



**REGULAR MEETING OF THE
CANYON LAKE CITY COUNCIL
Wednesday, February 3, 2016
Closed Session – 5:30 p.m.
Open Session – 6:30 p.m.**

**City Council Chambers
31516 Railroad Canyon Road
Canyon Lake, CA 92587**

Please turn off your cell phones during the meeting

CLOSED SESSION – 5:30 P.M.

1. **Call to Order**
2. **Roll Call:** Council Members Ehrenkranz, Warren, Zaitz, Mayor Pro Tem Haggerty, Mayor Brown
3. **Public Comments** – Any person wishing to address the City Council on any matter within the jurisdiction of the City, whether or not it appears on this agenda, is asked to complete a “Speaker Request Form” available on the back counter. The completed form is to be submitted to the City Clerk prior to an individual being heard by the City Council. The City Council has adopted a time limitation of three (3) minutes per person. If you are commenting on the agenda item, your comments will be heard at the time that particular item is scheduled on the agenda. *Please note that if you are addressing the City Council on items NOT on the agenda, the Brown Act does not allow discussion of such items. Therefore, the City Council may only do the following: refer the matter to staff, ask for additional information or request a report back, or give a very limited factual response.*
4. **Closed Session**
 - a. Pursuant to Government Code Section 54956.9 d. (2)
Conference with Legal Counsel - Anticipated Litigation, Significant Exposure to Litigation (one potential case)
 - b. Pursuant to Government Code Section 54957
Public Employment – City Manager
 - c. Pursuant to Government Code Section 54957
Public Employment – City Clerk
 - d. Return/Report from Closed Session

OPEN SESSION – 6:30 P.M.

1. **Call Open Session to Order**

2. Invocation – Pastor Dave Dick of Canyon Lake Community Church

Flag Salute

- 3. Roll Call:** Council Members Ehrenkranz, Warren, Zaitz, Mayor Pro Tem Haggerty, Mayor Brown

4. Approval of City Council Agenda

5. Special Presentations and Proclamations:

5.1 Chamber of Commerce Announcements

5.2 Presentation by Elsinore Valley Municipal Water District (EVMWD) Regarding Dam Operating Principles

- 6. Public Comments –** Any person wishing to address the City Council on any matter within the jurisdiction of the City, whether or not it appears on this agenda, is asked to complete a “Speaker Request Form” available on the back counter. The completed form is to be submitted to the City Clerk prior to an individual being heard by the City Council. The City Council has adopted a time limitation of three (3) minutes per person. If you are commenting on the agenda item, your comments will be heard at the time that particular item is scheduled on the agenda. *Please note that if you are addressing the City Council on items NOT on the agenda, the Brown Act does not allow discussion of such items. Therefore, the City Council may only do the following: refer the matter to staff, ask for additional information or request a report back, or give a very limited factual response.*

7. Consent Calendar:

All items listed on the Consent Calendar are considered to be routine matters, status reports or documents covering previous City Council action. The items listed on the Consent Calendar may be enacted in one motion. With the concurrence of the City Council, a Council Member may request that an item be removed for further discussion. Staff recommends approval of all items. (Roll Call Vote)

7.1 Waiver of Reading in Full of all Ordinances by Title only

7.2 Approval of Minutes

- | | | |
|-------|----------------------------|----------------|
| 7.2.1 | Minutes – January 6, 2016 | Page 7 |
| 7.2.2 | Minutes – January 13, 2016 | Page 13 |
| 7.2.3 | Minutes – January 20, 2016 | Page 15 |

7.3 Adoption of Resolution No. 2016-04, Approving Claims and Demands of the City **Page 19**

7.4 Consideration of the Fiscal Year 2014-2015 Annual Financial Report **Page 33**

7.5 Designation of Voting Delegate and Alternate Representative to the Southern California Association of Governments (SCAG) General Assembly–May 5-6, 2016 **Page 97**

8. Pulled Consent Calendar Items

9. Schedule of Future Events:

- 9.1 Administration and Finance Committee Meeting
Tuesday, March 1, 2016 at 8:00 a.m., City Council Chambers
- 9.2 Public Safety Committee Meeting
Tuesday, March 1, 2016 at 9:30 a.m., City Council Chambers
- 9.3 Canyon Lake City Council Meeting
Wednesday, March 2, 2016 at 6:30 p.m., City Council Chambers
- 9.4 Water Committee Meeting
Thursday, February 18, 2016 at 9:00 a.m., at Elsinore Valley Municipal Water District, 31315 Chaney Street, Lake Elsinore, CA
- 9.5 Planning Committee Meeting
Meeting Date to be Determined
- 9.6 Economic Development and Healthy Communities Meeting
Meeting Date to be Determined
- 9.7 Veterans Committee Meeting
Tuesday, April 12, 2016 at 4:30 p.m., City Council Chambers
- 9.8 Fire Department Start-Up Committee
Thursday, February 11, 2016 at 6:30 p.m., City Council Chambers
Thursday, February 25, 2016 at 6:30 p.m., City Council Chambers

10. Public Hearings

- 10.1 **Approve Resolution No. 2016-05 – Variance (VAR) No. 15-82 to widen an existing driveway to a vacant lot located at 28910 Vacation Drive, Canyon Lake, CA 92587** Page 99

11. Business Items

- 11.1 **Analysis of Established Convenience Fee for Credit Card Payments at City Hall** Page 115
- 11.2 **Introduction and First Reading of Ordinance No. 166 Amending Various Sections of Title 10 of the City of Canyon Lake Municipal Code Regarding the Hearing and Appeal Processes for Citations Involving Keeping and Control of Dogs and Cats** Page 117
- 11.3 **Consideration of the Fiscal Year 2015-2016 Mid-Year Budget Review and Projections and Proposed Budget Adjustments** Page 125
- 11.4 **Discussion Regarding Potential City Drone Regulations** Page 133
- 11.5 **Council Member Request for Attorney General Opinion** Page 157

12. City Manager Comments

13. Committee and Council Reports/Comments

Canyon Lake City Council
Agenda – February 3, 2016

13.1 Council Member Ehrenkranz

- a. Western Riverside Council of Governments (WRCOG)
- b. Northwest Mosquito and Vector Control District
- c. Other Meetings

13.2 Council Member Warren

- a. Water Committee
- b. Veterans Committee
- c. Economic Development and Healthy Cities Committee
- d. Lake Elsinore San Jacinto Watersheds Authority (LESJWA)
- e. Southwest Communities Finance Authority (SCFA-JPA)
- f. Quail Valley Environmental Coalition
- g. League of California Cities Riverside Division
- h. Other Meetings

13.3 Council Member Zaitz

- a. Administration and Finance Committee Meeting
- b. Riverside Transit Agency (RTA)
- c. Other Meetings

13.4 Mayor Pro Tem Haggerty

- a. Public Safety Committee
- b. Public Works Committee
- c. Fire Department Start-Up Committee
- d. Riverside County Transportation Commission
- e. Other Meetings

13.5 Mayor Brown

- a. Planning Committee
- b. Western Riverside County – Regional Conservation Authority (RCA)
- c. Southwest Cities Coalition
- d. League of California Cities (Legislative)
- e. Regional Task Force on Health
- f. South Coast Air Quality Management District (SCAQMD)
- g. Other Meetings

14. Announcements

The next regular City Council meeting is scheduled for **March 2, 2016 at 5:30 p.m. for Closed Session and 6:30 p.m. for Open Session.**

15. Closed Session

- a. Pursuant to Government Code Section 54956.9 d. (2)
Conference with Legal Counsel - Anticipated Litigation, Significant Exposure to Litigation (one potential case)

- b. Pursuant to Government Code Section 54957
Public Employment – City Manager
- c. Pursuant to Government Code Section 54957
Public Employment – City Clerk
- d. Return/Report from Closed Session

16. Adjournment

VISION STATEMENT

The vision of the City of Canyon Lake is to be a City that provides a quality of life that makes Canyon Lake the premier place to live in Southern California.

ATTENTION RESIDENTS:

Supporting documents, including staff reports, are available for review at City Hall in the City Clerk's Office or on the City's website at www.cityofcanyonlake.org once the agenda has been publicly posted. Any written materials relating to an item on this agenda submitted to the City Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office during normal business hours. In addition, such writings or documents will be made available for public review at the respective public meeting. It is the intention of the City of Canyon Lake to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee or participant at this meeting, you will need special assistance beyond what is normally provided, the City of Canyon Lake will attempt to accommodate you in every reasonable manner. Please contact Ariel M. Hall, City Clerk, at least 48 hours prior to the meeting to inform us of your particular needs and to determine if accommodation is feasible. Please advise us at that time if you will need accommodations to attend or participate in meetings on a regular basis.

February 3, 2016 City Council Meeting

**STATE OF CALIFORNIA }
COUNTY OF RIVERSIDE } SS. AFFIDAVIT OF POSTING
CITY OF CANYON LAKE }**

I, Ariel M. Hall, being duly sworn, depose and say that I am the duly appointed and qualified City Clerk of the City of Canyon Lake and that on January 28, 2016 before the hour of 5:00 p.m., I caused the above notice to be posted as required by Resolution 90-22 of the City Council of the City of Canyon Lake.

**Ariel M. Hall
City Clerk**

MINUTES
REGULAR MEETING OF THE
CANYON LAKE CITY COUNCIL
Wednesday, January 6, 2016
Closed Session – 5:30 p.m.
Open Session – 6:30 p.m.

City Council Chambers
31516 Railroad Canyon Road
Canyon Lake, CA 92587

CLOSED SESSION – 5:30 P.M.

1. Call to Order

The meeting was called to order at 5:37 p.m.

2. Roll Call

Present: Council Members Ehrenkranz, Warren, Mayor Pro Tem Haggerty, Mayor Brown

Absent: Council Member Zaitz

3. Public Comments

There were no Public Comments.

4. Closed Session

Council went into Closed Session at 5:38 p.m.

- a. Pursuant to Government Code Section 54956.9 d. (2)
Conference with Legal Counsel – Anticipated Litigation, Significant Exposure to Litigation (one potential case)
- b. Pursuant to Government Code Section 54958.9 d(1)
Conference with Legal Counsel – Existing Litigation
Name of Case: Helbock v. City of Canyon Lake, Case No. 522576
- c. Pursuant to Government Code Section 54957
Public Employee Performance Evaluation
Title: Interim City Manager
- d. Return/Report from Closed Session

Council returned from Closed Session at 6:29 p.m. and there was no report.

OPEN SESSION – 6:30 P.M.

1. Call Open Session to Order

Open Session was called to order at 6:33 p.m.

2. Invocation – Pastor Pete Van Dyke of Canyon Lake Community Church

Pastor Pete Van Dyke of Canyon Lake Community Church provided the invocation.

Flag Salute

Brandon Ford, Chief of Police, led the flag salute.

3. Roll Call

Present: Council Members Ehrenkranz, Warren, Zaitz, Mayor Pro Tem Haggerty,
Mayor Brown.

Absent: None.

4. Approval of City Council Agenda

Moved by Ehrenkranz, seconded by Warren to approve the City Council Agenda as presented.

Motion carried 5-0 with Council Members Ehrenkranz, Warren, Zaitz, Mayor Pro Tem Haggerty and Mayor Brown voting aye.

5. Special Presentations and Proclamations

5.1 Chamber of Commerce Announcements

Jim Randle, Chamber of Commerce President, provided the announcements.

5.2 Presentation of Proclamation to Wayne Quintos Executive Chef at the Sport's Stop for his Achievements at Pechanga's Cook Off

Mayor Brown presented a Proclamation to Wayne Quintos for his achievements at Pechanga's Cook Off.

6. Public Comments

This item was addressed.

7. Consent Calendar

7.1 Waiver of Reading in Full of all Ordinances by Title only

7.2 Approval of Minutes

7.2.1 Minutes – December 2, 2015

7.3 Adoption of Resolution No. 2016-01, Approving Claims and Demands of the City

7.4 Second Reading and adoption of Ordinance No. 165, An Ordinance of the City of Canyon Lake, California, Amending Canyon Lake Municipal Code By Updating and Confirming Chapter 9.03 Continuing The Prohibition of Medical Cannabis Dispensaries, Including Mobil Dispensaries, and Explicitly Prohibiting Any Cultivation Within The City.

7.5 Approval of Supplemental Law Enforcement Services Account (SLESA)/CalCOPS expenditure plan for FY 2015-2016

7.6 Approval of Fourth Amendment to Library Lease

7.7 Approval of Resolution No. 2016-02 Approving Participation in the Riverside County Mortgage Certificate (MCC) Program

Moved by Warren, seconded by Haggerty to approve items 7.1, 7.2, 7.3, 7.4, 7.5, 7.6, and 7.7 of the consent calendar.

Motion carried 5-0 with Council Members Ehrenkranz, Warren, Zaitz, Mayor Pro Tem Haggerty and Mayor Brown voting aye.

8. Pulled Consent Calendar Items

There were no pulled consent calendar items.

9. Schedule of Future Events

This item was addressed.

10. Business Items

10.1 Discussion Regarding City Council Term Limits

Moved by Haggerty, seconded by Brown to place City Council term limits on the ballot for the election in June.

Motion failed 2-3 with Mayor Pro Tem Haggerty and Mayor Brown voting aye, and Council Members Ehrenkranz, Warren and Zaitz voting no.

10.2 Committee and Agency Assignments

Moved by Zaitz, seconded by Warren to approve the amended Committee and Agency Assignments.

Motion carried 5-0 with Council Members Ehrenkranz, Warren, Zaitz, Mayor Pro Tem Haggerty and Mayor Brown voting aye.

11. City Manager Comments

This item was addressed.

12. Committee and Council Reports/Comments

12.1 Council Member Ehrenkranz

- a. Western Riverside Council of Governments (WRCOG)**
- b. Southern California Association of Governments (SCAG)**
- c. Northwest Mosquito and Vector Control District**
- d. Other Meetings**

This item was addressed.

12.2 Council Member Warren

- a. Water Committee**
- b. Veterans Committee**
- c. Economic Development and Healthy Cities Committee**
- d. Lake Elsinore San Jacinto Watersheds Authority (LESJWA)**
- e. Southwest Communities Finance Authority (SCFA-JPA)**
- f. Quail Valley Environmental Coalition**
- g. League of California Cities Riverside Division**
- h. Other Meetings**

This item was addressed.

12.3 Council Member Zaitz

- a. Administration and Finance Committee Meeting**
- b. Riverside Transit Agency (RTA)**
- c. Other Meetings**

This item was addressed.

12.4 Mayor Pro Tem Haggerty

- a. **Public Safety Committee**
- b. **Public Works Committee**
- c. **Fire Department Start-Up Committee**
- d. **Riverside County Transportation Commission (RCTC)**
- e. **Other Meetings**

This item was addressed.

12.5 Mayor Brown

- a. **Planning Committee**
- b. **Western Riverside County – Regional Conservation Authority (RCA)**
- c. **Southwest Cities Coalition**
- d. **League of California Cities (Legislative)**
- e. **Regional Task Force on Health**
- f. **South Coast Air Quality Management District (SCAQMD)**
- g. **Other Meetings**

This item was addressed.

13. Announcements

The next regular City Council meeting was scheduled for February 3, 2016 at 5:30 p.m. for Closed Session and 6:30 p.m. for Open Session.

14. Closed Session

The City Council did not re-enter Closed Session.

- a. **Pursuant to Government Code Section 54956.9 d. (2)**
Conference with Legal Counsel – Anticipated Litigation, Significant Exposure to Litigation (one potential case)
- b. **Pursuant to Government Code Section 54958.9 d(1)**
Conference with Legal Counsel – Existing Litigation
Name of Case: Helbock v. City of Canyon Lake, Case No. 522576
- c. **Pursuant to Government Code Section 54957**
Public Employee Performance Evaluation
Title: Interim City Manager
- d. **Return/Report from Closed Session**

15. Adjournment

The meeting was adjourned 7:27 p.m.

Respectfully Submitted,

Courtney C. Shurtleff
Deputy City Clerk

MINUTES
SPECIAL MEETING OF THE
CANYON LAKE CITY COUNCIL
Wednesday, January 13, 2016
Closed Session – 5:00 p.m.

City Council Chambers
31516 Railroad Canyon Road
Canyon Lake, CA 92587

CLOSED SESSION – 5:00 P.M.

1. Call to Order

The meeting was called to order at 5:01 p.m.

2. Roll Call

Present: Council Members Ehrenkranz, Warren, Zaitz, Mayor Pro Tem Haggerty,
Mayor Brown

Absent: None

3. Public Comments

There were no Public Comments.

4. Closed Session

Council went into Closed Session at 5:02 p.m.

- a. Pursuant to Government Code Section 54956.9 d. (2)**
Conference with Legal Counsel – Anticipated Litigation, Significant Exposure to
Litigation (one potential case)

This item was moved to the January 20th Special City Council meeting.

- b. Pursuant to Government Code Section 54957**
Public Employee Performance Evaluation
Title: Interim City Manager

This item was removed from the agenda.

- c. Pursuant to Government Code Section 54957**
Public Employment – City Manager
d. Pursuant to Government Code Section 54957

Public Employment – City Clerk

e. Return/Report from Closed Session

Council returned from Closed Session at 7:07 p.m., and there was no reportable action.

Respectfully Submitted,

Courtney C. Shurtleff
Deputy City Clerk

MINUTES
SPECIAL MEETING OF THE
CANYON LAKE CITY COUNCIL
Wednesday, January 20, 2016
Closed Session – 5:30 p.m.
Open Session – 6:30 p.m.

City Council Chambers
31516 Railroad Canyon Road
Canyon Lake, CA 92587

CLOSED SESSION – 5:30 P.M.

1. Call to Order

The meeting was called to order at 5:31 p.m.

2. Roll Call

Present: Council Members Ehrenkranz, Warren, Zaitz, Mayor Pro Tem Haggerty,
Mayor Brown

3. Public Comments

This item was addressed.

4. Closed Session

City Council went into Closed Session at 5:32 p.m.

- a. Pursuant to Government Code Section 54956.9 d. (2)**
Conference with Legal Counsel – Anticipated Litigation, Significant Exposure to Litigation (one potential case)
- b. Pursuant to Government Code Section 54957**
Public Employment – City Manager
- c. Pursuant to Government Code Section 54957**
Public Employment – City Clerk
- d. Return/Report from Closed Session**

City Council returned from Closed Session at 6:30 p.m., and there was no reportable action.

OPEN SESSION – 6:30 P.M.

1. Call Open Session to Order

Open Session was called to order at 6:30 p.m.

2. Flag Salute

Ariel Hall, Interim City Manager, led the flag salute.

3. Roll Call

Present: Council Members Ehrenkranz, Warren, Zaitz, Mayor Pro Tem Haggerty, Mayor Brown

4. Approval of City Council Agenda

Moved by Warren, seconded by Zaitz to approve the City Council Agenda as presented.

Motion carried 5-0 with Council Members Ehrenkranz, Warren, Zaitz, Mayor Pro Tem Haggerty and Mayor Brown voting aye.

5. Public Comments

This item was addressed.

6. Public Hearings

6.1 Approve Resolution No. 2016-03 Authorizing Public Nuisance Abatement at 22673 Inspiration Point

a. Hearing Opened by Mayor

Mayor Brown opened the Public Hearing at 6:35 p.m.

b. Staff Presentation

This item was addressed.

c. Questions of Staff by Council

This item was addressed.

d. Testimony by Proponents

This item was addressed.

e. Testimony by Opponents

This item was addressed.

f. Rebuttal by Proponents

This item was addressed.

g. Hearing Closed

Mayor Brown closed the Public Hearing at 6:49 p.m.

h. Discussion by Council

This item was addressed.

i. Action by Council

Moved by Haggerty, seconded by Ehrenkranz to approve Resolution No. 2016-03, authorizing Public Nuisance Abatement at 22673 Inspiration Point.

Motion carried 5-0 with Council Members Ehrenkranz, Warren, Zaitz, Mayor Pro Tem Haggerty and Mayor Brown voting aye.

7. Business Items

7.1 Award contract to Charles Abbott, Inc. for Public Works, Building and Safety, Planning and Engineering Services

Moved by Zaitz, seconded by Brown to approve awarding of the contract to Charles Abbott, Inc. for Public Works, Building and Safety, Planning and Engineering Services.

Motion carried 5-0 with Council Members Ehrenkranz, Warren, Zaitz, Mayor Pro Tem Haggerty and Mayor Brown voting aye.

7.2 Award Fire Consultant Contract to Emergency Services Consulting International (ESCI) and Cameron Phillips

Moved by Haggerty, seconded by Warren to approve awarding of the Fire Consultant Contract to Emergency Services Consulting International (ESCI) and Cameron Phillips.

Motion carried 4-1 with Council Members Ehrenkranz, Warren, Mayor Pro Tem Haggerty and Mayor Brown voting aye, and Council Member Zaitz voting no.

8. City Manager Comments

8.1 Mayor Request for Additional Information on Drone Regulations

It was requested this item be brought back to the City Council at the February 3, 2016 City Council meeting.

9. City Council Comments

This item was addressed.

10. Announcements

The next Regular City Council meeting was scheduled for February 3, 2016 at 5:30 p.m. for Closed Session and 6:30 p.m. for Open Session.

11. Closed Session

The City Council did not re-enter into Closed Session.

