction Project

To improve circulation, Main Street will be widened from the I-15 freeway to Eleventh Avenue from four lanes to six lanes with center turn lanes and an additional aqueduct bridge adjacent to the existing bridge will be constructed consistent with the California Department of Water Resources (DWR) bridge requirements. The widening will achieve the ultimate configuration of Main Street which is classified as a Major Arterial Roadway in the City's Circulation Element of the General Plan. This Project is identified on the San Bernardino County Transportation Authority (SBCTA) 10-year plan for projects the City intends to construct in the next decade. The City is responsible for nearly 59% of the project costs, with SBCTA providing the remainder of the funding. This project is considered one of the City's highest priority project, as identified in the City Council adopted 2021 Legislative Priorities document.

Other Capital Improvement Project Priorities

There are several priority projects in Hesperia for which funding is needed, including:

- I Avenue Corridor Enhancement Plan –estimated project costs \$53 million
- Sultana, Muscatel, and Cedar Street Improvements – estimated project costs \$21.4 million
- Bear Valley Road Rehabilitation – estimated project costs \$3.8 million
- North-South Corridor Improvements Study – estimated project costs \$0.5 million
- Traffic Signal Installation at two intersections – estimated project costs \$1.3 million

Additional information on these projects will be included in the 2022 Legislative Priorities document presented for City Council consideration in February 2022.

ISSUES/ANALYSIS

Funding Considerations

Project funding remains an obstacle to the design and construction of Capital Improvement Projects. The estimated project cost for each Freeway Interchange Project is \$60 million. For the Main Street Project Widening and Aqueduct Bridge Project, the total project cost is \$18.9 million for Main Street widening and \$10.1 million for aqueduct bridge construction. The City intends to deliver the project in three (3) phases with each phase totaling about \$10 million.

In April 2014, the City entered into an \$18,762.403 variable interest loan from San Bernardino County Transit Authority (SBCTA) for the construction of the Ranchero Road Interchange, with the first annual payment due March 2019. The City committed its transportation Developer Impact Fees (DIF) to pay the annual principal amount is \$1,876,240. It should be noted that the interest on the loan is determined by the Local Agency Investment Fund (LAIF). LAIF is an investment portfolio maintained by the State Controller and where the City currently invests its funds.

As of July 01, 2021, the City owes \$13,133,682 on the loan and has seven years remaining of the ten-year note (final payment due during March 2028). With the current transportation DIF rate of \$9,952 per single family residential (SFR) unit, the City will need 189 homes built annually to meet the debt service requirement. Over the course of seven years, this equates to approximately 1,300 homes.

The following table details the actual SFR permits received and the amount available after the debt service is factored:

	2021-22		
	2019-20	2020-21	Budget
Annual SFR Permits	239	295	300
Needed for Debt Service	189	189	189
Remaining for DIF Prefects	50	106	111
Dollar Value of Project	\$ 497,600	\$ 1,054,912	\$ 1,104,672
Cumulative	\$ 497,600	\$ 1,552,512	\$ 2,657,184

Notes:

1 -DIF is identified as funding source for the Ranchero Road Project

FISCAL IMPACT

There is no fiscal impact associated with this discussion.

ATTACHMENT(S)

None