- a. Pursuant to Government Code Section 54956.9 d. (2)
Conference with Legal Counsel – Anticipated Litigation, Significant Exposure to Litigation (one potential case)**
- b. Pursuant to Government Code Section 54957
Public Employment – City Manager**
- c. Pursuant to Government Code Section 54957
Public Employment – City Clerk**
- d. Return/Report from Closed Session**

12. Adjournment

The meeting was adjourned at 8:00 p.m.

Respectfully Submitted,

Courtney C. Shurtleff
Deputy City Clerk

City of Canyon Lake
City Council
Staff Report

TO: Mayor and City Council
FROM: Michelle Gomez, Accountant
DATE: February 3, 2016
SUBJECT: List of Demands

Recommendation:

That the City Council adopts a resolution entitled: RESOLUTION NO. 2016-04

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF CANYON LAKE ALLOWING CERTAIN
CLAIMS AND DEMANDS AS SET FORTH IN EXHIBIT A

Background:

All claims and demands are reported and summarized for review and approval by the City Council on a routine basis at each City Council meeting. The attached claims represent the paid claims and demands since the City Council meeting of January 6, 2016.

Budget (or Fiscal) Impact:

All claims and demands are paid from appropriated funds or authorized resources of the City and have been recorded in accordance with the City's policies.

Attachments:

Resolution
List of Demands

RESOLUTION NO. 2016-04

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA, ALLOWING CERTAIN CLAIMS
AND DEMANDS AS SET FORTH IN EXHIBIT A**

The City Council of the City of Canyon Lake does hereby resolve as follows:

Demands are approved as shown on the Demand\Warrant Register of February 3rd, in the amount of
\$881,219.60 as follows:

Payroll Earnings (Gross)	\$	28,094.56	(2nd Half of December & 1st Half of January)
Payroll Taxes - Employer	\$	1,236.33	(2nd Half of December & 1st Half of January)
On-line Retirement		2,912.14	(2nd Half of December & 1st Half of January)
On-line Health		126.03	(For the Month of January)
General		848,850.54	
TOTAL	\$	881,219.60	

PASSED, APPROVED AND ADOPTED this 3rd day of February 2016.

Mayor, Timothy Brown

ATTEST:

Ariel M. Hall, City Clerk

State of California
County of Riverside) ss
City of Canyon Lake)

I, Ariel M. Hall, City Clerk of the City of Canyon Lake, California, DO HEREBY CERTIFY, that the foregoing is a true and correct copy of the Resolution No. 2016-04 adopted by the City Council of the City of Canyon Lake, California, at a regular meeting thereof, held on February 3, 2016, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Ariel M. Hall, City Clerk

City of Canyon Lake
 Check/Voucher Register - Council Report - Expenditures
 From 1/1/2016 Through 1/31/2016

Check Numb...	Matching Docum... Date	Vendor Name	Transaction Description	Check Amount	Fund Code	Fund Short Title
22057	11/19/2...	Eagle Graphic Creations Inc.	KATHY BENNETT RETIREMENT GIFT	(48.60)	10	GENERAL
Total 22057	11/19/2...			(48.60)		
22127	1/6/2016	Air Force 1	Maint for scheduled filter change	1,194.00	10	GENERAL
Total 22127	1/6/2016			1,194.00		
22128	1/6/2016	AMERICAN FORENSIC NURSES LLC	Blood Draw	40.00	10	GENERAL
Total 22128	1/6/2016			40.00		
22129	1/6/2016	BIO-TOX LABORATORIES	BLOOD ANALYSIS	390.94	10	GENERAL
Total 22129	1/6/2016			390.94		
22130	1/6/2016	California Bulding Standards Commission	Building Standards Admin Fee Oct - Dec 2015	66.73	10	GENERAL
Total 22130	1/6/2016			66.73		
22131	1/6/2016	Corelogic Information Solutions, INC.	Property Detail Rpt	17.50	10	GENERAL
Total 22131	1/6/2016			17.50		
22132	1/6/2016	Cota Cole LLP	Attorney Services December 2015	3,270.48	10	GENERAL
Total 22132	1/6/2016			3,270.48		
22133	1/6/2016	CTAI PACIFIC GREENSCAPE	LANDSCAPE MAINT SRV DEC 2015	5,200.00	20	GAS TAX

City of Canyon Lake
 Check/Voucher Register - Council Report - Expenditures
 From 1/1/2016 Through 1/31/2016

Check Num...	Matching Docum... Date	Vendor Name	Transaction Description	Check Amount	Fund Code	Fund Short Title
Total 22133	1/6/2016			5,200.00		
22134	1/6/2016	DATA TICKET	CITATION PROCESSING NOV 2015	100.00	10	GENERAL
22134	1/6/2016	DATA TICKET	FTB PAYMENTS NOV 2015	100.00	10	GENERAL
Total 22134	1/6/2016			200.00		
22135	1/6/2016	Department of Justice Accounting Office	BLOOD ALCOHOL ANALYSIS	35.00	10	GENERAL
Total 22135	1/6/2016			35.00		
22136	1/6/2016	DEPARTMENT OF CONSERVATION	Building Permit Fees	255.57	10	GENERAL
Total 22136	1/6/2016			255.57		
22137	1/6/2016	DFM ASSOCIATES	CALIFORNIA ELECTIONS CODE HANDBOOK 2016	54.00	10	GENERAL
Total 22137	1/6/2016			54.00		
22138	1/6/2016	Division of the State Architech	Disability Access and Education Fee Oct-Dec 2015	54.60	10	GENERAL
Total 22138	1/6/2016			54.60		
22139	1/6/2016	ELSINORE VALLEY MUNI WATER DIS	Billing Period 11/20 - 12/21	105.49	10	GENERAL
22139	1/6/2016	ELSINORE VALLEY MUNI WATER DIS	Billing Period 11/23 - 12/22	233.85	10	GENERAL
22139	1/6/2016	ELSINORE VALLEY MUNI WATER DIS	WATER	243.57	10	GENERAL
22139	1/6/2016	ELSINORE VALLEY MUNI WATER DIS	Billing Period 11/23 - 12/22	604.45	20	GAS TAX
Total 22139	1/6/2016			1,187.36		

City of Canyon Lake
 Check/Voucher Register - Council Report - Expenditures
 From 1/1/2016 Through 1/31/2016

Check Num...	Matching Docum... Date	Vendor Name	Transaction Description	Check Amount	Fund Code	Fund Short Title
22140	1/6/2016	Executive Cleaning Services, LLC	CLEANING JAN 2016	925.00	10	GENERAL
Total 22140	1/6/2016			925.00		
22141	1/6/2016	THE GAS COMPANY	Billing Period 12/1 - 12/31	158.86	10	GENERAL
Total 22141	1/6/2016			158.86		
22142	1/6/2016	Lake Chevrolet	SERVICE	987.12	10	GENERAL
Total 22142	1/6/2016			987.12		
22143	1/6/2016	LANCE, SOLL & LUNGHARD	City Audit 2014/2015	10,000.00	10	GENERAL
Total 22143	1/6/2016			10,000.00		
22144	1/6/2016	League of California Cities	League 2016 Membership dues	100.00	10	GENERAL
22144	1/6/2016	League of California Cities	LEAGUE OF CA CITIES-RIVERSIDE DIVISION MEETING BROWN	40.00	10	GENERAL
Total 22144	1/6/2016			140.00		
22145	1/6/2016	Riverside County Division / LCC	Annual Membership Dues 2016	5,617.00	10	GENERAL
Total 22145	1/6/2016			5,617.00		
22146	1/6/2016	WARD MAXWELL	OVERPAYMENT OF BUSINESS LICENSE RENEWAL	1.00	10	GENERAL
Total 22146	1/6/2016			1.00		

City of Canyon Lake
 Check/Voucher Register - Council Report - Expenditures
 From 1/1/2016 Through 1/31/2016

Check Num...	Matching Docum... Date	Vendor Name	Transaction Description	Check Amount	Fund Code	Fund Short Title
22147	1/6/2016	MIRAGE POOL PLASTERING, INC.	REFUND OVERPAYMENT ON BUSINESS LICENSE RENEWAL	20.00	10	GENERAL
Total 22147	1/6/2016			20.00		
22148	1/6/2016	MR. WINDOW & CO.	Window Cleaning	95.00	10	GENERAL
Total 22148	1/6/2016			95.00		
22149	1/6/2016	NEXTEL COMMUNICATIONS	CELL PHONE 11/25 - 12/24	206.34	10	GENERAL
Total 22149	1/6/2016			206.34		
22150	1/6/2016	OTIS ELEVATOR COMPANY	ELEVATOR MAINTENANCE	4,238.35	10	GENERAL
Total 22150	1/6/2016			4,238.35		
22151	1/6/2016	CASH	PETTY CASH NOV-JAN 2016	174.48	10	GENERAL
Total 22151	1/6/2016			174.48		
22152	1/6/2016	PRESS ENTERPRISE	ADVERTISING - FIRE DEPARTMENT CONSULTING SRVS	326.60	10	GENERAL
22152	1/6/2016	PRESS ENTERPRISE	LAST BILL	12.87	10	GENERAL
Total 22152	1/6/2016			339.47		
22153	1/6/2016	Edward Aguirre, c/o Production Video	VIDEO OF COUNCIL MEETINGS FEB 2016	2,500.00	10	GENERAL
Total 22153	1/6/2016			2,500.00		
22154	1/6/2016	Rogers, Anderson, Malody & Scott, LLP	ACCOUNTING SERVICES	6,500.00	10	GENERAL

City of Canyon Lake
 Check/Voucher Register - Council Report - Expenditures
 From 1/1/2016 Through 1/31/2016

Check Num...	Matching Docum... Date	Vendor Name	Transaction Description	Check Amount	Fund Code	Fund Short Title
Total 22154	1/6/2016			6,500.00		
22155	1/6/2016	JOHN REGUS	LIBRARY LEASE MARCH 2016	983.45	10	GENERAL
Total 22155	1/6/2016			983.45		
22156	1/6/2016	County Executive Office	DEBT SERVICING INVOICE 2015/2016	29,298.00	10	GENERAL
22156	1/6/2016	County Executive Office	SHELTERING SERVICES JAN TO MAR 2016	11,938.23	10	GENERAL
Total 22156	1/6/2016			41,236.23		
22157	1/6/2016	COUNTY OF RIVERSIDE-TLMA	Signal Repair and Maint November 2015	3,514.38	20	GAS TAX
Total 22157	1/6/2016			3,514.38		
22158	1/6/2016	SOUTHERN CALIFORNIA EDISON	BILLING PERIOD: NOV 20 TO DEC 21	26.88	10	GENERAL
22158	1/6/2016	SOUTHERN CALIFORNIA EDISON	BILLING PERIOD: NOV 16 TO DEC 16	1,170.80	10	GENERAL
22158	1/6/2016	SOUTHERN CALIFORNIA EDISON	BILLING PERIOD: NOV 16 TO DEC 16	208.64	20	GAS TAX
22158	1/6/2016	SOUTHERN CALIFORNIA EDISON	BILLING PERIOD: NOV 21 TO DEC 22	108.47	20	GAS TAX
22158	1/6/2016	SOUTHERN CALIFORNIA EDISON	BILLING PERIOD: OCT 21 TO NOV 20	15.53	20	GAS TAX
22158	1/6/2016	SOUTHERN CALIFORNIA EDISON	BILLING PERIOD 12/15 - 12/30	446.90	20	GAS TAX
Total 22158	1/6/2016			1,977.22		
22159	1/6/2016	Courtney Shurtleff	MILEAGE REIMBURSEMENT DEC 2015	29.90	10	GENERAL
Total 22159	1/6/2016			29.90		

City of Canyon Lake
Check/Voucher Register - Council Report - Expenditures
From 1/1/2016 Through 1/31/2016

Check Numb...	Matching Docum... Date	Vendor Name	Transaction Description	Check Amount	Fund Code	Fund Short Title
22160	1/6/2016	So Cal Sandbags, Inc.	Sand and Bags	736.00	10	GENERAL
Total 22160	1/6/2016			736.00		
22161	1/6/2016	Sparkletts	SPARKLETTS DRINKING WATER	69.31	10	GENERAL
Total 22161	1/6/2016			69.31		
22162	1/6/2016	STAPLES	OFFICE SUPPLIES	30.51	10	GENERAL
22162	1/6/2016	STAPLES	SUPPLIES	285.44	10	GENERAL
Total 22162	1/6/2016			315.95		
22163	1/6/2016	STATE COMP. INS. FUND	Additional Deposit Premium	281.71	10	GENERAL
Total 22163	1/6/2016			281.71		
22164	1/6/2016	STATE COMP. INS. FUND	WORKERS COMP FEB 2016	975.75	10	GENERAL
Total 22164	1/6/2016			975.75		
22165	1/6/2016	TelePacific Communications	PHONES	491.29	10	GENERAL
Total 22165	1/6/2016			491.29		
22166	1/6/2016	TRI LAKE CONSULTANTS, INC.	ENGINEER SERVICES	399.38	10	GENERAL
Total 22166	1/6/2016			399.38		
22167	1/6/2016	U. S. Bank	Postage, Council Snacks, Chip Reader, Office 365	896.86	10	GENERAL
Total 22167	1/6/2016			896.86		

City of Canyon Lake
Check/Voucher Register - Council Report - Expenditures
From 1/1/2016 Through 1/31/2016

Check Numb...	Matching Docum... Date	Vendor Name	Transaction Description	Check Amount	Fund Code	Fund Short Title
22168	1/6/2016	VERIZON CALIFORNIA	BILLING PERIOD: DEC 19 TO JAN 9	150.00	10	GENERAL
Total 22168	1/6/2016			150.00		
22169	1/6/2016	VERIZON CALIFORNIA	BILLING PERIOD: DEC 13 TO JAN 12	122.19	10	GENERAL
Total 22169	1/6/2016			122.19		
22170	1/6/2016	VERIZON CALIFORNIA	BILLING PERIOD: DEC 13 TO JAN 12	221.39	10	GENERAL
Total 22170	1/6/2016			221.39		
22171	1/6/2016	WRCOG	FY 15/16 WRCOG MEMBER DUES	1,406.00	10	GENERAL
Total 22171	1/6/2016			1,406.00		
22172	1/6/2016	XEROX	MONTHLY COPIER MAINT DECEMBER 2015	766.65	10	GENERAL
Total 22172	1/6/2016			766.65		
22173	1/28/2016	AMERICAN FORENSIC NURSES LLC	Blood Draw	40.00	10	GENERAL
Total 22173	1/28/2016			40.00		
22174	1/28/2016	ANIMAL FRIENDS OF THE VALLEYS	Animal Control Services Nov 2015	3,500.00	10	GENERAL
Total 22174	1/28/2016			3,500.00		
22175	1/28/2016	BIO-TOX LABORATORIES	Blood and Alcohol Screening Dec 3, 2015	222.94	10	GENERAL

City of Canyon Lake
 Check/Voucher Register - Council Report - Expenditures
 From 1/1/2016 Through 1/31/2016

Check Numb...	Matching Docum... Date	Vendor Name	Transaction Description	Check Amount	Fund Code	Fund Short Title
22175	1/28/2016	BIO-TOX LABORATORIES	Blood Screen Dec 2015	41.70	10	GENERAL
Total 22175	1/28/2016			264.64		
22176	1/28/2016	CANYON LAKE MERCHANT-S ASSOC.	2016 Assessment Lots 51 & 52	3,820.00	10	GENERAL
Total 22176	1/28/2016			3,820.00		
22177	1/28/2016	CR&R	Refuse	600,533.39	50	AGENCY
Total 22177	1/28/2016			600,533.39		
22178	1/28/2016	DATA TICKET	Citation Monthly Dec 2015	88.45	10	GENERAL
Total 22178	1/28/2016			88.45		
22179	1/28/2016	Eagle Graphic Creations Inc.	Reissue check for Kathy Bennett Retirement Gift	48.60	10	GENERAL
Total 22179	1/28/2016			48.60		
22180	1/28/2016	FRIDAY FLYER	Advertising for City Manager	77.00	10	GENERAL
Total 22180	1/28/2016			77.00		
22181	1/28/2016	MIG / HOGLE-IRELAND	Planning Service Dec 2015	5,825.00	10	GENERAL
Total 22181	1/28/2016			5,825.00		
22182	1/28/2016	Joe's Hardware	Copy of Conference Room Key	4.08	10	GENERAL
Total 22182	1/28/2016			4.08		
22183	1/28/2016	NP Solutions, Inc.	2016 NPS Priority Support Plan	595.00	10	GENERAL

City of Canyon Lake
Check/Voucher Register - Council Report - Expenditures
From 1/1/2016 Through 1/31/2016

Check Numb...	Matching Docum... Date	Vendor Name	Transaction Description	Check Amount	Fund Code	Fund Short Title
Total 22183	1/28/2016			595.00		
22184	1/28/2016	Norman Phillips	Refund Building Permit # 16000	131.65	10	GENERAL
Total 22184	1/28/2016			131.65		
22185	1/28/2016	Rogers, Anderson, Malody & Scott, LLP	Accounting Services Dec 2015	6,500.00	10	GENERAL
Total 22185	1/28/2016			6,500.00		
22186	1/28/2016	Regional Conservation Authority	MSHCP Fee January 2016	1,938.00	50	AGENCY
Total 22186	1/28/2016			1,938.00		
22187	1/28/2016	RIV. CO. SHERIFF'S DEPT., Acctg & Fin	Law Enforcement Contract Nov 2015	109,038.80	10	GENERAL
Total 22187	1/28/2016			109,038.80		
22188	1/28/2016	COUNTY OF RIVERSIDE-TLMA	FY16 Dec SLF Costs	75.07	20	GAS TAX
Total 22188	1/28/2016			75.07		
22189	1/28/2016	KIRSTEN ROWE	Mileage and Reimbursement January	185.44	10	GENERAL
Total 22189	1/28/2016			185.44		
22190	1/28/2016	SOUTHERN CALIFORNIA EDISON	Billing Period 12/16 - 1/15	1,135.64	10	GENERAL
22190	1/28/2016	SOUTHERN CALIFORNIA EDISON	Billng Period 12/21 - 1/22	28.85	10	GENERAL
22190	1/28/2016	SOUTHERN CALIFORNIA EDISON	Billing Period 12/16 - 1/15	207.42	20	GAS TAX

City of Canyon Lake
Check/Voucher Register - Council Report - Expenditures
From 1/1/2016 Through 1/31/2016

Check Numb...	Matching Docum... Date	Vendor Name	Transaction Description	Check Amount	Fund Code	Fund Short Title
22190	1/28/2016	SOUTHERN CALIFORNIA EDISON	Billing Period 12/22 - 1/23	109.21	20	GAS TAX
22190	1/28/2016	SOUTHERN CALIFORNIA EDISON	Billing Period 11/20 - 12/21	15.53	20	GAS TAX
22190	1/28/2016	SOUTHERN CALIFORNIA EDISON	Billing Period 12/10 - 1/11	151.10	20	GAS TAX
Total 22190	1/28/2016			1,647.75		
22191	1/28/2016	Special District Risk Management Authority	Dental Ins Feb 2016	92.09	10	GENERAL
Total 22191	1/28/2016			92.09		
22192	1/28/2016	Sparkletts	Water Service Dec 2015	22.52	10	GENERAL
Total 22192	1/28/2016			22.52		
22193	1/28/2016	STAPLES	Office Supplies	328.04	10	GENERAL
Total 22193	1/28/2016			328.04		
22194	1/28/2016	STATE COMP. INS. FUND	Workers Comp adj 6/1/14 - 6/1/15	4.50	10	GENERAL
Total 22194	1/28/2016			4.50		
22195	1/28/2016	STATE COMP. INS. FUND	Additional State Fund Monthly Payment Feb 2016	177.00	10	GENERAL
Total 22195	1/28/2016			177.00		
22196	1/28/2016	Synoptek	IT services Feb 2016	1,725.00	10	GENERAL
22196	1/28/2016	Synoptek	Monthly IT services Jan 2016	1,725.00	10	GENERAL
Total 22196	1/28/2016			3,450.00		
22197	1/28/2016	TelePacific Communications	Telephone 1/16 - 2/15	491.57	10	GENERAL

City of Canyon Lake
 Check/Voucher Register - Council Report - Expenditures
 From 1/1/2016 Through 1/31/2016

Check Numb...	Matching Docum... Date	Vendor Name	Transaction Description	Check Amount	Fund Code	Fund Short Title
Total 22197	1/28/2016			491.57		
22198	1/28/2016	VERIZON CALIFORNIA	Fios Jan 2016	150.00	10	GENERAL
Total 22198	1/28/2016			150.00		
22199	1/28/2016	VERIZON CALIFORNIA	Phone Jan 2016	228.23	10	GENERAL
Total 22199	1/28/2016			228.23		
22200	1/28/2016	VERIZON CALIFORNIA	Phone Jan 2016	128.89	10	GENERAL
Total 22200	1/28/2016			128.89		
22201	1/28/2016	Verizon Wireless	Billing Period 12/4 - 1/3	239.10	10	GENERAL
Total 22201	1/28/2016			239.10		
22202	1/28/2016	Willdan	Building & Safety Services Dec 2015	6,394.87	10	GENERAL
Total 22202	1/28/2016			6,394.87		
22203	1/28/2016	WRCOG	TUMF Jan 2016 Fees	4,437.00	50	AGENCY
Total 22203	1/28/2016			4,437.00		
Report Total				848,850.54		

**City of Canyon Lake
City Council
Staff Report**

TO: Honorable Mayor and Members of the City Council

FROM: Ariel M. Hall, Interim City Manager 

BY: Kirsten Rowe, Administrative Services Manager

DATE: February 3, 2016

SUBJECT: Consideration of the Fiscal Year 2014-2015 Annual Financial Report

Recommendation

It is recommended that the City Council: receive and file the Fiscal Year 2014-2015 Annual Financial Report.

Background

Attached you will find the City of Canyon Lake's Fiscal Year 2014-2015 Annual Financial Report and associated letter prepared by Lance, Soll & Lunghard, LLP (LSL). The Annual Financial Report stated that the financial statements for the City presented fairly, in all material aspects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information.

Budget (or Fiscal) Impact

None

Attachments

1. Annual Financial Report for Year Ended June 30, 2015



***CITY OF CANYON LAKE,
CALIFORNIA***

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2015

**CITY OF CANYON LAKE,
CALIFORNIA**

ANNUAL FINANCIAL REPORT

Year Ended June 30, 2015

City of Canyon Lake
Annual Financial Report
June 30, 2015
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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Canyon Lake, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Canyon Lake, California, (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



To the Honorable Mayor and Members of the City Council
City of Canyon Lake, California

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Canyon Lake, California, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 13 to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the



To the Honorable Mayor and Members of the City Council
City of Canyon Lake, California

United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Soll & Lingham, LLP

Brea California
December 28, 2015

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Management's Discussion and Analysis

As management of the City of Canyon Lake, California (City), we are pleased to offer to the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015.

Financial Highlights

- The assets of the City exceeded its liabilities at the end of fiscal year 2015 by \$11,928,127. The difference between assets and liabilities is referred to as net position.
- The City's total net position decreased by \$390,178 during fiscal year 2014-2015.
- As of June 30, 2015, the City's governmental funds reported combined fund balances of \$3,866,668, an increase of \$5,265 from the prior fiscal year, and \$2,331,025 of the governmental funds' fund balances are assigned and unassigned.
- As of June 30, 2015, assigned and unassigned fund balances for the General Fund was \$2,331,025 or 56.2 percent of total General Fund expenditures.
- The City's total debt decreased by \$128,432 during the fiscal year as a result of the principal payments paid on the Riverside County Transportation Commission and Riverside County loans. With the implementation of GASB 68 the unfunded pension liability of \$233,356 is included in these financial statements.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Canyon Lake's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner that is similar to a private-sector business.

Government-wide financial statements include a statement of net position and a statement of activities. The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases may provide a useful indicator on whether the financial position of the City is improving or deteriorating.

The *statement of activities* provides information showing how the City's net position changed during the most recent fiscal year. These changes are reported using the full accrual basis of accounting that is when the economic event occurs, rather than when cash is received or paid. Under this basis of accounting, revenues and expenses are reported in the statement for some items that will only result in future cash inflows or outflows such as vacation earned but not paid and uncollected taxes.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, economic development, building and planning, animal control, and public works. The City does not have any business-type activities.

The government-wide financial statements can be found on pages 12 - 13 of this report.

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 City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City can be divided into two categories: governmental funds and fiduciary funds.

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 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 evaluating the City's near-term financing requirements.

Because the focus of governmental funds is more narrow 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 City'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.

The City maintains ten individual governmental funds for financial reporting purposes. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Projects Fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund. A budgetary comparison statement has been provided for the General Fund and Capital Projects Fund in order to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 14 - 17 of this report.

Fiduciary funds: *Fiduciary funds* are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

The basic fiduciary fund financial statement can be found on page 18 of this report.

Notes to the basic financial statements: The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 19 - 44 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI), as listed on the Table of Contents and which can be found on pages 45 - 48.

Combining statements for nonmajor governmental funds are presented immediately following the required supplementary information and can be found on pages 50 - 53 of this report.

Government-wide financial analysis

As noted earlier, net position may, over time, serve as a useful indicator of the City's financial position. For the fiscal year ended June 30, 2015, the City's assets exceeded its liabilities by \$11,928,127 as summarized below:

Statement of Net position

	Governmental Activities	
	2015	2014
Assets:		
Current and other assets	\$ 5,895,905	\$ 4,688,959
Capital assets (net of depreciation)	8,981,235	9,521,139
Total assets	14,877,140	14,210,098
Deferred outflows of resources:		
Pension related items	22,545	-
Liabilities:		
Current and other liabilities	2,164,492	961,899
Long-term liabilities	712,870	618,503
Total liabilities	2,877,362	1,580,402
Deferred inflows of resources:		
Pension related items	94,196	-
Net position:		
Net investment in capital assets	8,368,642	8,780,114
Restricted	1,534,087	1,228,490
Unrestricted	2,025,398	2,621,092
Total net position	\$ 11,928,127	\$ 12,629,696

The City's net position only include infrastructure assets such as roads, streets, lighting systems, drainage systems, bridges, etc. that were added in the fiscal years ending June 30, 2004 through 2015. Historically, the City has not recorded these assets. Under GASB 34, the City has elected not to retroactively include the value of major infrastructure assets in the statement of net position.

Excluding the unknown value of infrastructure assets, net investment in capital assets represents 70.16 percent of the City's net position. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the City's net position, \$1,534,087 or 12.86 percent, represent resources that are subject to restrictions on how they may be used. The remaining balance, (unrestricted net position), is \$2,025,398.

Statement of Activities: The statement of activities shows how the City's net position changed during the fiscal years 2014-15 and 2013-14. Provided below is a summary of changes in net position.

Statement of Changes in Net position

	Governmental Activities	
	2015	2014
Revenues:		
Program Revenues:		
Charges for services	\$ 262,802	\$ 249,199
Operating grants and contributions	758,202	835,474
Capital grants and contributions	-	-
General revenues	<u>3,439,629</u>	<u>3,044,995</u>
Total revenues	<u>4,460,633</u>	<u>4,129,668</u>
Expenses:		
General government	975,211	726,827
Public safety	3,010,785	2,956,134
Public works	649,656	673,236
Community development	211,591	182,639
Interest on long-term debt	3,568	11,731
Total expenses	<u>4,850,811</u>	<u>4,550,567</u>
Change in net position	(390,178)	(420,899)
Net position - beginning, as restated	<u>12,318,305</u>	<u>13,050,595</u>
Net position - ending	<u>\$ 11,928,127</u>	<u>\$ 12,629,696</u>

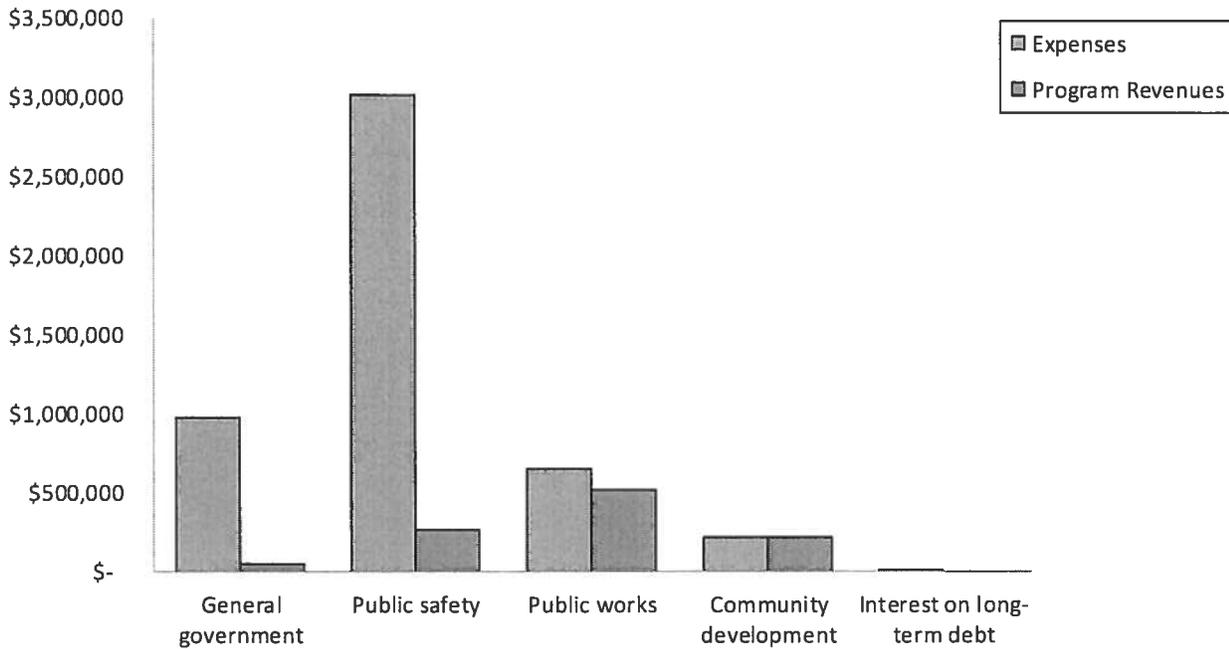
The City's net position decreased overall by \$390,178 during the current fiscal year. The reason for the decrease is explained in the governmental activities discussion below.

Governmental activities: Net position from governmental activities assets decreased by \$390,178. Key element of the decrease is as follows:

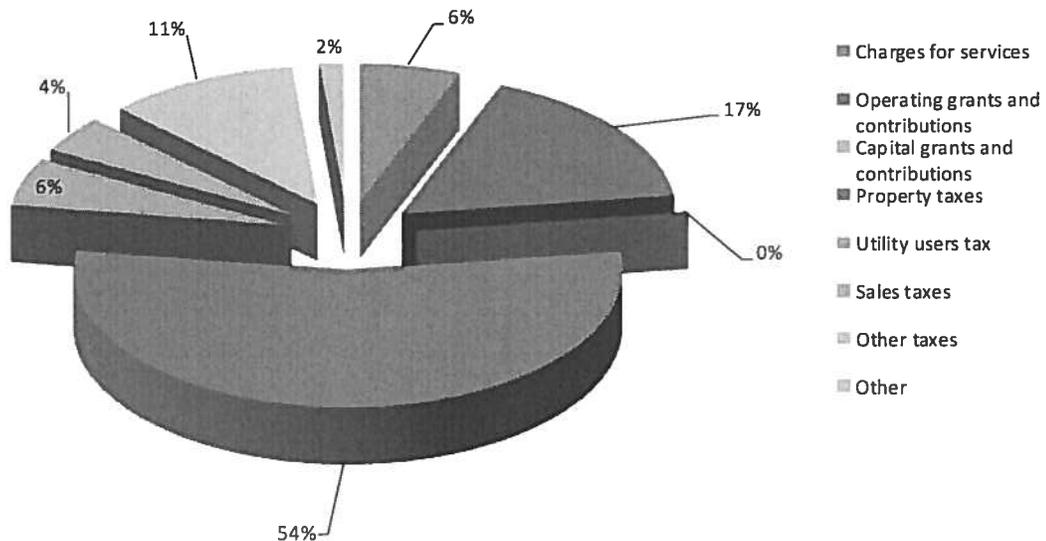
- Depreciation expense of \$421,429 on the capitalization of the Railroad Canyon Road Widening project.

The charts below provide graphic representation of the City's expenses compared to program revenues by function and its revenue by source.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



The governmental activities expenses and program revenues chart is designed to reflect expenses associated with each City function and the revenues that are directly attributable to each function. It is important to note that general revenues such as property, sales and other taxes are not directly attributable to specific functions and are therefore used to support program activities citywide. Regarding the revenues by source chart, it shows that 54 percent of governmental activities revenues came from property tax revenue, which has decreased by 1 percent from the previous fiscal year.

Financial Analysis of City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds: The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year. Please refer to pages 14 - 17 for more detail on governmental funds.

As of June 30, 2015, the City's governmental funds reported combined ending fund balances of \$3,866,668, an increase of \$5,265 in comparison with the prior year. Of the \$3,866,668, \$2,331,025 or 60.29 percent constitutes assigned and unassigned fund balance. The remainder of fund balance is nonspendable, restricted or committed to indicate that it is not available for new spending or constraints are placed on the use of resources, respectively. The increase in governmental fund balance is due to a decrease in the fund balance of the General Fund of \$300,332 as a result of increased public safety costs offset by an increase in fund balance of the Gas Tax Major Governmental Fund of \$211,869, due to an increase in Gas Tax revenues and a reduction in expenditures for the year. Also, it was offset by an increase in fund balance of the Non-Major Governmental funds of \$93,728.

General Fund Financial and Budgetary Highlights

The General Fund is the chief operating fund of the City. At June 30, 2015, assigned and unassigned fund balance was \$2,331,025. As a measure of the General Fund's financial condition, it may be useful to compare the unassigned fund balance to total expenditures. Assigned and unassigned fund balances represent 56.23 percent of General Fund expenditures. For the fiscal year, the General Fund's fund balance decreased \$300,332 from the prior year. The differences between the General Fund budget and actual are summarized below:

- General Fund actual revenues were above budget by \$297,984 mainly due to higher than anticipated property taxes, utility users tax and building permit revenues.
- Actual expenditures were \$61,488 less than the final budgeted amount of \$4,207,194, with General Government being more due to higher than anticipated legal costs, and Community Development being more than anticipated due to increased planning and building activity, which is offset by Public Safety costs being less than anticipated due to fire protection services being less than budgeted.

Capital Assets and Debt Administration

Capital Assets: City investment in capital assets for its governmental type activities as of June 30, 2015, amounted to \$8,981,235 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery/vehicles and infrastructure assets. During the year, no capital assets were added for the governmental activities; however, several vehicles were declared surplus and disposed of.

Major capital assets events during the current fiscal year included the following:

- Police vehicles were declared surplus and disposed of with an original cost of \$130,545.

Additional information on the City’s capital assets can be found on page 30 in the notes to the basic financial statements and a summary is provided below.

**City of Canyon Lake
Capital Assets (net of depreciation)**

	Governmental Activities	
	2015	2014
Land	\$ 130,000	\$ 130,000
Building and improvements	494,634	516,656
Machinery, equipment and vehicles	62,027	79,561
Infrastructure	8,294,574	8,794,922
Total	<u>\$ 8,981,235</u>	<u>\$ 9,521,139</u>

Long-term debt: At the end of fiscal year 2015, the City’s total long-term debt outstanding was \$614,769. This amount was comprised of \$264,184 in loans from Riverside County which are secured by several different sources of revenues, \$348,409 in loans from RCTC which are secured by Measure A revenues, and \$2,176 in compensated absences.

Outstanding long-term debt of the City is summarized below, and additional information can be found on pages 31 - 32 in the notes to basic financial statements.

**City of Canyon Lake
Outstanding Long-Term Debt**

	Governmental Activities	
	2015	2014
Compensated absences	\$ 2,176	\$ 11,821
Loan payable County of Riverside	264,184	312,184
Loan payable RCTC	348,409	428,841
Total long-term debt	<u>\$ 614,769</u>	<u>\$ 752,846</u>

Pension Plan Obligations

The City implemented GASB Statement 68 during the current fiscal year which resulted in a restatement of the beginning net position of governmental activities of \$311,391 and an ending net pension liability of \$233,356. Additional information can be found on pages 33-41 and page 43 in the notes to the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

In preparing the budget for fiscal year 2015-16, management looked at the possible impact to the City's revenue due to the State of California's budget deficit and continued economic downturn.

The Operating Budget for fiscal year 2015-16 anticipates using \$327,969 of the General Fund fund balance reserve.

- Anticipated General Fund Revenues of \$4,334,000, an increase of \$1,090,000 from the previous year due the passing of the Utility Users Tax.
- Proposed General Fund Expenditures of \$4,661,969, an increase of \$1,253,031 over the previous year, due increased costs in public safety and an additional full time staff person.

Detailed information about the economic analysis, revenue assumptions, and other budgetary process parameters utilized in the annual budget preparation, can be obtained from the City's 2015-16 Budget which is available at City Hall.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the City Clerk, City of Canyon Lake, 31516 Railroad Canyon Road, Canyon Lake, California 92587, or call (951) 244-2955.

**City of Canyon Lake
Statement of Net Position
June 30, 2015**

ASSETS

Cash and investments	\$ 5,541,056
Receivables:	
Accounts	179,974
Interest	10,289
Intergovernmental	163,030
Prepaid items	1,556
Capital assets, net of accumulated depreciation	<u>8,981,235</u>
Total assets	<u>14,877,140</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension related items	<u>22,545</u>
-----------------------	---------------

LIABILITIES

Accounts payable	2,029,237
Noncurrent liabilities:	
Due within one year	135,255
Due in more than one year	479,514
Net pension liability	<u>233,356</u>
Total liabilities	<u>2,877,362</u>

DEFERRED INFLOWS OF RESOURCES

Pension related items	<u>94,196</u>
-----------------------	---------------

NET POSITION

Net investment in capital assets	8,368,642
Restricted:	
Public works	1,486,920
Community development	25,494
Equipment	21,673
Unrestricted	<u>2,025,398</u>
Total net position	<u><u>\$ 11,928,127</u></u>

The accompanying notes are an integral part of these financial statements

**City of Canyon Lake
Statement of Activities
For the Year Ended June 30, 2015**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 975,211	\$ 38,980	\$ -	\$ -	\$ (936,231)
Public safety	3,010,785	16,963	242,809	-	(2,751,013)
Public works	649,656	-	515,393	-	(134,263)
Community development	211,591	206,859	-	-	(4,732)
Interest on long-term debt	3,568	-	-	-	(3,568)
Total governmental activities	\$ 4,850,811	\$ 262,802	\$ 758,202	\$ -	(3,829,807)

General revenues:

Taxes:

Property tax, levied for general purpose	2,425,730
Utility users tax	250,483
Transient occupancy tax	50,656
Franchise tax	320,286
Sales tax	193,097
Other taxes	134,652
Use of money and property	10,487
Other	54,238
Total general revenues	3,439,629
Change in net position	(390,178)
Net position, beginning of year, as restated (see note 13)	12,318,305
Net position, end of year	\$ 11,928,127

The accompanying notes are an integral part of these financial statements

**City of Canyon Lake
Balance Sheet
Governmental Funds
June 30, 2015**

	General	Special Revenue Gas Tax Fund	Total Non-major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 4,038,749	\$ 751,805	\$ 750,502	\$ 5,541,056
Receivables:				
Accounts	179,974	-	-	179,974
Interest	10,289	-	-	10,289
Intergovernmental	121,704	-	41,326	163,030
Prepaid items	1,556	-	-	1,556
 Total assets	 <u>\$ 4,352,272</u>	 <u>\$ 751,805</u>	 <u>\$ 791,828</u>	 <u>\$ 5,895,905</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,019,691	\$ 9,546	\$ -	\$ 2,029,237
 Total liabilities	 <u>2,019,691</u>	 <u>9,546</u>	 <u>-</u>	 <u>2,029,237</u>
Fund Balances:				
Nonspendable	1,556	-	-	1,556
Restricted	-	742,259	791,828	1,534,087
Assigned	75,000	-	-	75,000
Unassigned	2,256,025	-	-	2,256,025
 Total fund balances	 <u>2,332,581</u>	 <u>742,259</u>	 <u>791,828</u>	 <u>3,866,668</u>
 Total liabilities and fund balances	 <u>\$ 4,352,272</u>	 <u>\$ 751,805</u>	 <u>\$ 791,828</u>	 <u>\$ 5,895,905</u>

The accompanying notes are an integral part of these financial statements

**City of Canyon Lake
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
June 30, 2015**

Fund balances of governmental funds \$ 3,866,668

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 funds. 8,981,235

Deferred outflow of resources relate to:

Pension contributions made after the measurement date	15,177
Adjustment due to differences in proportions	7,368

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term are reported in the statement of net position.

Balances at June 30, are:

Compensated absences	\$ (2,176)	
Loan payable - County of Riverside	(264,184)	
Loan payable- RCTC	(348,409)	
Net pension liability	(233,356)	(848,125)

Deferred inflows of resources relate to:

Net difference between projected and actual earnings pension plan investments	(72,325)
Difference between contribution and proportionate share of contribution	(21,871)

Net position of governmental activities \$ 11,928,127

City of Canyon Lake
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	General	Special Revenue Gas Tax Fund	Total Non-major Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 3,315,035	\$ -	\$ -	\$ 3,315,035
Licenses and permits	279,271	-	-	279,271
Fines and forfeitures	16,963	-	-	16,963
Intergovernmental	141,153	287,499	280,492	709,144
Use of money and property	49,467	1,785	757	52,009
Other	37,095	-	51,116	88,211
Total revenues	3,838,984	289,284	332,365	4,460,633
EXPENDITURES				
Current:				
General government	969,645	-	-	969,645
Public safety	2,900,155	-	100,000	3,000,155
Public works	64,315	77,415	-	141,730
Community development	211,591	-	-	211,591
Capital outlay	-	-	247	247
Debt service:				
Principal	-	-	128,432	128,432
Interest and fiscal charges	-	-	3,568	3,568
Total expenditures	4,145,706	77,415	232,247	4,455,368
Excess (deficiency) of revenues over (under) expenditures	(306,722)	211,869	100,118	5,265
OTHER FINANCING SOURCES (USES)				
Transfers in	6,390	-	-	6,390
Transfers out	-	-	(6,390)	(6,390)
Total other financing sources (uses)	6,390	-	(6,390)	-
Net change in fund balances	(300,332)	211,869	93,728	5,265
Fund balances, beginning of year	2,632,913	530,390	698,100	3,861,403
Fund balances, end of year	<u>\$ 2,332,581</u>	<u>\$ 742,259</u>	<u>\$ 791,828</u>	<u>\$ 3,866,668</u>

The accompanying notes are an integral part of these financial statements

**City of Canyon Lake
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2015**

Net change in fund balances - total governmental funds	\$	5,265
<p>Amounts reported for governmental activities in the statement of activities different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense or are allocated to the appropriate functional expense when the cost is below capitalization threshold. This activity is reconciled as follows:</p>		
Depreciation expense		(539,904)
<p>Governmental funds report principal payments as expenditures. In the statement of activities, principal payments are applied to the appropriate long-term liability.</p>		
		128,432
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:</p>		
Pension related net of adjustments		6,384
Decrease in compensated absences payable		9,645
		9,645
Change in net position of governmental activities	\$	(390,178)

The accompanying notes are an integral part of these financial statements

City of Canyon Lake
Statement of Fiduciary Assets and Liabilities
June 30, 2015

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 19,124
Due from other governments	<u>41,400</u>
Total assets	<u>\$ 60,524</u>
LIABILITIES	
Deposits	<u>\$ 60,524</u>
Total liabilities	<u>\$ 60,524</u>

The accompanying notes are an integral part of these financial statements

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City of Canyon Lake
Notes to the Basic Financial Statements
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Note 1: Organization and Summary of Significant Accounting Policies

a. Description of the reporting entity

The City of Canyon Lake was incorporated on December 1, 1990 under the laws of the State of California and enjoys all the rights and privileges pertaining to "General Law" cities. The City operates under a council-manager form of government and currently provides a wide variety of services to its citizens, including public safety, public services, community development, general administrative and other services.

There are no separate legal entities over which the City is financially accountable for.

b. Government-wide and fund financial statements

The government-wide financial statements include a statement of net position and a statement of activities. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The City does not have any proprietary funds.

City of Canyon Lake
Notes to the Basic Financial Statements
June 30, 2015

Note 1: Organization and Summary of Significant Accounting Policies (continued)

c. Measurement focus, basis of accounting, and financial statement presentation

The government-wide statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the cash flows. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified-accrual basis of accounting*. Under the modified-accrual basis of accounting, revenues are recognized in these funds when susceptible to accrual (i.e. when they are both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers property taxes collected after year-end, as available if they are collected within 60 days of the end of the current fiscal period. Other revenue susceptible to accrual includes sales tax, state gasoline taxes, investment income, and certain other intergovernmental revenues. Expenditures in the governmental funds are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt, as well as compensated absences and claims and judgments, which are recognized when due.

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government not accounted and reported in another fund.

The *Gas Tax Fund* accounts for the repair and maintenance of streets and traffic signals of the City.

Additionally, the City reports the following fund types:

The *Special Revenue Funds* are used to account for the proceeds of specific revenue resources that are restricted or committed to expenditures for specific purposes other than debt service and capital projects.

The *Capital Projects Fund* accounts for city-wide capital improvement projects.

The *Debt Service Fund* is used to account for all financial resources that are restricted, committed, or assigned to expenditure for principal, interest, and related costs.

City of Canyon Lake
Notes to the Basic Financial Statements
June 30, 2015

Note 1: Organization and Summary of Significant Accounting Policies (continued)

The *Agency Fund* is used to account for the resources held by the City in a fiduciary capacity.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

Other Accounting Policies

Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value. The City's policy is to hold investments until maturity or until market values equal or exceed cost. The State Treasurers Investment Pool operates in accordance with appropriate State laws and regulations. The reported value of the Pool is the same as the fair value of the Pool shares.

Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable, available financial resources.

Property taxes

The County of Riverside collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January preceding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1st to June 30th. All secured personal property taxes and one-half of the taxes on real property are due November 1st, the second installment is due February 1st. All taxes are delinquent, if unpaid, on December 10th and April 10th respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent, if unpaid, on August 31st.

City of Canyon Lake
Notes to the Basic Financial Statements
June 30, 2015

Note 1: Organization and Summary of Significant Accounting Policies (continued)

Restricted assets

Certain proceeds of the City's certificates of participation, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because they are maintained in separate bank accounts and their use is limited by applicable debt covenants.

Capital assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than or equal to \$1,000 (amount not rounded) and an estimated useful life of at least two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, is depreciated using the straight-line method over the following estimated useful lives.

Assets	Years
Buildings	39
Building improvements	10
Infrastructure	20 - 50
Vehicles	5 - 10
Office equipment	5 - 10
Computer equipment	5

Use of estimates

The financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America and include amounts based on estimates and assumptions by management. Actual results could differ from those amounts.

City of Canyon Lake
Notes to the Basic Financial Statements
June 30, 2015

Note 1: Organization and Summary of Significant Accounting Policies (continued)

Compensated absences

The City provides to its employees a comprehensive annual leave program. Leave pay is payable at the time it is taken or upon termination.

The total amount of liability for compensated absences is segregated between short-term and long-term with both portions reflected in the government-wide statements. The short-term portion is determined to be the amount due to employees for future absences which is attributable to services already rendered and which is expected to be paid during the next fiscal year.

Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Pension Plan

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2013
Measurement Date (MD)	June 30, 2014
Measurement Period (MP)	July 1, 2013 to June 30, 2014

City of Canyon Lake
Notes to the Basic Financial Statements
June 30, 2015

Note 1: Organization and Summary of Significant Accounting Policies (continued)

Unearned revenues

In the government-wide financial statements and the fund financial statements, unearned revenues represent cash advances by various grantors that have not been spent; therefore, no revenue has been recognized.

Fund equity

Beginning with fiscal year 2011, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.

Restricted – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions or by enabling legislation.

Committed – amounts constrained to specific purposes by a government itself, using the highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint.

Assigned – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned – amounts that are for any purpose; positive amounts are reported only in a general fund.

The City Council may establish (and modify or rescind) fund balance commitments by passage of an ordinance or resolution.

When both restricted and unrestricted resources are available for use when an expenditure is incurred, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. It is the City's policy to consider committed amounts as being reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

City of Canyon Lake
Notes to the Basic Financial Statements
June 30, 2015

Note 1: Organization and Summary of Significant Accounting Policies (continued)

Implementation of new GASB pronouncements

Implementation of new pronouncement

GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

GASB has issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Note 2: Budgetary Information

The City prepares its budgets on the basis of estimated actual expenditures and, accordingly, the budget amounts included in the accompanying financial statements are presented on a basis consistent with generally accepted accounting principles.

Each year, the City Manager submits a proposed budget to the City Council during May. The City Council holds budget hearings during May and June. The final budget is adopted by the City Council in June.

No budget expenditures can be disbursed without proper appropriations. Once the budget is adopted, no additional funds can be authorized without the City Council's approval. The level of budgetary control (the level on which expenditures may not legally exceed appropriations) is at the individual fund level. The City Manager can authorize budget transfers between departments without additional appropriations.

City of Canyon Lake
Notes to the Basic Financial Statements
June 30, 2015

Note 2: Budgetary Information (continued)

Throughout the year, budgeted expenditures are reviewed and projections are made by the City Manager. Therefore, any necessary changes are submitted for approval to the City Council with a recorded action for any budget adjustments.

Formal budgetary integration is employed as a management control device during the year for all the governmental type funds. Budgets for all the governmental type funds are adopted on a basis consistent with generally accepted accounting principles, except for the Capital Projects Fund which does not have a legally adopted budget. Budgeted amounts are as originally adopted and are further amended by the City Council.

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

Cash and investments as of June 30, 2015 are classified in the accompanying financial statements as follows:

Statement of Net position	
Cash and investments	\$ 5,541,056
Statement of Fiduciary Assets and Liabilities	
Cash and investments	19,124
Total cash and investments	\$ 5,560,180

Cash and Investments as of June 30, 2015 consists of the following:

Deposits with financial institutions	\$ 2,554,243
Cash on hand	300
Investments	3,005,637
Total cash and investments	\$ 5,560,180

The City follows the practice of pooling cash and investments of all funds except for funds held by a fiscal agent. Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on cash balances. Interest income from cash and investments with a fiscal agent is credited directly to the related fund.

The City adopted GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

City of Canyon Lake
Notes to the Basic Financial Statements
June 30, 2015

Note 3: Cash and Investments (continued)

Authorized investments

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in one Issuer
U. S. Treasuries	5 years	None	None
Money Market Accounts	N/A	10%	5%
Certificates of Deposit	5 years	None	None
Local Agency Investment Fund (LAIF)	N/A	50%	None
Federal Agency Securities	5 years	None	None
Bankers Acceptances	180 days	10%	5%
Commercial Paper	270 days	10%	10%
Medium-Term Notes	5 years	15%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Repurchase Agreements	1 year	10%	None

Disclosures relating to interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations are presented below.

Investment type	Total	12 months or less	13 to 24 months	25 to 60 months
Local Agency Investment Fund	\$ 9,539	\$ 9,539	\$ -	\$ -
Money market sweep	308,808	308,808	-	-
Certificates of deposit	108,256	108,256	-	-
Federal agency securities	1,859,315	23,433	392,608	1,443,274
Corporate debt securities	640,891	-	437,225	203,666
Money market	78,828	78,828	-	-
Totals	<u>\$ 3,005,637</u>	<u>\$ 528,864</u>	<u>\$ 829,833</u>	<u>\$ 1,646,940</u>

City of Canyon Lake
Notes to the Basic Financial Statements
June 30, 2015

Note 3: Cash and Investments (continued)

Disclosures relating to credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Information about the minimum rating required by the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each type of investment held by the City can be found below.

<u>Investment type</u>	<u>Total</u>	<u>Minimum legal rating</u>	<u>Ratings as of year end</u>
Local Agency Investment Fund	\$ 9,539	N/A	Not rated
Money market sweep	308,808	N/A	Not rated
Certificates of deposit	108,256	N/A	Not rated
Federal agency securities	1,859,315	AA-a2	AA+
Corporate debt securities	640,891	A	AA+ A
Money market	<u>78,828</u>	N/A	Not rated
Totals	<u><u>\$ 3,005,637</u></u>		

Concentration of credit risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. Investments in any one issuer (other than Mutual Funds and External Investment Pools) that represent 5% or more of the City's investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amounts</u>
Federal Home Loan Bank	Federal agency securities	\$ 987,751
GE Capital Corp	Corporate debt securities	184,780
Federal Farm Credit Bank	Federal agency securities	374,045
Caterpillar Fin Services Corp	Corporate debt securities	202,646
JP Morgan Chase	Corporate debt securities	151,521
Fannie Mae	Federal agency securities	198,490
Freddie Mac	Federal agency securities	299,030

City of Canyon Lake
Notes to the Basic Financial Statements
June 30, 2015

Note 3: Cash and Investments (continued)

Custodial credit risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2015, the City had deposits of \$2,830,028 with financial institutions in excess of federal depository insurance limits that were held in collateralized accounts.

Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this Pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

LAIF has reported to its participating agencies that, as of June 30, 2015, the carrying amount (at amortized cost) of the Pool was \$69,606,487,716 and the estimated fair value of the pool was \$69,672,945,247. The City's proportionate share of the Pool's market value (as determined by LAIF) as of June 30, 2015, was \$9,539. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations.

City of Canyon Lake
Notes to the Basic Financial Statements
June 30, 2015

Note 4: Interfund Receivables, Payables and Transfers

The composition of Interfund balances at June 30, 2015 is as follows:

Interfund transfers:

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfers</u>	<u>Amount</u>
General Fund	Debt Service	<u>\$ 6,930</u>

The above transfer was to transfer the balance of the reserve fund not used to the General Fund as the bonds were paid off in the previous fiscal year.

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 130,000	\$ -	\$ -	\$ 130,000
Total capital assets, not being depreciated	<u>130,000</u>	<u>-</u>	<u>-</u>	<u>130,000</u>
Capital assets, being depreciated:				
Buildings	735,150	-	-	735,150
Machinery & equipment	273,290	-	-	273,290
Vehicles	272,267	-	(130,545)	141,722
Infrastructure	9,961,648	-	-	9,961,648
Total capital assets, being depreciated	<u>11,242,355</u>	<u>-</u>	<u>(130,545)</u>	<u>11,111,810</u>
Less accumulated depreciation for:				
Buildings	(218,494)	(22,022)	-	(240,516)
Machinery & equipment	(213,430)	(13,798)	-	(227,228)
Vehicles	(252,566)	(3,736)	130,545	(125,757)
Infrastructure	(1,166,726)	(500,348)	-	(1,667,074)
Total accumulated depreciation	<u>(1,851,216)</u>	<u>(539,904)</u>	<u>130,545</u>	<u>(2,260,575)</u>
Total capital assets, being depreciated, net	<u>9,391,139</u>	<u>(539,904)</u>	<u>-</u>	<u>8,851,235</u>
Governmental activities capital assets, net	<u>\$ 9,521,139</u>	<u>\$ (539,904)</u>	<u>\$ -</u>	<u>\$ 8,981,235</u>

City of Canyon Lake
Notes to the Basic Financial Statements
June 30, 2015

Note 5: Capital Assets (continued)

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities:	
General government	\$ 21,348
Public safety	10,630
Public works	<u>507,926</u>
Total depreciation expense - governmental activities	<u>\$ 539,904</u>

Note 6: Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2015 was as follows:

Governmental Activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Loan Payable - County of Riverside	\$ 312,184	\$ -	\$ 48,000	\$ 264,184	\$ 53,000
RCTC Loan	428,841	-	80,432	348,409	81,167
Compensated Absences	<u>11,821</u>	<u>16,101</u>	<u>25,746</u>	<u>2,176</u>	<u>1,088</u>
Governmental activities long-term liabilities	<u>\$ 752,846</u>	<u>\$ 16,101</u>	<u>\$ 154,178</u>	<u>\$ 614,769</u>	<u>\$ 135,255</u>

Loan Payable - County of Riverside

In June 2003, the City entered into an agreement with the County of Riverside (the County) to obtain a loan for \$1,000,000 to finance the costs of structural repairs to Railroad Canyon Road. The loan is interest free. The loan did not have a set debt service schedule and was due within ten (10) years of the agreement and no later than June 30, 2013. The agreement was amended subsequent to June 30, 2013 and is now due within seven years, and has a set schedule of repayment, and is due no later than October 15, 2019. The City has pledged all of its Proposition 12 and 40 park bond funds, Community Development Block Grant funds, and commencing in fiscal year 2010-2011 Measure A and/or Proposition 42 funds for repayment of the debt. The principal balance as of June 30, 2015 is \$264,184.

City of Canyon Lake
Notes to the Basic Financial Statements
June 30, 2015

Note 6: Long-Term Liabilities (continued)

Loan Payable - County of Riverside (continued)

The annual requirements to amortize the outstanding County of Riverside Loan payable as of June 30, 2015 are as follows:

Year Ending June 30,	Loan County of Riverside Principal
2016	\$ 53,000
2017	58,000
2018	63,000
2019	63,000
2020	27,184
Total	\$ 264,184

Loan Payable – Riverside County Transportation Commission

In January 2013, the City entered into an agreement with the Riverside County Transportation Commission (RCTC) to obtain a loan for \$557,000 of Measure A Funds to finance construction costs for Railroad Canyon Road. The Loan bears interest at the rate of .91% per annum. Principal and interest are payable in monthly installments of \$7,000 commencing on January 18, 2013, until paid in full on December 18, 2019. The City has pledged its future Measure A revenues for the repayment of the Loan. The principal balance as of June 30, 2015 is \$348,409.

Loan Payable – Riverside County Transportation Commission

The annual requirements to amortize the outstanding RCTC Loan payable as of June 30, 2015 are as follows:

Year Ending June 30,	RCTC Loan Payable	
	Principal	Interest
2016	\$ 81,167	\$ 2,833
2017	81,909	2,091
2018	82,658	1,342
2019	83,413	587
2020	19,262	28
Total	\$ 348,409	\$ 6,881

City of Canyon Lake
Notes to the Basic Financial Statements
June 30, 2015

Note 7: Operating Lease

The City leases equipment under a noncancelable operating lease. Total costs for the lease was \$5,708 for the fiscal year ended June 30, 2015. The future minimum annual lease payments for the lease are as follows:

Year Ending June 30,	Total
2016	\$ 5,708
2017	4,122
	\$ 9,830

Note 8: Retirement Plan

A. General Information about the Pension Plan

Plan Description

The Plan is a cost-sharing, multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not account purposes), and membership information is listed in the June 30, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. The actuarial valuation report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications, at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan operate under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

City of Canyon Lake
Notes to the Basic Financial Statements
June 30, 2015

Note 8: Retirement Plan (continued)

A. General Information about the Pension Plan (continued)

The Plan's provisions and benefits in effect at June 30, 2014 (measurement date) are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2 % @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.25%
Required employer contribution rates	11.032%	6.25%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Employer Contributions for the measurement period ended June 30, 2014 for the respective miscellaneous plan is \$16,671. The actual employer payments of \$16,671 made to CalPERS by the City during the measurement period ended June 30, 2014 differed from the City's proportionate share of the employer's contributions of \$46,353 by \$29,682, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

B. Net Pension Liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

**City of Canyon Lake
Notes to the Basic Financial Statements
June 30, 2015**

Note 8: Retirement Plan (continued)

B. Net Pension Liability (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

	<u>Miscellaneous</u>
Valuation Date	6/30/2013
Measurement Date	6/30/2014
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases (1)	3.30% to 14.20%
Investment Rate of Return (2)	7.50%
Mortality Rate Table (3)	Deriverd using CALPERS' Contract COLA up to
Post Retirement Benefit Increase	2.75% until purchasing

(1) Annual increases vary by category, entry age, and duration of service

(2) Net of pension plan investment and administrative expenses; includes inflation

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

City of Canyon Lake
Notes to the Basic Financial Statements
June 30, 2015

Note 8: Retirement Plan (continued)

B. Net Pension Liability (continued)

Discount Rate (continued)

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. Refer to the *sensitivity of the net pension liability to changes in the discount rate* section of this note, which provides information on the sensitivity of the net pension liability to changes in the discount rate.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

City of Canyon Lake
Notes to the Basic Financial Statements
June 30, 2015

Note 8: Retirement Plan (continued)

B. Net Pension Liability (continued)

Discount Rate (continued)

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100%</u>		

¹ An expected inflation of 2.5% used for this period

² An expected inflation of 3.0% used for this period

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website under Forms and Publications, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investments are reported at fair value.

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and Other Post-Employment Benefits (OPEB) expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

City of Canyon Lake
Notes to the Basic Financial Statements
June 30, 2015

Note 8: Retirement Plan (continued)

C. Proportionate Share of Net Pension Liability

The following table shows the Plan's proportionate share of the net pension liability over the measurement period.

Miscellaneous Plan:

	Increase(Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2013 (VD)	\$ 1,230,924	\$ 902,862	\$ 328,062
Balance at: 6/30/2014 (MD)	\$ 1,304,176	\$ 1,070,820	\$ 233,356
Net Changes during 2013-14	\$ 73,252	\$ 167,958	\$ (94,706)

Valuation Date (VD), Measurement Date (MD).

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2014, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website under Forms and Publications, at www.calpers.ca.gov. [For non-CalPERS plans (in place of the preceding sentence): The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.] The City's proportionate share of the net pension liability for the Plan as of June 30, 2013 and 2014 was as follows:

	<u>Miscellaneous</u>
Proportionate Share - June 30, 2013	0.01001%
Proportionate Share - June 30, 2014	0.00944%
Change - Increase (Decrease)	-0.0006%

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Miscellaneous Plan's Net Pension Liability/(Asset)	\$ 406,371	\$ 233,356	\$ 89,769

City of Canyon Lake
Notes to the Basic Financial Statements
June 30, 2015

Note 8: Retirement Plan (continued)

C. Proportionate Share of Net Pension Liability (continued)

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for the Plan for the 2013-14 measurement period is 3.8 years, which was obtained by dividing the total service years of 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

City of Canyon Lake
Notes to the Basic Financial Statements
June 30, 2015

Note 8: Retirement Plan (continued)

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the measurement date July 1, 2014, the net pension liability for the plan is \$233,356.

For the measurement period ending June 30, 2014 (the measurement date), the City incurred a pension expense/(income) of \$8,793 for the Plan. A complete breakdown of the pension expense is as follows:

<u>Description</u>	<u>Risk Pool Amounts</u>	<u>Employer's Share</u>	<u>Percentage of Employer's Share</u>
Service Cost	\$ 338,829,351	\$ 14,297	0.00422%
Interest on the Total Pension Liability	921,162,366	91,630	0.00995%
Recognized Differences between Expected and Actual Experience	-	-	N/A
Recognized Changes of Assumptions	-	-	N/A
Employee Contributions	(159,834,203)	(6,577)	0.00411%
Projected Earnings on Pension Plan Investments	(678,133,636)	(67,297)	0.00992%
Recognized Differences between Projected and Actual Earnings on Plan Investments	(182,199,413)	(18,081)	0.00992%
Other Changes in Fiduciary Net Position	-	-	N/A
Recognized Portion of Adjustment due to Differences in Proportions	-	2,632	N/A
Recognized Differences Between Contributions and Proportionate Share of Contributions	-	(7,811)	N/A
Subtotal: Employer's Share of Expense Components	<u>\$ 239,824,465</u>	8,793	0.00367%
Changes of Benefit Terms	-	-	
Employer's Proportionate Share of Pension Expense		<u>\$ 8,793</u>	

Note: Plan administrative expenses are not displayed in the above pension expense table. Since the expected investment return of 7.50 percent is net of administrative expenses, administrative expenses are excluded from the above table, but implicitly included as part of investment earnings.

City of Canyon Lake
Notes to the Basic Financial Statements
June 30, 2015

Note 8: Retirement Plan (continued)

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (continued)

As of June 30, 2015, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contribution made subsequent to measurement date	\$ 15,177	\$ -
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(72,325)
Adjustment due to Differences in Proportions	7,368	-
Difference between contributions and proportionate share of contributions	-	(21,871)
Total	\$ 22,545	\$ (94,196)

These amounts above are net of outflows and inflow recognized in the 2013-14 measurement period expense. \$15,177 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2015	\$ (15,449)
2016	(23,260)
2017	(23,788)
2018	(24,331)
2019	-
Thereafter	-

E. Payable to the Pension Plan

At June 30, 2015, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

City of Canyon Lake
Notes to the Basic Financial Statements
June 30, 2015

Note 9: Risk Management

The City is a member of the Public Entity Risk Management Authority (PERMA), a joint powers authority formed under Section 990 of the California Government Code for the purpose of jointly funding programs of insurance coverage for its members. PERMA is comprised of thirty-one participating member agencies: twenty-two cities, three transit agencies and six special districts. The City participates in the liability, employment practices liability, property, auto physical damage, and crime insurance programs of PERMA.

The liability program provides coverage up to \$50 million per occurrence for personal injury, bodily injury, property damage and public officials' errors and omissions. The City has selected a \$0 self-insured retention for this coverage and participates in risk sharing pools for losses up to \$1 million, followed by PERMA's membership in the CSAC Excess Insurance Authority (EIA) for \$49 million of excess liability coverage.

The employment practices liability program provides up to \$1 million per occurrence. The City has selected a \$25,000 self-insured retention for this coverage. Coverage above \$25,000 is with Employment Risk Management Authority (ERMA) to a limit of \$1,000,000, followed by PERMA's membership in CSAC-EIA for \$49 million of excess employment practices liability coverage.

The property insurance program is group purchased under a master property insurance policy with accumulated values from all participants effecting lower rates and broader coverage for members. The program covers real property, business personal property, inland marine coverage for special mobile equipment and business interruption. Commercial property coverage is written on a replacement cost basis and all risk, eliminating the traditional commercial "named peril" policy.

The auto physical damage insurance program is also group purchased under a master insurance policy with accumulated values from all participants effecting lower rates for members. Auto physical damage coverage is written on an agreed amount basis.

The crime insurance program provides public employee dishonesty, forgery or alteration, and computer fraud coverage under a master insurance policy.

The City is insured with the State Compensation Insurance Fund for workers' compensation claims. There is no deductible requirement for this coverage.

Note 10: Commitments and Contingencies

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. City management believes such disallowances, if any, would not have a material effect on the City's financial position.

City of Canyon Lake
Notes to the Basic Financial Statements
June 30, 2015

Note 11: Fund Equity

The City has established certain fund balance designations to report the amounts in the following funds, which represent available spendable resources which are restricted, committed or assigned for a specific purpose:

	General Fund	Major Fund Gas Tax Fund	Non-Major Governmental Funds	Total
Fund Balances:				
Nonspendable:				
Prepaid items	\$ 1,556	\$ -	\$ -	\$ 1,556
Restricted for:				
Public works	-	742,259	744,661	1,486,920
Public safety	-	-	25,494	25,494
Debt service	-	-	-	-
Equipment	-	-	21,673	21,673
Assigned to:				
Self-insured retention	15,000	-	-	15,000
Litigation	25,000	-	-	25,000
Equipment replacement	35,000	-	-	35,000
Unassigned:	2,256,025	-	-	2,256,025
	<u>\$ 2,332,581</u>	<u>\$ 742,259</u>	<u>\$ 791,828</u>	<u>\$ 3,866,668</u>

Note 12: Jointly Governed Organization

The City, in conjunction with 4 other governmental entities, created the Southwest Communities Financing Authority (Authority) on November 30, 2004. The Authority was formed to issue bonds for the construction of an animal shelter to be used by the member agencies. The Authority's board is comprised of one member from each participating entity. The City has the following fiscal obligations: debt repayment of bonds issued, administrative costs and operation of the animal shelter. The debt service payments and the animal shelter operating costs will be prorated to each member based on the percentage of the animals housed at the facility, on an annual basis. The administrative costs will be borne equally by all members. The City incurred costs of \$93,712 for the fiscal year ended June 30, 2015, which included \$49,382 in interest on the bonds issued.

City of Canyon Lake
Notes to the Basic Financial Statements
June 30, 2015

Note 13: Prior Year Restatement

Change in Accounting Principle

As discussed in Note 1, the City implemented GASB Statements No. 68 and 71 effective July 1, 2014. GASB Statements No. 68 and 71, among other provisions, amended prior guidance with respect to the reporting of pensions, and established standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, the City's net pension liability/(asset) was not previously recorded on the statement of net position. GASB 68 requires that accounting changes adopted to conform to the provisions of the Statement be applied retroactively by restating financial statements. [Restatement of the comparative financial data for the prior periods presented is not practical due to the unavailability of information from the pension plan, therefore the provisions of GASB Statements No. 68 and 71 were not applied to prior periods. The cumulative effects of applying the provisions of GASB Statements No. 68 and 71 have been reported as a restatement of beginning net position for the year ended June 30, 2015 in accordance with the Statements.

Accordingly, beginning net position on the Statement of Activities has been restated for changes related to GASB 68 as follows:

Government Wide Statement of Activities

Beginning net position, as previously reported	\$ 12,629,696
Restatement due to change in accounting principle	<u>(311,391)</u>
Beginning net position, as restated	<u><u>\$ 12,318,305</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

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City of Canyon Lake
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Taxes	\$ 2,924,700	\$ 3,046,700	\$ 3,315,035	\$ 268,335
Licenses and permits	212,000	262,000	279,271	17,271
Fines and forfeitures	15,000	15,000	16,963	1,963
Intergovernmental	2,000	127,000	141,153	14,153
Use of money and property	50,300	50,300	49,467	(833)
Other	40,000	40,000	37,095	(2,905)
Total revenues	<u>3,244,000</u>	<u>3,541,000</u>	<u>3,838,984</u>	<u>297,984</u>
EXPENDITURES				
Current:				
General government	734,629	898,379	969,645	(71,266)
Public safety	2,429,793	3,018,299	2,900,155	118,144
Public works	88,066	88,066	64,315	23,751
Community development	156,450	202,450	211,591	(9,141)
Total expenditures	<u>3,408,938</u>	<u>4,207,194</u>	<u>4,145,706</u>	<u>61,488</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(164,938)</u>	<u>(666,194)</u>	<u>(306,722)</u>	<u>359,472</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	6,390	6,390
Total other financing sources	<u>-</u>	<u>-</u>	<u>6,390</u>	<u>6,390</u>
Net change in fund balance	(164,938)	(666,194)	(300,332)	365,862
Fund balance, beginning of year	<u>2,632,913</u>	<u>2,632,913</u>	<u>2,632,913</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,467,975</u>	<u>\$ 1,966,719</u>	<u>\$ 2,332,581</u>	<u>\$ 365,862</u>

**City of Canyon Lake
Required Supplementary Information
Budgetary Comparison Schedule
Gas Tax Special Revenue Fund
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 287,300	\$ 287,300	\$ 287,499	\$ 199
Use of money and property	750	750	1,785	1,035
Total revenues	<u>288,050</u>	<u>288,050</u>	<u>289,284</u>	<u>1,234</u>
EXPENDITURES				
Current:				
Public works	<u>147,600</u>	<u>147,600</u>	<u>77,415</u>	<u>70,185</u>
Total expenditures	<u>147,600</u>	<u>147,600</u>	<u>77,415</u>	<u>70,185</u>
Net change in fund balance	140,450	140,450	211,869	71,419
Fund balance, beginning of year	<u>530,390</u>	<u>530,390</u>	<u>530,390</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 670,840</u></u>	<u><u>\$ 670,840</u></u>	<u><u>\$ 742,259</u></u>	<u><u>\$ 71,419</u></u>

City of Canyon Lake
Required Supplementary Information
Schedule of the Local Government's Proportionate Share of the
Plan's Net Pension Liability and Related Ratios as of the Measurement Date
Last 10 Years*
For the Year Ended June 30, 2015

	<u>2015</u>
	<u>Miscellaneous</u>
Plan's Proportion of the Net Pension Liability (1)	0.00375%
Plan's Proportionate Share of the Net Pension Liability	\$ 233,356
Plan's Covered-Employee Payroll(2)	\$ 93,277
Plan's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	250.18%
Plan's Proportion of the Fiduciary Net Position(3)	0.01006%
Plan's Share of Risk Pool Fiduciary Net Position(3)	\$ 1,070,820
Plan's Additional Payments to Side Fund During Measurement Period	\$ 17,880.00
Plan's Proportionate Share of the Fiduciary Net Position (sum of the two preceding lines)	\$ 1,088,700
Plan's Proportionate Share of the Fiduciary Net Position as a percentage of the Plan's Total Pension Liability	82.1%
Plan's Proportionate Share of Aggregate Employer Contributions(4)	\$ 46,353

(1) Proportion of the net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

(2) Covered-Employee Payroll represented above is based on the total payroll of employees that are provided pensions through the pension plan in accordance with GASB 68.

(3) The term Fiduciary Net Position (FNP) as used in this line denotes the aggregate risk pool's FNP at June 30, 2014 less the sum of all employers' additional side fund contributions made during the measurement period.

(4) The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the Measurement Period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of Fiduciary Net Position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

* Measurement period 2013-14 (fiscal year 2015) was the 1st year of implementation, therefore, only one year is shown.

**City of Canyon Lake
 Required Supplementary Information
 Schedule of Plan Contributions
 Last 10 Years*
 For the Year Ended June 30, 2015**

	2015
	Miscellaneous
Actuarially Determined Contribution	\$ 15,177
Contributions in Relation to the Actuarially Determined Contribution	(15,177)
Contribution Deficiency (Excess)	\$ -
Covered-Employee Payroll(1)	\$ 137,572
Contributions as a Percentage of Covered-Employee Payroll	11.032%

(1) Covered-Employee Payroll represented above is based on the total payroll of employees that are provided pensions through the pension plan in accordance with GASB 68.

* Measurement period 2013-14 (fiscal year 2015) was the 1st year of implementation, therefore, only one year is shown.

Notes to Schedule:

Change in Benefit Terms: None

Change in Assumptions: None

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Measure A – This fund is used to account for the construction, reconstruction, alteration, and maintenance of the streets of the City.

AQMD – This fund is used to account for the receipt of AB 2766 funds to implement programs that reduce air pollution from motor vehicles. Local Governments receive forty percent of the motor vehicle registration fee surcharge of \$4 per vehicle collected by the Department of Motor Vehicles.

Law Enforcement Grants – This fund is used to account for the *Supplemental Law Enforcement Grant* funds used for front line law enforcement services, and for the *California Law Enforcement Equipment Program* for the purchase of equipment to assist law enforcement to prevent and reduce crime.

Miscellaneous Grants – This fund is used to account for specific revenue resources that are restricted or committed to expenditure for specific purposes other than capital projects.

Debt Service Fund

Debt Service – This fund accounts for all financial resources that are restricted, committed, or assigned to meet the debt service requirements of the Certificates of Participation.

Capital Projects Fund

Capital Projects – This fund accounts for City-wide capital improvement projects.

**City of Canyon Lake
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015**

	Special Revenue Funds			
	Measure A	AQMD	Law Enforcement Grants	Miscellaneous Grants
ASSETS				
Cash and investments	\$ 240,809	\$ 82,256	\$ 8,827	\$ 21,673
Receivables:				
Intergovernmental	21,135	3,524	16,667	-
Total assets	<u>\$ 261,944</u>	<u>\$ 85,780</u>	<u>\$ 25,494</u>	<u>\$ 21,673</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted for:				
Public works	261,944	85,780	-	-
Public safety	-	-	25,494	-
Equipment	-	-	-	21,673
Total fund balances	<u>261,944</u>	<u>85,780</u>	<u>25,494</u>	<u>21,673</u>
Total liabilities and fund balances	<u>\$ 261,944</u>	<u>\$ 85,780</u>	<u>\$ 25,494</u>	<u>\$ 21,673</u>

Debt Service Fund	Capital Projects Fund	Total Non-major Governmental Funds
Debt Service	Capital Projects	
\$ -	\$ 396,937	\$ 750,502
-	-	41,326
<u>\$ -</u>	<u>\$ 396,937</u>	<u>\$ 791,828</u>
\$ -	\$ -	\$ -
-	-	-
-	396,937	744,661
-	-	25,494
-	-	21,673
-	396,937	791,828
<u>\$ -</u>	<u>\$ 396,937</u>	<u>\$ 791,828</u>

City of Canyon Lake
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue Funds			
	Measure A	AQMD	Law	
			Enforcement Grants	Miscellaneous Grants
REVENUES				
Intergovernmental	\$ 160,831	\$ 13,432	\$ 106,229	\$ -
Use of money and property	522	208	27	-
Other revenue	51,116	-	-	-
Total revenues	<u>212,469</u>	<u>13,640</u>	<u>106,256</u>	<u>-</u>
EXPENDITURES				
Current:				
Public safety	-	-	100,000	-
Capital Outlay	-	-	-	247
Debt service:				
Principal	128,432	-	-	-
Interest and fiscal charges	3,568	-	-	-
Total expenditures	<u>132,000</u>	<u>-</u>	<u>100,000</u>	<u>247</u>
Excess (deficiency) of revenues over (under) expenditures	<u>80,469</u>	<u>13,640</u>	<u>6,256</u>	<u>(247)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	80,469	13,640	6,256	(247)
Fund balances, beginning of year	<u>181,475</u>	<u>72,140</u>	<u>19,238</u>	<u>21,920</u>
Fund balances, end of year	<u>\$ 261,944</u>	<u>\$ 85,780</u>	<u>\$ 25,494</u>	<u>\$ 21,673</u>

Debt Service Fund	Capital Projects Fund	Total Non-major Governmental Funds
Debt Service	Capital Projects	Funds
\$ -	\$ -	\$ 280,492
-	-	757
-	-	51,116
-	-	332,365
-	-	100,000
-	-	247
-	-	128,432
-	-	3,568
-	-	232,247
-	-	100,118
(6,390)	-	(6,390)
(6,390)	-	(6,390)
(6,390)	-	93,728
6,390	396,937	698,100
<u>\$ -</u>	<u>\$ 396,937</u>	<u>\$ 791,828</u>

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AGENCY FUND

Agency Fund - To account for collections from citizens for solid waste services by the City on behalf of CR&R and payments made by the City to CR&R. To account for TUMF and MSHCP fees received from developers and builders and paid to WRCOG. To account for developer deposits received for various planning projects.

City of Canyon Lake
Statement of Changes in Fiduciary Assets and Liabilities
For the Year Ended June 30, 2015

Agency Fund	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
ASSETS				
Cash and investments	\$ 15,984	\$ 1,191,402	\$ 1,188,262	\$ 19,124
Due from other governments	<u>39,384</u>	<u>41,400</u>	<u>39,384</u>	<u>41,400</u>
Total assets	<u>\$ 55,368</u>	<u>\$ 1,232,802</u>	<u>\$ 1,227,646</u>	<u>\$ 60,524</u>
LIABILITIES				
Deposits	<u>\$ 55,368</u>	<u>\$ 1,232,802</u>	<u>\$ 1,227,646</u>	<u>\$ 60,524</u>
Total liabilities	<u>\$ 55,368</u>	<u>\$ 1,232,802</u>	<u>\$ 1,227,646</u>	<u>\$ 60,524</u>

**City of Canyon Lake
City Council
Staff Report**

TO: Mayor and City Council

FROM: Ariel M. Hall, Interim City Manager/City Clerk

BY: Courtney Shurtleff, Deputy City Clerk

DATE: February 3, 2016

SUBJECT: Designation of Voting Delegate and Alternate Representative to the Southern California Association of Governments (SCAG) General Assembly – May 5 – 6, 2016 in the City of La Quinta

Recommendation:

Appoint Mayor Pro Tem Dawn Haggerty as the voting delegate, and Mayor Tim Brown as the alternate, for the Southern California Association of Governments (SCAG) General Assembly; and direct City Staff to complete and file the necessary paperwork.

Background:

Consistent with the Southern California Association of Government's bylaws, a City's voting delegate and an alternate must be designated by the City Council at a City Council Meeting. The voting delegate and alternate must be registered to attend the General Assembly.

Budget (or Fiscal) Impact:

None.

Attachments:

1. Email from the Southern California Association of Governments regarding Designation of Voting Delegate and Alternate

Ariel Hall

From: Tess Rey-Chaput <REY@scag.ca.gov>
Sent: Friday, January 15, 2016 4:01 PM
To: Tess Rey-Chaput
Subject: SCAG General Assembly: City Delegate Rep and Call for Resolutions

Follow Up Flag: Flag for follow up
Flag Status: Completed

Dear City Clerk,

Each year, your City Council appoints a Delegate and Alternate Representative to the Southern California Association of Governments (SCAG) General Assembly (GA). If you have not done so, please send me a copy of your City's action appointing your City Delegate/Alternate Representative **no later than Friday, March 18, 2016**. If you have identified your City Delegate and Alternate Representative to the GA, the deadline to submit proposed Resolutions and/or SCAG Bylaws revisions, as further described below, is Friday, February 5, 2016.

In their capacity as a General Assembly Delegate, they will have the opportunity to propose any policy matter for determination by the General Assembly in the form of a proposed Resolution and/or to propose revisions to the SCAG Bylaws. All proposed Resolutions and/or Bylaws revisions will be reviewed by SCAG's Bylaws and Resolutions Committee and Regional Council before being considered at the May 5, 2016 Regional Conference and General Assembly meeting.

This year's Regional Conference and General Assembly is scheduled for **May 5 – 6, 2016 at La Quinta Resort & Club, 49-499 Eisenhower Drive, La Quinta, CA 92253**. Each GA Delegate (or Alternate, in the absence of the Delegate) will receive **one complimentary registration to SCAG's Regional Conference and General Assembly; and a complimentary one-night hotel accommodation at La Quinta Resort on Thursday, May 5**. The conference will include **keynote speakers and panel discussions, an Award's Luncheon, sponsor's reception and many excellent networking opportunities** with fellow elected officials, VIPs and stakeholders from throughout Southern California.

Thank you and we look forward to your City Delegate's participation at the General Assembly!

Sincerely,
Tess

Tess Rey-Chaput
Acting Clerk of the Board
SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
818 W. 7th Street, 12th Floor, Los Angeles, CA 90017
T: (213) 236-1908 | E: rev@scag.ca.gov

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**City of Canyon Lake
City Council
Staff Report**

TO: Mayor and City Council

FROM: Ariel Hall, Interim City Manager/City Clerk

BY: Dave Alvarez, Assistant City Planner

DATE: February 3, 2016

SUBJECT: Resolution No. 2016-05 – Variance (VAR) No. 15-82 to widen an existing driveway to a vacant lot located at 28910 Vacation Drive, Canyon Lake, CA 92587

RECOMMENDATION:

Staff recommends that the City Council adopt Resolution No. 2016-05 approving Variance No. 15-82, to allow grading cuts and fills of 1:1 and 2:1 to the site to accommodate the widening of an existing fifteen-foot driveway to a twenty-foot wide driveway leading to the existing pad at the top of the property located at 28910 Vacation Drive, Canyon Lake, CA 92587, based on Municipal Code Sections 18.27 and 9.15.80 (k) for development within hillside and ridgeline areas, and the findings included in this staff report and the resolution, subject to the conditions of approval as listed within the resolution. The project has been determined categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15301 (Class 1 consists of the repair, maintenance, permitting, or minor alteration of topographical feature) and 15304C (Filling of earth into previously excavated land with material compatible with the natural features of the site). No environmental review is required.

PROJECT DESCRIPTION:

Applicants/Property Owners, Paul and Jennifer Helbock, propose to allow grading cuts and fills of 1:1 and 2:1 to the site to accommodate the widening of an existing fifteen-foot driveway to a twenty-foot wide driveway leading to the existing pad at the top of the property to allow emergency vehicle access. The project is located at 28910 Vacation Drive, Canyon Lake, CA 92587 (APN: 353-162-017). A Variance, pursuant to Municipal Code Section 18.27, may be granted when, because of special circumstances applicable to a parcel of property, including size, shape, topography, location or surroundings, the strict application of this ordinance deprives such property of privileges enjoyed by other property in the vicinity that is under the same zoning classification.

BACKGROUND:

Analysis

The project site is located in the Canyon Lake Property Owners Association (CLPOA), in the north portion of the City abutting the BLM land to the north. The 5.83 acre lot would generally be defined as a "flag lot", which would be an irregular parcel shape with a narrow lot area accessing the roadway and the majority of the lot located behind lots that front the roadway. The lot is undeveloped and slopes upward from the street at 36% to 50% slope to the top of the parcel.

On June 5, 1968, a grading permit was issued for Tract 3718 under the jurisdiction of the County of Riverside. 28910 Vacation Drive is Lot 17 under Tract 3718. According to historical aerials, the subject site was graded with a narrow driveway leading up to the pad.

Ordinance No. 112, also known as the Hillside Ordinance, was approved and adopted by Canyon Lake City Council on March 3, 2009 and codified as Section 9.15 of the City's Municipal Code. The intent of the Hillside Ordinance was and is to protect the existing hillsides and ridgelines that surround Canyon Lake. The ordinance impacts other private properties within the City.

The property owner of the subject property submitted a grading permit application to the City of Canyon Lake Building Department on July 15, 2015 for the widening of a driveway leading to the existing graded pad. The property is located within the Hillside Overlay Area and adjacent to a Significant Ridgeline as designated by Ordinance No. 112. Due to this, there was initial concern that the existing graded pad for the house at the top and the additional proposed grading was in violation of the ordinance.

However, investigation revealed that the pad was graded prior to the ordinance adoption; therefore, in accordance with Section 9.15.040, the graded building pad and the subsequent building is exempt from the ordinance. Minor grading in order to prepare the building pad and construct the house with the yard and pool will also fall under the exempt status as it will not change the landform more than it has already been altered by the 1968 grading.

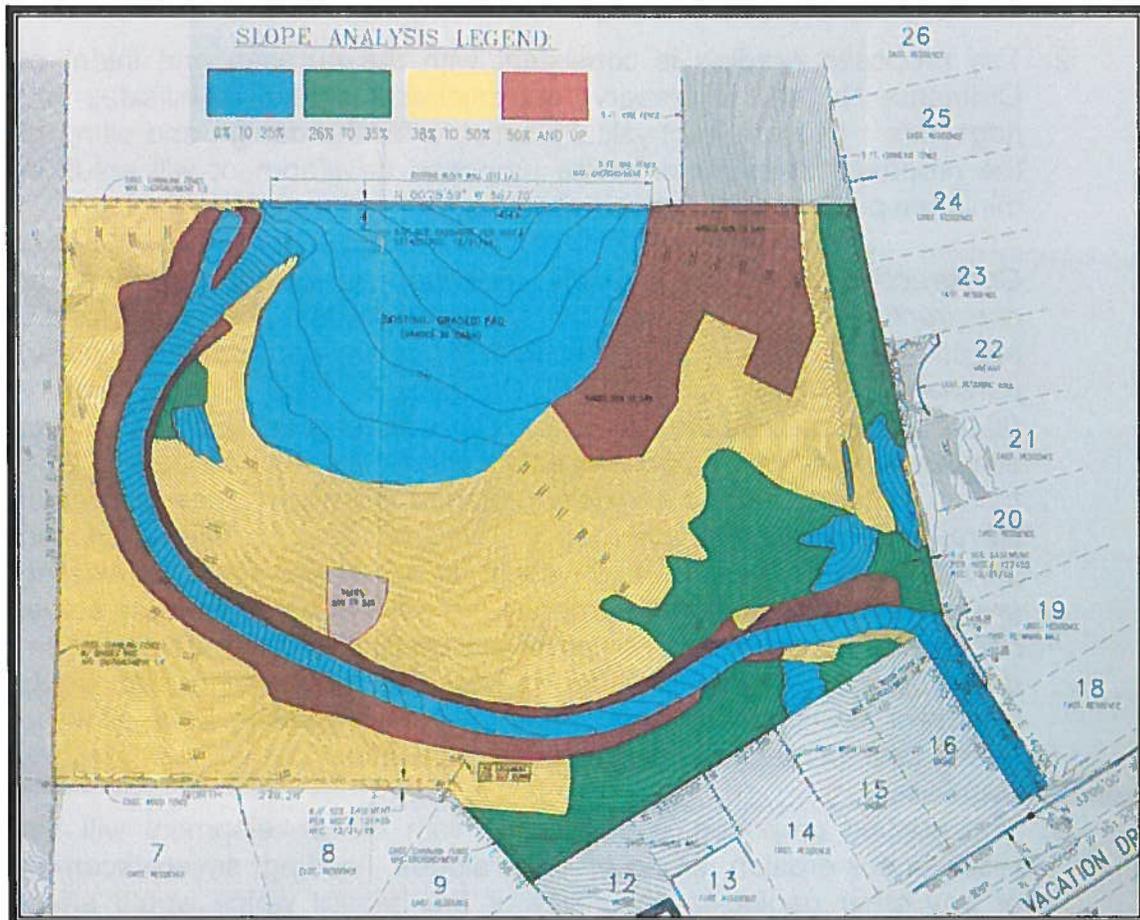
The additional grading proposed to widen the existing graded driveway to meet Fire Department standards for emergency vehicle access would propose cut slopes at a ratio of 1:1 and would grade areas within slopes greater than 50%. The Hillside Ordinance standards of Section 9.15.060 prohibits slopes in excess of 2:1 and grading within areas with slopes greater than 50%. Staff has determined that the Variance procedure may be used here. Therefore, the Variance is necessary to modify or waive the standards that the proposed grading does not comply with. Findings for approval for the Variance are included below and in the attached resolution.

Site and Grading

The project site is located on an irregular shaped parcel approximately 5.83 acres with a 36% to 50% average slope to the top of the graded pad. The applicant is proposing to cut 2,977 cubic yards and fill 2,005 cubic yards to widen the existing 15-foot driveway to 20 feet and place along the driveway to stabilize the widening of the driveway. Standard dump truck capacities range from 10 to 15 cubic yards, so the proposed amount of export would require between 51 to 77 deliveries.

Variance

In review of the proposed grading to widen the driveway for adequate fire and emergency access, it was determined that a Variance application should be submitted because the grading will be located within the 50 percent grade designated in the ordinance (See figure below showing the 50 percent grade areas in red).



Below are the required findings for supporting Variance No. 15-82 are in accordance with Section 18.27 of the Canyon Lake Zoning Ordinance and Section 9.15.090.D for development within hillside and ridgeline areas.

1. Special circumstances exist on the site which deprive the property from developing a single-family residence as is allowed within the Rural Residential (R-R) Zone.

The size of the property necessitates that any single-family residence be constructed on the existing graded pad if grading is to be minimized to limit any potential aesthetic, geotechnical, hydrological or other potential environmental impacts. The shape and location of the property require that access to the existing graded be taken from Vacation Drive via the existing graded driveway path. Although previously graded with a building pad and driveway, the existing topography on the property and the strict application of the standards of Section 9.15.060 would prohibit widening of the driveway to meet emergency vehicle standards to allow construction of a single-family residence. Therefore, compliance with the standards of Section 9.15.060 would deprive the property of the privilege of developing a single-family residence which would be reasonably be anticipated to develop on the property

2. The proposed grading is consistent with the purpose and intent of Ordinance No. 112 to preserve and minimize impacts to hillsides and ridgelines. The site is physically suitable for the design and siting of the proposed development. The proposed development will result in minimum disturbance of sensitive areas;

Construction of a single-family dwelling, accessory structure, or construction of such a unit on a legally graded pad, prior to the adoption of Ordinance 112 (Section 9.15), is exempt from this chapter, pursuant to Section 9.15.040(3). On June 5, 1968, Permit Number 00442 was issued by the County of Riverside for grading of the subject site. A driveway with a pad was established. However, codes and laws have changed, thus the existing graded driveway does not meet current standards for emergency vehicular access. The proposed grading to widen the existing driveway will not further affect the existing graded pad at the top of the property nor will it affect or alter the actual ridgeline of the property. The proposed grading for the widening of the driveway and minimal remedial grading for the existing pad would represent the minimum amount and impacts of grading while allowing for the development of a single-family residence.

3. The grading proposed in connection with the development will not result in soil erosion, silting of lower slopes, flooding, severe scarring or any other geological instability or fire hazard which would affect health, safety, and general welfare as determined by the City Engineer and all other requirements of applicable law and regulation are met;

The project plans were forwarded to the City Engineer and Building and Safety for comments and conditions. The applicant submitted a

building permit application with the Building and Safety Department for review.

Prior to the issuance of any City Permits, the project is required to comply with all conditions within the approved resolution and the Building and Safety and Engineering Departments requirements. Through the permit and inspection process, the referenced Departments will ensure that the proposed project is not detrimental to the public health, safety or welfare or materially injurious to the properties or improvements in the vicinity.

4. The proposed grading was designed to minimize disruption to hillside and ridgeline areas and retains the natural character and visual quality of the site and the aesthetics qualities of the area;

The proposed grading to widen the existing driveway will not further affect the existing graded pad at the top of the property nor will it affect or alter the actual ridgeline of the property which shall retain the natural character and visual quality of the site and surrounding areas.

5. The proposed development is in conformance with the qualitative development standards and guidelines as established in Section 9.15 and is in conformance with the goals, objectives, and policies of the General Plan.

The proposed grading to allow development of a single-family residence complies with the existing land use designation of Very Low Density Residential. The proposed widening to the existing graded driveway is in consistent with General Plan Goals HEG-1 – Adequate housing opportunities regardless of age, sex, economic situation, origin, religious, family size, marital status, disability or other factors; HEG-2 – Foster Housing opportunities to serve all segments of the community and enhance the quality of life; and LUG-1 – Provide an adequate inventory of designated land uses to contain the future build out population of the community consistent with the community character. The project is also consistent with the General Plan Strategy LUS-7 – Protect and preserves neighborhoods while providing enhanced opportunities for housing to meet changing population characteristics. In addition, the project is conditioned to comply with all development standards of the Canyon Lake Zoning Code and guidelines of the General Plan.

NOTICING AND ENVIRONMENTAL:

The required public noticing was published in the local newspaper, and hearing notices were mailed to property owners within a 300-foot radius of the project site. The project has been reviewed for compliance with the California

Environmental Quality Act (CEQA). Based on that assessment, the City has determined the project to be Categorical Exempt from the provisions of CEQA pursuant to the provisions of sections 15301 (Class 1 consists of the repair, maintenance, permitting, or minor alteration of topographical feature) and 15304C (Filling of earth into previously excavated land with material compatible with the natural features of the site). There are no other conditions that exist on the site or are proposed with the grading that have the potential to result in a significant environmental impact. No environmental review is required.

CONCLUSION:

On June 5, 1968 a grading permit was issued by Riverside County to allow grading on the site for a building pad and a driveway leading up to the pad. The proposed grading is minimal and will only occur along the widening of the driveway to allow emergency vehicle access, therefore, staff recommends that the City Council approve Variance No. 15-82, to allow to allow grading cuts and fills of 1:1 and 2:1 to the site to accommodate a twenty-foot wide driveway leading to the existing pad at the top of the property located at 28910 Vacation Drive, Canyon Lake, CA 92587.

BUDGET (or FISCAL) IMPACT:

None

ATTACHMENTS:

- ~~1. Grading Plans~~
2. Resolution 2016-05 and Conditions of Approval
3. Notice of Public Hearing

RESOLUTION NO. 2016-05

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CANYON LAKE, CALIFORNIA APPROVING VARIANCE NO. 15-82, TO ALLOW GRADING WITHIN AREAS WITH SLOPES OF 50 PERCENT OR GREATER AND CUTS AND FILLS OF 1:1 AND 2:1 TO THE SITE TO ACCOMMODATE A TWENTY-FOOT WIDE DRIVEWAY FOR EMERGENCY ACCESS LEADING TO THE EXISTING PAD AT THE TOP OF THE PROPERTY, LOCATED AT 28910 VACATION DRIVE, CANYON LAKE, CA 92587 (APN 353-162-017)

WHEREAS, Paul and Jennifer Helbock, the applicants, have filed an application with the City of Canyon Lake for Variance No. 15-82 to allow grading within areas with slopes of 50 percent or greater and cuts and fills of 1:1 and 2:1 to the site to accommodate a twenty-foot wide driveway leading to the existing pad at the top of the property, located at 28910 Vacation Drive (Assessor's Parcel Number: 353-162-017) within the City of Canyon Lake, California, 92587;

WHEREAS, notice of a public hearing of the City Council of the City of Canyon Lake to consider Applicant's application was given in accordance with applicable law;

WHEREAS, the City Council has considered the staff report and all of the information, testimony, and evidence presented during the City Council hearing;

WHEREAS, a Variance may be granted when, because of special circumstances applicable to a parcel of property, including size, shape, topography, location or surroundings, the strict application of this ordinance deprives such property of privileges enjoyed by other property in the vicinity that is under the same zoning classification;

WHEREAS, this application is to approve a Variance to allow grading within areas with slopes of 50 percent or greater and cuts and fills of 1:1 and 2:1 to the site to accommodate a twenty-foot wide driveway leading to the existing pad at the top of the property, located at 28910 Vacation Drive, Canyon Lake, CA 92587, which driveway must be increased by five feet (from fifteen feet to twenty feet wide) to accommodate new requirements for emergency access;

WHEREAS, Canyon Lake's Municipal Code Section 9.15.100 (B) and Zoning Ordinance Section 18.27.C, approval of the City Council is required for any modifications to Hillside and Ridgeline Development to

properties that lie within the Hillside Overlay District and for Variances;
and

WHEREAS, in order to allow this use, there must be conditions which mitigate any such impacts on public health, safety and welfare.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CANYON LAKE AS FOLLOWS:

SECTION 1. In accordance with Section 18.27 of the Canyon Lake Zoning Ordinance and Section 9.15.090.D for development within hillside and ridgeline areas, based upon the staff report, public testimony, and record herein, the City Council makes the following findings regarding Variance 15-82:

1. Special circumstances exist on the site which deprive the property from developing a single-family residence as is allowed within the Rural Residential (R-R) Zone.

The size of the property necessitates that any single-family residence be constructed on the existing graded pad if grading is to be minimized to limit any potential aesthetic, geotechnical, hydrological or other potential environmental impacts. The shape and location of the property require that access to the existing graded be taken from Vacation Drive via the existing graded driveway path. Although previously graded with a building pad and driveway, the existing topography on the property and the strict application of the standards of Section 9.15.060 would prohibit widening of the driveway to meet emergency vehicle standards to allow construction of a single-family residence. Therefore, compliance with the standards of Section 9.15.060 would deprive the property of the privilege of developing a single-family residence which would be reasonably be anticipated to develop on the property

2. The proposed grading is consistent with the purpose and intent of Ordinance No. 112 to preserve and minimize impacts to hillsides and ridgelines. The site is physically suitable for the design and siting of the proposed development. The proposed development will result in minimum disturbance of sensitive areas;

Construction of a single-family dwelling, accessory structure, or construction of such a unit on a legally graded pad, prior to the adoption of Ordinance 112 (Section 9.15), is exempt from this chapter, pursuant to Section 9.15.040(3). On June 5, 1968, Permit Number 00442 was issued by the County of Riverside for grading of the subject site. A driveway with a pad was established. However, codes and laws

have changed, thus the existing graded driveway does not meet current standards for emergency vehicular access. The proposed grading to widen the existing driveway will not further affect the existing graded pad at the top of the property nor will it affect or alter the actual ridgeline of the property. The proposed grading for the widening of the driveway and minimal remedial grading for the existing pad would represent the minimum amount and impacts of grading while allowing for the development of a single-family residence.

3. The grading proposed in connection with the development will not result in soil erosion, silting of lower slopes, flooding, severe scarring or any other geological instability or fire hazard which would affect health, safety, and general welfare as determined by the City Engineer and all other requirements of applicable law and regulation are met;

The project plans were forwarded to the City Engineer and Building and Safety for comments and conditions. The applicant submitted a building permit application with the Building and Safety Department for review.

Prior to the issuance of any City Permits, the project is required to comply with all conditions within the approved resolution and the Building and Safety and Engineering Departments requirements. Through the permit and inspection process, the referenced Departments will ensure that the proposed project is not detrimental to the public health, safety or welfare or materially injurious to the properties or improvements in the vicinity.

4. The proposed grading was designed to minimize disruption to hillside and ridgeline areas and retains the natural character and visual quality of the site and the aesthetics qualities of the area;

The proposed grading to widen the existing driveway will not further affect the existing graded pad at the top of the property nor will it affect or alter the actual ridgeline of the property which shall retain the natural character and visual quality of the site and surrounding areas.

5. The proposed development is in conformance with the qualitative development standards and guidelines as established in Section 9.15 and is in conformance with the goals, objectives, and policies of the General Plan.

The proposed grading to allow development of a single-family residence complies with the existing land use designation of Very Low Density Residential. The proposed widening to the existing graded driveway is in consistent with General Plan Goals HEG-1 – Adequate

housing opportunities regardless of age, sex, economic situation, origin, religious, family size, marital status, disability or other factors; HEG-2 – Foster Housing opportunities to serve all segments of the community and enhance the quality of life; and LUG-1 – Provide an adequate inventory of designated land uses to contain the future build out population of the community consistent with the community character. The project is also consistent with the General Plan Strategy LUS-7 – Protect and preserves neighborhoods while providing enhanced opportunities for housing to meet changing population characteristics. In addition, the project is conditioned to comply with all development standards of the Canyon Lake Zoning Code and guidelines of the General Plan.

SECTION 2. This approval is found to be categorically exempt from the California Environmental Quality Act (CEQA), Sections 15301 (Class 1 consists of the repair, maintenance, permitting, or minor alteration of topographical feature) and 15304C (Filling of earth into previously excavated land with material compatible with the natural features of the site). There are no other conditions that exist on the site or are proposed with the grading that have the potential to result in a significant environmental impact. No environmental review is required.

SECTION 3. Pursuant to the above findings, the City Council of the City of Canyon Lake authorizes the findings and the environmental determination provided in this resolution and approves Variance 15-82 subject to the conditions contained in the attached 'Exhibit A' incorporated herein by this reference to allow grading cuts and fills of 1:1 and 2:1 to the site to accommodate a twenty-foot wide driveway leading to the existing pad at the top of the property, located at 28910 Vacation Drive (Assessor's Parcel Number: 353-162-017).

PASSED, APPROVED AND ADOPTED this 3rd day of February, 2016 by the following vote:

Tim Brown, Mayor

ATTEST:

Ariel Hall, Interim City Manager/City Clerk

State of California)
County of Riverside) ss
City of Canyon Lake)

I, Ariel M. Hall, CMC, City Clerk of the City of Canyon Lake, California, do hereby certify that the foregoing is a true and correct copy of the Resolution No. 2016-05 adopted by the City Council of the City of Canyon Lake, California, at a regular meeting held on the 3rd day of February, 2016, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Ariel M. Hall, CMC, City Clerk

Exhibit A

Conditions of Approval for Variance 15-82

**Approval Date: February 3, 2016
Effective Date: February 3, 2016
Expiration Date: February 3, 2017**

These conditions apply to Variance 15-82 to allow grading cuts and fills of 1:1 and 2:1 to the site to accommodate a twenty-foot wide driveway leading to the existing pad at the top of the property, located at 28910 Vacation Drive (Assessor's Parcel Number: 353-162-017). Any change of use or expansion of area may require approval of a revised application.

This approval not be considered legal until all conditions of this Variance application have been met.

This approved Variance shall become null and void if all conditions have not been completed within one (1) year of the effective date. Extensions of time of up to two (2) years may be granted upon submittal of the required application and fee at least thirty (30) days prior to the expiration date. The Variance (VAR) shall terminate if the use ceases for a period provided in the Canyon Lake Municipal Code unless as a result of a natural disaster.

As used herein, "Operator" includes the applicant and the owner as well as the operator

GENERAL CONDITIONS OF APPROVAL:

- 1. The applicant shall defend (with attorneys approved by the City), indemnify, and hold harmless the City of Canyon Lake, its agents, officers, and employees from any claims, damages, action, or proceeding against the City or its agents, officers, or employees to attack, set aside, void, or annul an approval of the City, its advisory agencies, appeal boards, or legislative body concerning this approval Variance 15-82. The City will promptly notify the permittee of any such claim, action, or proceeding against the City and will cooperate fully in the defense.**
- 2. Any fees due the City of Canyon Lake for processing this project shall be paid to the City within thirty (30) calendar days of final action by the approval authority. Failure to pay such outstanding fees within the time specified shall invalidate any approval or conditional approval granted. No permits, site work, or other actions authorized by this action shall be processed by the City, nor permitted, authorized or commenced until all outstanding fees are paid to the City.**

3. All designers, architects, engineers, and contractors associated with this project shall obtain a Canyon Lake Business License, if located within the City of Canyon Lake, except for contractors. All contractors are required to obtain a Business License.
4. The project shall be developed in conformance with all approved exhibits. Subsequent modifications of this approval, which do not intensify the use, including but not limited to reorientation of structures, alteration of parking and circulation design, minor changes to the Conditions of Approval, interpretations of the Conditions of Approval relative to intent, necessity of, and timing, may be approved by the City Planner, unless the City Planner requires an application to be approved by City Council in accordance with the Development Code.
5. Variance 15-82 shall be used within one (1) year from the date of the approval or it shall become null and void unless an extension of time is granted pursuant to City requirements.
6. The development of these premises shall comply with the standards and applicable provisions of the City's Zoning Code and all other applicable State and Federal codes and ordinances in effect at the time of building permit issuance.
7. Any existing approval for the use of, or development on, this property shall become null and void upon final approval of a grading or building permit by the City of Canyon Lake.
8. Prior to the expiration of this approval, the permittee may request an extension of time in which to use this approval pursuant to Canyon Lake's Zoning Code.
9. Prior to issuance of a grading or building permit, the Planning Department shall determine if the deposit-based fees for processing this application are in a negative balance. If so, any outstanding fees shall be paid by the applicant/developer.
10. The project shall comply with all of the applicable requirements of the National Pollution Discharge Elimination System (NPDES) and shall conform to NPDES Best Management Practices for Storm Water Pollution Prevention Plans (SWPP) during the life of this permit and future construction/development of the site.
11. The proposed development of any single-family dwelling, accessory structure, or construction of such a unit shall comply with all development standards of the Canyon Lake Zoning Code and guidelines of the General Plan.

12. Outside storage is not approved/permitted as part of this project.
13. Any future development shall be required to obtain proper planning review and approval. No development of the site is part of this approval.
14. The applicants shall comply with the Mutual Settlement and Agreement and Release approved by City Council on January 6, 2016.

Prior to building permit issuance:

15. The applicant shall contact the Planning Department a minimum of 72-hours to allow for scheduling of any inspection(s) if required for this project.
16. The cover sheet of the building construction documents shall contain the City's conditions of approval and it shall be attached to each set of plans submitted for City approval or shall be printed on the title sheet verbatim.
17. The project shall be reviewed and approved by the Canyon Lake Property Owners Association (CLPOA).

END OF CONDITIONS



NOTICE OF PUBLIC HEARING

Notice is hereby given that the City Council of the City of Canyon Lake will conduct a **Public Hearing on Wednesday, February 3, 2016** during the course of the City Council meeting that begins at **6:30 p.m.**, at the Canyon Lake Municipal Building, Council Chambers, 31516 Railroad Canyon Road, Canyon Lake, CA 92587, to consider Variance 2015-82 (VAR) 15-82 to widen an existing driveway to a vacant lot. The project has been determined exempt the California Environmental Quality Act (CEQA) pursuant to Section 15301 (Class 1 consists of minor alterations of topography) and 15304C (Filling of earth into previously excavated land).

Paul and Jennifer Helbock, have filed an application requesting approval of VAR 15-82 to widen an existing driveway to a vacant lot located at 28910 Vacation Drive, Canyon Lake, California.

Any person may appear and be heard in support or opposition to the proposal at the time of the hearing. Please address written responses to the City Clerk at the address below. Information on the above item is available for review at the Planning Division, at the address below.

If you challenge the above action in court, you may be limited to raising only those issues which you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the Council at, or prior to, the public hearing.

Canyon Lake City Hall, 31516 Railroad Canyon Road, Canyon Lake, CA 92587 Monday through Thursday, 8 a.m. to 5 p.m. (951) 244-2955, fax: (951) 246-2022.

Ariel Hall, City Clerk, City of Canyon Lake

Publish Date: January 15, 2016

**City of Canyon Lake
City Council
Staff Report**

TO: Honorable Mayor and Members of the City Council

FROM: Ariel M. Hall, Interim City Manager 

BY: Kirsten Rowe, Administrative Services Manager

DATE: February 3, 2016

SUBJECT: Analysis of Established Convenience Fee for Credit Card Payments at City Hall

Recommendation

It is recommended that the City Council provide direction on the changing of the established convenience fee for credit card payments accepted at City Hall.

Background

At the May 6, 2015 City Council meeting, there was discussion regarding whether staff should begin accepting credit card payments at City Hall. Staff was directed to move forward with accepting credit card payments in City Hall, with a maximum amount allowed payable by credit card of \$1,500.00. Resolution 2015-19 was passed, which authorized the setting of a pass through fee (referred to as a "convenience fee") to recover the costs the City is charged by the transaction company Square. At the time of the drafting of the Resolution, staff evaluated the cash receipts received at City Hall, and determined that \$3.00 per transaction (no matter the amount of the transaction) was an appropriate convenience fee to charge. Staff advised City Council that the convenience fee would be re-evaluated in six months.

Staff began accepting credit card payments on July 22, 2015. Through December 31, 2015, the City collected \$23,020.60 in credit card payments at City Hall. The credit card transaction company, Square, charges a flat fee of 2.75% of the total transaction amount. For 2015, this transaction fee totaled \$633.22. Staff collected \$3.00 per transaction, which totaled \$270.00. This resulted in a deficit of over \$300.00 in fees charged to the City that were not recovered by the convenience fee. An analysis of the transactions showed the biggest discrepancy was for transactions over \$300.00. Since the City is charged 2.75% of the total transaction amount, the larger the transaction amount, the more the City is charged.

Staff is presenting to City Council the following options to consider:

Option 1: Stop accepting credit card payments at City Hall. This would require any customer wishing to make a payment at City Hall to do so via check or cash only. This option would eliminate the City incurring any transaction charges; however, may create an inconvenience for customers wanting to pay by credit card.

Option 2: Continue to allow customers to pay by credit card, and keep the convenience fee at \$3.00 per transaction, regardless of the amount of the transaction. Although this option will still allow customers to utilize credit cards for payments, the City would not recover the full amount of the transaction fee charged by the transaction company.

Option 3: Continue to allow customers to pay by credit card, but cap the maximum amount payable by credit card at \$300.00 instead of \$1,500.00. This option would also increase the convenience fee. The convenience fee would become a tier structure based on the amount of the transaction. Staff proposes the following convenience fee tier structure:

<u>Transaction Amount:</u>	<u>Convenience Fee:</u>
\$0.01 - \$100.00	\$3.00
\$100.01 - \$300.00	\$6.00

Budget (or Fiscal) Impact

The fiscal impact would be dependent on the option chosen by City Council:

Option 1: No fiscal impact.

Option 2: The City would need to budget funds to cover the difference between transaction fees charged to the City and the convenience fees received by customers. Based on the analysis of transactions between July and December 2015, this could be up to \$1,000.

Option 3: Staff estimates that this option would have minimal, if any, fiscal impact.

Attachments

None

City of Canyon Lake
City Council
Staff Report

TO: Honorable Mayor and Members of the City Council

FROM: Ariel M. Hall, Interim City Manager 

DATE: February 3, 2016

SUBJECT: Introduction and first reading of Ordinance No. 166 Amending various sections of Title 10 of the City of Canyon Lake Municipal Code regarding the hearing and appeal processes for citations involving keeping and control of dogs and cats

Recommendation

It is recommended that the City Council introduce and hold first reading of Ordinance No. 166 Amending various sections of Title 10 of the City of Canyon Lake Municipal Code regarding the hearing and appeal processes for citations involving keeping and control of dogs and cats.

Background

Mayor Brown had requested that staff look into some discrepancies in the municipal code regarding animal control related issues. Title 10 of the municipal code was also on the list of administrative updates needed that staff had prepared and presented to the City Council during the last strategic planning session.

The amendments proposed include:

- Adding a Hearing Officer, defined as a neutral third party designated by the City Manager
- Adding "Leash" to the definitions, and clearing defining it to coincide with state law which current prohibits leashes from being longer than 6 feet in length
- Changes the appeals process for citations under the title to a hearing by a Hearing Officer rather than the City Council
- Removes the City appeal process for hearings on animal cruelty seizures and potentially dangerous animals, moving any appeals on the Hearing Officers decision to the appellate court
- Broadens the City's options to collect on abatement costs to any manner allowed by law
- Changes the consequences of designation as a vicious animal, removing the requirement that the vicious animal have its ear or inner thigh tattooed and replaces that with requiring that signs be posted on the property cautioning people of the vicious animal and the animal wears a conspicuously colored tag at all times. All vicious animals are currently required

to be restrained and muzzled when off of the owner's enclosed property and that requirement has not changed.

Budget (or Fiscal) Impact

None

Attachments

1. Ordinance No. 166

Ordinance No. 166

AN ORDINANCE OF THE CITY OF CANYON LAKE
AMENDING VARIOUS SECTIONS OF TITLE 10 OF THE CITY
OF CANYON LAKE MUNICIPAL CODE REGARDING THE
HEARING AND APPEAL PROCESSES FOR CITATIONS
INVOLVING KEEPING AND CONTROL OF DOGS AND CATS

The City Council of the City of Canyon Lake does ordain as follows:

SECTION 1 The following Canyon Lake Municipal Code Title 10 sections are amended to read as follows:

10.01.010 Definitions.

- (i) "Health Officer" means the Health Officer for the City or his/her duly authorized representative.
- (j) "Hearing Officer" means a third party neutral designated by the City Manager.
- (k) "Impounded" means having been received into the custody of any Animal Control Officer authorized by City to receive such animal.
- (l) "Leash" means a leash or other device of a size and material appropriate to the size and temperament of the dog within the length of the leash as allowed by state law, which presently allows no longer a leash than 6 feet, as that may be amended from time to time.
- (m) "Owner" means a person who possesses, harbors keeps or has a dog, cat or other animal in his or her custody, care, charge or control, or such persons or facility to which the owner temporarily has entrusted the control of the dog or cat.
- (n) "Person" means any individual, firm, partnership, joint venture, corporation, association, club or organization.
- (o) "Public Entity" means any state, or any political subdivision, municipal corporation or agency thereof.
- (p) "Sentry Dog" means any dog trained to work without supervision in a fenced facility and to deter or detain unauthorized persons found within the facility. The term "guard dog" shall also mean "sentry dog."
- (q) "Service Dog" means any dog being reared, trained or used for the purpose of fulfilling the particular requirements of a physically disabled person, including, but not limited to, minimal

protection work, rescue work, pulling a wheelchair or fetching dropped items.

(r) “Signal Dog” means any dog trained or being reared, trained or used for the purpose of alerting a deaf person or a person whose hearing is impaired to intruders or sounds.

(s) “Unlicensed Dog/Unidentified Cat” means any dog or cat for which no valid license or identification is in force.

(t) “Vaccination” means an inoculation against rabies of any dog or cat, four months of age or older, with any vaccine prescribed for the purpose by the California Department of Health Services.

(u) “Veterinarian” means a professional licensed by the State to provide medical services to animals.

10.01.020 Appeals under this Title.

(d) The appeal shall be heard by a hearing office designated by the City Manager. The hearing officer Council which may affirm, modify, or reverse the administrative decision. The appellant and City may present evidence and witnesses. In conducting the hearing, the City Council hearing officer shall not be limited by the technical rules relating to evidence and witnesses, but evidence shall be of the type upon which responsible persons are accustomed to rely in the conduct of serious affairs.

(f) The decision of the City Council hearing officer shall be final and may be challenged by a writ of mandate within the applicable time periods.

10.12.010 Requirement for kennel or cattery license.

(d) After receipt of a kennel or cattery license application, the Animal Control Officer shall make an inspection of the premises of the kennel or cattery for which a license is requested. No kennel or cattery license shall be issued nor shall any such license be renewed, unless and until the kennel or cattery, in the opinion of the Animal Control Officer, satisfies the applicable laws and regulations of the State of California and the applicable ordinances of the City, ~~and County of Riverside~~. Notwithstanding any other provision of this Chapter, the Animal Control Officer or the City Planning Director may, in their respective discretion, limit the numbers of dogs or cats over the age of four months which are kept or maintained in any kennel or cattery, and such limitation may be imposed at such time as an application for an initial kennel or cattery license is considered or at such time as an application for renewal of a kennel or cattery license is considered.

10.16.010 Restraint.

(b) All dogs shall be kept under restraint when off the owner’s premises by a leash or other device of a size and material appropriate to the dog, held by a person capable of restraining such dog with that leash; restraint does not include voice, eye or signal control.

10.28.030 Procedure for impoundment for cruelty; pre-seizure hearing.

(d) The pre-seizure hearing shall be conducted within two (2) days, excluding weekends and holidays, after receipt of the request for such hearing. ~~The hearing officer shall not be the Animal Control Officer but may be the City Manager, his or her designee or a panel of residents designated by the City Council for this purpose.~~ The hearing shall be informal and shall not be limited by the technical rules of evidence, but evidence shall be of the type upon which reasonable people rely.

(h) The hearing officer's decision ~~shall be final. may be appealed to the City Council in writing, within ten days after the hearing officer's determination. The appeal shall be conducted as set out in Section 10.01.020; provided, however, that during any pending appeal the Animal Control Officer may take any action he or she deems necessary to protect the animal.~~

10.36.040 Conduct of hearing.

Hearings pursuant to this Chapter shall ~~not~~ be conducted by ~~the hearing officer, the Animal Control Officer but by the City Manager, his or her designee, or by a panel of residents designated by the City Council for this purpose.~~ Hearings shall be held not more than five days from the date of receipt of the request for the hearing and shall be conducted in an informal manner consistent with due process of law. A hearing may be continued for a reasonable period of time if the parties agree or the hearing officer determines good cause therefor. Within ten days after the conclusion of the hearing, the hearing officer shall give notice of his or her findings, decision and order to the owner of the animal dog or cat. Such notice shall be served as set out in Section 10.36.020.

10.36.050 Appeal.

The hearing officer's determination ~~shall be final. may be appealed to the City Council in writing, within ten days after receipt of notice of the hearing officer's decision. The appeal shall be conducted as set out in Section 10.01.020 of this Title.~~

10.36.060 Collection of abatement costs.

(a) The City Manager, ~~or designee,~~ shall send to the owner of the animal by certified mail, postage prepaid, notice of the amount of such costs, providing 30 days for payment of such costs. If such costs are not paid within that time period, or an objection to such costs is not filed within that time period, a lien or special assessment may be placed against the owner's property for the total amount of such costs, ~~in which case-~~ ~~†~~The lien or assessment shall be collected at the same time, in the same manner and subject to the same penalties for delinquency as real property taxes.

1. If such objections are filed, the City Clerk shall schedule a hearing before the City Council on such objections and shall give notice as set out in (a) above. Any sums not

paid within 30 days after an order for their payment by the City Council shall be filed with the County Auditor and may become a lien and special assessment on the property to be collected with the next city taxes or from the owner of the animal personally. The notice of lien also must be recorded against the property in order to give notice to subsequent purchasers.

1-2. Notwithstanding, the costs may be collected in any manner allowed by law.

10.40.030 Determination of “Potentially Dangerous Animal.”

(d) The decision of the Hearing Officer shall be final. may be appealed to the City Council in writing, within ten days after the Hearing Officer's determination. The appeal shall be conducted as set out in Section 10.01.020.

10.40.060 Animal restraints.

A potentially dangerous animal, while on the owner’s property, shall at all times be kept indoors, or in a securely fenced, locked yard from which the animal cannot escape, and which children cannot enter. A potentially dangerous animal may be off the owner’s premises only if it is restrained by a chain or leash of adequate strength to restrain that specific animal and under the control of a responsible adult.

10.40.090 Consequences of designation as vicious animal.

(b) The owner shall, at his or her own expense, have the vicious animal registration number assigned to the animal permanently tattooed upon the animal's left ear or, if the left ear is not available, in the left inner thigh, by a licensed veterinarian or person trained and authorized to do business as a tattooist keep posted in a conspicuous place at or near the entrance to the premises on which such dog or cat is kept, a sign having letters at least two inches in width and two inches in height reading “Beware of Vicious Dog” or “Beware of Vicious Cat,” as may be appropriate. In addition, a conspicuously colored tag, provided by the Animal Control Officer shall be securely affixed to the animal at all times.

10.40.110 Confinement.

A vicious animal shall be securely confined in an enclosure as defined in this Chapter or in the dwelling while on the owner’s or custodian’s property.

SECTION 2 All other provisions of Title 10 shall remain in place.

SECTION 3 This Ordinance shall be effective 30 days from the date of its adoption.

PASSED, APPROVED AND ADOPTED this 2nd day of March, 2016.

Tim Brown, Mayor

Approved as to Form:

Elizabeth Martyn, City Attorney

Attest:

Ariel M. Hall, City Clerk

State of California)
County of Riverside) ss
City of Canyon Lake)

I, Ariel M. Hall, City Clerk of the City of Canyon Lake, do hereby certify that the foregoing Ordinance No. 166 was introduced at a regular meeting of the City Council held on the 3rd day of February, 2016 and was duly adopted by the City Council of the City of Canyon Lake at a regular meeting thereof held on the 2nd day of March, 2016, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Ariel M. Hall, City Clerk

City of Canyon Lake
City Council
Staff Report

TO: Honorable Mayor and Members of the City Council

FROM: Ariel Hall, Interim City Manager/City Clerk 

BY: Terry Shea, Accountant

DATE: February 3, 2016

SUBJECT: Consideration of the Fiscal Year 2015-2016 Mid-Year Budget Review and Projections and proposed Budget Adjustments

Recommendation

It is recommended that the City Council: receive and file the Fiscal Year 2015-16 mid-year budget review and approve the recommended budget adjustments.

Background

On July 1, 2015 the City Council adopted Resolution 2015-15 for adoption of the 2015-16 (FY 15/16) budget and appropriations limit. The Adopted General Fund FY 15/16 budget included \$4,334,000 in revenues, \$4,661,969 in expenditures, for a budgeted deficit of \$327,969.

Discussion

At the mid-year point of FY 15/16, total General Fund year-to-date actual and projected revenues are \$4,511,620 which is \$177,620 more than expected, with the largest increase in the Utility Users Tax of \$163,200. All other General Fund Revenues are within the original estimates. The year-to-date actual and projected General Fund expenditures are \$4,085,335 which is \$576,633 less than originally budgeted. The largest decrease is for public safety fire costs, which is \$382,000 less due to entering into a new contract with Riverside County, offset by increases in salary and benefits, fire consultant costs and the purchase of equipment. Total expenditures for all other Departments are in line with the original budget with the exception of City Attorney and Law Enforcement. City Attorney costs are projected to be about \$16,000 over the original budget due to litigation costs. However, Law Enforcement costs are projected to be approximately \$105,000 less than anticipated.

Mid-year Budget Adjustments

We are proposing an increase in Utility Users Tax revenue of \$163,200. With this being a new item we did not have a history of the actual revenues and we used the original estimates included in the study. The actual revenues are coming in higher than projected.

The General Fund proposed expenditure adjustments are an increase of \$16,000 for Legal expenditures. The \$16,000 needed for legal costs correspond with higher than anticipated monthly costs and the carryover of litigation from the previous year.

In addition for Fire we are proposing the following increases and decreases:

Salaries and Wages	\$	56,000
Benefits		1,000
Fire Consultant		50,000
County Contract		(889,307)
Mutual Aid		5,800
Equipment		400,000
Total Change	\$	<u>(376,507)</u>

Please see the attached worksheet for the recommended Budget Adjustments.

Budget (or Fiscal) Impact

If the proposed Budget Adjustments are adopted then the budgeted deficit goes from \$327,969 to a surplus of \$195,738.

Attachments

1. Mid-Year Review and Expenditures - General Fund
2. Mid-Year Proposed Budget Adjustments

**CITY OF CANYON LAKE
MID-YEAR PROPOSED BUDGET ADJUSTMENTS
FISCAL YEAR 2015-2016 BUDGET ADJUSTMENT #1**

Account#	Account Name	Reason for Adjustment	Mid-Year Adj.	Budget FY 2015/16	Mid-Year Adjustment	Adjusted Budget FY 2015/16
GENERAL FUND REVENUES						
10-000-4120	Utility Users Tax	Revenues are higher than anticipated	\$ 163,200	\$ 786,800	\$ 163,200	\$ 950,000
				\$ -	\$ -	\$ -
		Increase in Revenues			\$ 163,200	
		Original General Fund Budget - Revenues			\$ 4,334,000	
		Adjusted General Fund Budget - Revenues			\$ 4,497,200	

GENERAL FUND EXPENDITURES

City Attorney						
10-200-6610	Professional /Specialized Service	Increased costs and litigation	\$ 16,000	\$ 75,000	\$ 16,000	\$ 91,000
Fire & Medical Aid						
10-420-6010	Salaries and Wages	Hiring new employee	\$ 56,000	\$ -	\$ 56,000	\$ 56,000
10-420-6080	Benefits	Hiring new employee	\$ 1,000	\$ -	\$ 1,000	\$ 1,000
10-420-6610	Professional /Specialized Service	Change in Fire Contract (75% of new contract)	\$ (889,307)	\$ 1,753,307	\$ (833,507)	\$ 919,800
		Mutual aide charges year to date	\$ 5,800			
		Fire Consultant	\$ 50,000	\$ -		
			\$ (833,507)			
10-420-8000	Capital Equipment	New equipment for Fire Department	\$ 400,000	\$ -	\$ 400,000	\$ 400,000
Total Budget Adjustments - Expenditures						
		Original General Fund Budget - Expenditures			\$ (360,507)	
		Adjusted General Fund Budget - Expenditures			\$ 4,661,969	
		Original General Fund Budget - Deficit			\$ 4,301,462	
		Adjusted General Fund Budget - Surplus			\$ (327,969)	
					\$ 195,738	

**CITY OF CANYON LAKE
MIDYEAR PROJECTIONS
GENERAL FUND
FISCAL YEAR 2015-16**

		Current Year Actual July to December 2015	Projected Actual January to June 2016	Total	Total Budget - Original	Variance Favorable (unfavorable)
REVENUES						
BASE PROPERTY TAX (S)	4020	209,731.18	466,567.70	676,298.88	671,000.00	5,298.88
BASE PROPERTY TAX (U)	4030	28,568.62	519.00	29,087.62	32,400.00	(3,312.38)
PROPERTY TAX FIRE	4032	304,615.20	643,570.12	948,185.32	933,000.00	15,185.32
HOMEOWNER-S EXEMPTION	4040	1,339.29	7,707.00	9,046.29	10,000.00	(953.71)
REAL PROPERTY TRANSFER TAX	4050	25,015.71	45,048.00	70,063.71	72,000.00	(1,936.29)
PROPERTY TAX-PY (S)	4060	-	30,202.64	30,202.64	32,600.00	(2,397.36)
PROPERTY TAX - PY (U)	4070	-	2,705.00	2,705.00	2,400.00	305.00
PROPERTY TAX 2345/CUR/SUP	4080	-	10,897.00	10,897.00	11,000.00	(103.00)
PROPERTY TAX 2345/PY/SUP	4090	-	4,355.20	4,355.20	6,000.00	(1,644.80)
SALES & USE TAX	4100	61,523.02	128,500.00	190,023.02	192,000.00	(1,976.98)
UTILITY USERS TAX - MEAS. DD	4130	407,000.66	543,000.00	950,000.66	786,800.00	163,200.66
FRANCHISE FEE - CABLE TV	4150	29,029.33	87,600.00	116,629.33	118,000.00	(1,370.67)
TRANSIENT LODGING TAX	4160	15,972.60	40,000.00	55,972.60	48,000.00	7,972.60
EDISON FRANCHISE FEE	4170	-	115,000.00	115,000.00	115,000.00	-
REFUSE DISPOSAL FRANCHISE FEE	4180	21,746.86	65,200.00	86,946.86	85,000.00	1,946.86
SO. CAL GAS FRANCHISE FEE	4190	-	5,900.00	5,900.00	5,900.00	-
Credit Card Convenience Fee	4225	267.00	150.00	417.00	-	417.00
BUSINESS LICENSE FEES	4400	22,850.12	25,000.00	47,850.12	47,000.00	850.12
FORCLOSURE FEES	4450	2,080.00	750.00	2,830.00	3,000.00	(170.00)
GRANT REVENUE	4590	106.34	1,980.00	2,086.34	2,000.00	86.34
LIBRARY LEASE INCOME	4690	19,641.78	19,644.00	39,285.78	38,500.00	785.78
MULTI-PURPOSE LEASE INCOME	4695	25.00	125.00	150.00	1,000.00	(850.00)
MOTOR VEHICLE LICENSE FEES	4700	4,398.37	-	4,398.37	-	4,398.37
PROPERTY TAX VLF SWAP	4705	-	810,400.00	810,400.00	810,400.00	-
CABLE ACCESS FEE	4786	4,167.47	12,900.00	17,067.47	17,200.00	(132.53)
MISCELLANEOUS INCOME	4790	18,003.21	24,000.00	42,003.21	44,000.00	(1,996.79)
INTEREST INCOME	4900	10,979.12	14,400.00	25,379.12	25,000.00	379.12
SITE PLAN REVIEW	4220	19,500.00	-	19,500.00	6,000.00	13,500.00
MISCELLANEOUS PLANNING FEES	4230	-	2,000.00	2,000.00	2,000.00	-
CONSTRUCTION/BLDG PERMIT FEE	4200	90,773.53	90,000.00	180,773.53	201,800.00	(21,026.47)
COURT, VEHICLE & PARKING FEES	4600	12,164.56	4,000.00	16,164.56	15,000.00	1,164.56
Total REVENUES		1,309,498.97	3,202,120.66	4,511,619.63	4,334,000.00	177,619.63
EXPENDITURES						
CITY COUNCIL	100					
SALARIES & WAGES	6010	9,000.00	9,000.00	18,000.00	18,000.00	-
BENEFITS	6080	1,406.04	1,440.00	2,846.04	2,572.00	(274.04)
SPECIAL DEPARTMENTAL EXPENSE	6220	2,563.54	6,200.00	8,763.54	9,750.00	986.46
PRINTING & ADVERTISING	6240	-	150.00	150.00	150.00	-
CONFERENCE/MEETING/TRAVEL EXP	6510	6,866.74	700.00	7,566.74	8,700.00	1,133.26
MEMBERSHIP/DUES/PUBLICATIONS	6520	670.00	15,000.00	15,670.00	16,190.00	520.00
PROFESSIONAL/SPECIALIZED SERV.	6610	-	-	-	0.00	-
PROMOTION & ADVERTISING	6830	4,798.17	3,550.00	8,348.17	8,400.00	51.83
Total CITY COUNCIL		25,304.49	36,040.00	61,344.49	63,762.00	2,417.51

		Current Year Actual July to December 2015	Projected Actual January to June 2016	Total	Total Budget - Original	Variance Favorable (unfavorable)
CITY ATTORNEY	200			-		
PROFESSIONAL/SPECIALIZED SERV.	6610	54,557.36	36,000.00	90,557.36	75,000.00	(15,557.36)
Total CITY ATTORNEY		<u>54,557.36</u>	<u>36,000.00</u>	<u>90,557.36</u>	<u>75,000.00</u>	<u>(15,557.36)</u>
CITY MANAGER	310					
SALARIES & WAGES	6010	72,474.90	82,878.00	155,352.90	150,000.00	(5,352.90)
BENEFITS	6080	12,590.81	9,600.00	22,190.81	40,678.00	18,487.19
OFFICE EXPENSE & SUPPLIES	6210	6,001.63	7,800.00	13,801.63	14,600.00	798.37
SPECIAL DEPARTMENTAL EXPENSE	6220	67.25	233.00	300.25	300.00	(0.25)
COMMUNICATIONS	6310	223.52	525.00	748.52	900.00	151.48
MILEAGE ALLOWANCE	6440	298.54	512.00	810.54	1,000.00	189.46
CONFERENCE/MEETING/TRAVEL EXP	6510	-	1,000.00	1,000.00	1,800.00	800.00
PROFESSIONAL/SPECIALIZED SERV.	6610	18,198.82	18,475.00	36,673.82	49,200.00	12,526.18
TRAINING & EDUCATION	6710	354.73	350.00	704.73	10,000.00	9,295.27
LIABILITY PROPERTY INS AND DED	6840	30,450.00	550.00	31,000.00	31,000.00	-
Credit Card Fees	6965	633.11	450.00	1,083.11	-	(1,083.11)
COMPUTER UPGRADE	8010	-	900.00	900.00	900.00	-
Total CITY MANAGER		<u>141,293.31</u>	<u>123,273.00</u>	<u>264,566.31</u>	<u>300,378.00</u>	<u>35,811.69</u>
CITY CLERK	320					
SALARIES & WAGES	6010	48,260.09	45,300.00	93,560.09	104,605.00	11,044.91
BENEFITS	6080	14,565.83	9,600.00	24,165.83	26,408.00	2,242.17
SPECIAL DEPARTMENTAL EXPENSE	6220	5,204.20	2,190.00	7,394.20	7,300.00	(94.20)
PRINTING & ADVERTISING	6240	2,244.54	900.00	3,144.54	3,200.00	55.46
MILEAGE ALLOWANCE	6440	33.35	105.00	138.35	400.00	261.65
CONFERENCE/MEETING/TRAVEL EXP	6510	1,500.00	-	1,500.00	2,000.00	500.00
MEMBERSHIP/DUES/PUBLICATIONS	6520	430.00	230.00	660.00	1,070.00	410.00
TRAINING & EDUCATION	6710	-	1,000.00	1,000.00	1,000.00	-
Total CITY CLERK		<u>72,238.01</u>	<u>59,325.00</u>	<u>131,563.01</u>	<u>145,983.00</u>	<u>14,419.99</u>
FINANCE	330					
BENEFITS	6080	5,015.68	980.00	5,995.68	6,000.00	4.32
OFFICE EXPENSE & SUPPLIES	6210	4,548.02	5,400.00	9,948.02	10,200.00	251.98
SPECIAL DEPARTMENTAL EXPENSE	6220	-	500.00	500.00	500.00	-
MILEAGE ALLOWANCE	6440	35.65	165.00	200.65	500.00	299.35
MEMBERSHIP/DUES/PUBLICATIONS	6520	-	110.00	110.00	110.00	-
SOFTWARE	6530	-	790.00	790.00	790.00	-
PROFESSIONAL/SPECIALIZED SERV.	6610	28,480.28	53,560.00	82,040.28	83,800.00	1,759.72
ANNUAL AUDIT EXPENSE	6612	-	9,000.00	9,000.00	8,000.00	(1,000.00)
TRAINING & EDUCATION	6710	-	-	-	200.00	200.00
Total FINANCE		<u>38,079.63</u>	<u>70,505.00</u>	<u>108,584.63</u>	<u>110,100.00</u>	<u>1,515.37</u>
PLANNING	350					
SPECIAL DEPARTMENTAL EXPENSE	6220	-	100.00	100.00	100.00	-
REGULAR PLANNING SERVICES	6616	25,695.00	30,800.00	56,495.00	56,000.00	(495.00)
GENERAL PLAN SERVICES	6619	-	-	-	-	-
Total PLANNING		<u>25,695.00</u>	<u>30,900.00</u>	<u>56,595.00</u>	<u>56,100.00</u>	<u>(495.00)</u>

		Current Year Actual July to December 2015	Projected Actual January to June 2016	Total	Total Budget - Original	Variance Favorable (unfavorable)
BUILDING & SAFETY	360					
SPECIAL DEPARTMENTAL EXPENSE	6220	339.99	511.01	851.00	950.00	99.00
PROFESSIONAL/SPECIALIZED SERV.	6610	57,239.28	90,000.00	147,239.28	152,380.00	5,140.72
Total BUILDING & SAFETY		<u>57,579.27</u>	<u>90,511.01</u>	<u>148,090.28</u>	<u>153,330.00</u>	<u>5,239.72</u>
LAW ENFORCEMENT	410					
SPECIAL DEPARTMENTAL EXPENSE	6220	-	350.00	350.00	350.00	-
PRINTING & ADVERTISING	6240	1,932.34	-	1,932.34	200.00	(1,732.34)
RSA LEASES	6335	-	57,389.00	57,389.00	57,389.00	-
VEHICLE & EQUIP MAINT	6410	-	1,800.00	1,800.00	1,800.00	-
PROFESSIONAL/SPECIALIZED SERV.	6610	397,046.49	994,039.00	1,391,085.49	1,487,920.00	96,834.51
BOOKING FEES	6845	1,826.92	5,250.00	7,076.92	16,496.00	9,419.08
CAL ID	6850	10,826.00	-	10,826.00	10,826.00	-
COUNTY RMS SYSTEM	6861	-	8,071.00	8,071.00	8,071.00	-
Total LAW ENFORCEMENT		<u>411,631.75</u>	<u>1,066,899.00</u>	<u>1,478,530.75</u>	<u>1,583,052.00</u>	<u>104,521.25</u>
FIRE & MEDICAL AID	420					
SALARIES & WAGES	6010	36,020.00	20,000.00	56,020.00	-	(56,020.00)
BENEFITS	6080	830.29	-	830.29	-	(830.29)
SPECIAL DEPARTMENTAL EXPENSE	6220	7.71	-	7.71	2,000.00	1,992.29
UTILITIES	6320	2,446.84	3,960.00	6,406.84	9,300.00	2,893.16
PROFESSIONAL/SPECIALIZED SERV.	6610	5,775.33	914,000.00	919,775.33	1,753,307.00	833,531.67
Fire & Life Saving Equipment	8017	-	400,000.00	400,000.00	-	(400,000.00)
STATION UPGRADES	8018	-	-	-	-	-
Total FIRE & MEDICAL AID		<u>45,080.17</u>	<u>1,337,960.00</u>	<u>1,383,040.17</u>	<u>1,764,607.00</u>	<u>381,566.83</u>
EMERGENCY PREPAREDNESS	425					
SPECIAL DEPARTMENTAL EXPENSE	6220	412.00	-	412.00	8,900.00	8,488.00
COMMUNICATIONS	6310	-	-	-	1,080.00	1,080.00
Total EMERGENCY PREPAREDNESS		<u>412.00</u>	<u>-</u>	<u>412.00</u>	<u>9,980.00</u>	<u>9,568.00</u>
ANIMAL CONTROL	430					
PROFESSIONAL/SPECIALIZED SERV.	6610	41,376.46	48,380.00	89,756.46	90,000.00	243.54
INTEREST EXPENSE	6900	30,295.47	31,750.00	62,045.47	62,100.00	54.53
Total ANIMAL CONTROL		<u>71,671.93</u>	<u>80,130.00</u>	<u>151,801.93</u>	<u>152,100.00</u>	<u>298.07</u>
PUBLIC WORKS ADMINISTRATION	510					
SPECIAL DEPARTMENTAL EXPENSE	6220	-	300.00	300.00	300.00	-
PROFESSIONAL/SPECIALIZED SERV.	6610	8,197.36	3,802.64	12,000.00	12,000.00	-
Total PUBLIC WORKS ADMINISTRATION		<u>8,197.36</u>	<u>4,102.64</u>	<u>12,300.00</u>	<u>12,300.00</u>	<u>-</u>
NPDES	515					
RSA-SPC-L ENFORCEMENT SALARY	6015	7,560.71	5,850.00	13,410.71	14,110.00	699.29
BENEFITS	6080	109.62	150.00	259.62	1,874.00	1,614.38
MEMBERSHIP/DUES/PUBLICATIONS	6520	38,721.00	7,939.00	46,660.00	46,660.00	-
Total NPDES		<u>46,391.33</u>	<u>13,939.00</u>	<u>60,330.33</u>	<u>62,644.00</u>	<u>2,313.67</u>

		Current Year Actual July to December 2015	Projected Actual January to June 2016	Total	Total Budget - Original	Variance Favorable (unfavorable)
SPECIAL ENFORCEMENT	520					
RSA-SPC-L ENFORCEMENT SALARY	6015	26,310.77	24,000.00	50,310.77	85,742.00	35,431.23
BENEFITS	6080	3,439.04	3,900.00	7,339.04	11,390.00	4,050.96
SPECIAL DEPARTMENTAL EXPENSE	6220	3,903.16	1,125.00	5,028.16	5,000.00	(28.16)
COMMUNICATIONS	6310	423.23	525.00	948.23	1,200.00	251.77
RSA BOAT MAINTENANCE	6415	42.25	2,658.00	2,700.25	3,000.00	299.75
RSA BOAT FUELS & LUBRICANTS	6425	-	4,000.00	4,000.00	4,000.00	-
MEMBERSHIP/DUES/PUBLICATIONS	6520	-	1,500.00	1,500.00	1,500.00	-
COMPUTER EQUIPMENT	6610	-	900.00	900.00	900.00	-
Total STREETS		34,118.45	38,608.00	72,726.45	112,732.00	40,005.55
BUILDING & FACILITIES MAINT.	550					
COMMUNICATIONS	6310	534.61	-	534.61	2,100.00	1,565.39
UTILITIES	6320	12,997.84	12,990.00	25,987.84	24,600.00	(1,387.84)
RENTAL & LEASES	6330	8,462.31	6,165.00	14,627.31	14,400.00	(227.31)
PROFESSIONAL/SPECIALIZED SERV.	6610	17,673.60	6,069.00	23,742.60	18,800.00	(4,942.60)
Total BUILDING & FACILITIES MAINT.		39,668.36	25,224.00	64,892.36	59,900.00	(4,992.36)
Total EXPENDITURES		1,071,918.42	3,013,416.65	4,085,335.07	4,661,968.00	576,632.93
EXCESS (DEFICIT) REVENUES OVER EXP.		237,580.55	188,704.01	426,284.56	(327,968.00)	(399,013.30)

City of Canyon Lake
City Council
Staff Report

TO: Honorable Mayor and Members of the City Council
FROM: Ariel M. Hall, Interim City Manager 
DATE: February 3, 2016
SUBJECT: Discussion regarding potential City drone regulations

Recommendation

It is recommended that the City Council discuss options and provide further direction to staff.

Background

At the January 20, 2016, Special City Council Meeting, staff was directed to further research potential drone (unmanned aircraft) regulations that a local municipality could put in place.

The primary concerns that prompted the research into regulations were both privacy issues, as well as safety issues. The specific safety concern was that two or more drones being operated in the same area could collide in the air and fall, injuring a person who was unaware and underneath them. Staff began research and has gathered materials from other cities that are regulating drone activity. A majority of the ordinance found were aimed more towards privacy concerns.

Rancho Mirage considered an ordinance (attached) that would prohibit drones from flying under 400 feet over residential areas. However, Federal Aviation Administration (FAA) guidelines ask that recreational drone users fly 400 feet in altitude or lower. Which would essentially prohibit flying of drones in residentially zoned areas all together.

The City of Los Angeles considered and adopted an ordinance (attached) that essentially adopted the Model Aircraft Operations Guidelines from the FAA (attached) and added that no drone should be within 25 feet of any individual that was not involved in operating the drone during take-off and landing.

The City of Phoenix considered an ordinance (attached) that prohibited the use of a drone to record the private affairs of another person without their consent. It also regulated the commercial use of recordings, and prohibited weapons from being attached to a drone used to threaten another individual. In addition to regulating the use by individuals, the ordinance prohibits use by officers or officials of the city to gather information without a warrant. The ordinance does contain a long list of allowable uses for drones in the city.

The Town of Paradise Valley considered and adopted an ordinance (attached) that prohibited drones from flying over private property without the express permission of the property owner, and requires a special event permit for flight over public property. The ordinance specifies that recreational use of a drone within a person's own private property is allowed, and that law enforcement may use a drone in response to an emergency. Additionally, the ordinance prohibits operation of a drone in a reckless manner, recording any person with their express consent or the property of another person with the owner's consent, or to harass or annoy another person.

Budget (or Fiscal) Impact

There is no fiscal impact for considering these regulations. Depending on the options the City Council chooses to pursue there may be an impact due to an increase in staff hours for the enforcement and potential permitting of drones and/or drone flights.

Attachments

1. Federal Aviation Administration Model Aircraft Operations
2. Rancho Mirage Ordinance
3. City of Los Angeles Ordinance
4. City of Phoenix Ordinance
5. Town of Paradise Valley Ordinance



Federal Aviation Administration

Model Aircraft Operations

Model aircraft operations are for hobby or recreational purposes only.

The FAA has partnered with several industry associations to promote Know Before You Fly, a campaign to educate the public about using unmanned aircraft safely and responsibly. Individuals flying for hobby or recreation are strongly encouraged to follow safety guidelines, which include:

- Fly below 400 feet and remain clear of surrounding obstacles
- Keep the aircraft within visual line of sight at all times
- Remain well clear of and do not interfere with manned aircraft operations
- Don't fly within 5 miles of an airport unless you contact the airport and control tower before flying
- Don't fly near people or stadiums
- Don't fly an aircraft that weighs more than 55 lbs
- Don't be careless or reckless with your unmanned aircraft – you could be fined for endangering people or other aircraft

The statutory parameters of a model aircraft operation are outlined in Section 336 of Public Law 112-95 (the FAA Modernization and Reform Act of 2012) (PDF). Individuals who fly within the scope of these parameters do not require permission to operate their UAS; any flight outside these parameters (including any non-hobby, non-recreational operation) requires FAA authorization (www.faa.gov/uas/civil_operations/). For example, using a UAS to take photos for your personal use is recreational; using the same device to take photographs or videos for compensation or sale to another individual would be considered a non-recreational operation.

More about the Know Before You Fly campaign

Read the FAA's Interpretation of the Special Rule for Model Aircraft (www.faa.gov/uas/media/model_aircraft_spec_rule.pdf) (PDF)

Read the Do's and Don'ts of Model Aircraft Operations

View FAA YouTube videos on safe model aircraft operations.

The "Model Aircraft Do's and Don'ts" (www.faa.gov/uas/publications/model_aircraft_operators/assets/media/model-aircraft-infographic.pdf) (PDF)

Page last modified: March 04, 2015 1:17:40 PM EST

This page was originally published at: http://www.faa.gov/uas/model_aircraft/

CITY OF RANCHO MIRAGE



STAFF REPORT

TO: Hon. Mayor Scott Hines
Members of the City Council

DATE: April 4, 2013

FROM: Randal K. Bynder, City Manager
Steven B. Quintanilla, City Attorney

SUBJECT: Drone Prohibition Ordinance

SPECIFIC REQUEST OR RECOMMENDATION:

That the City Council adopt the attached ordinance which will prohibit the flying of drones in residentially zoned areas of the City with some exceptions.

Background:

Drones, which are unmanned aircraft that can fly under the control of a remote pilot or via a geographic positions system (GPS) guided autopilot mechanism, have become increasingly available to private citizens for personal and recreational uses due to their declining costs. Drones can fly at altitudes below the navigable airspace (generally at 400 feet) which is under the jurisdiction, regulation and control of the Federal Aviation Administration.

Some drones are equipped with high definition cameras, night vision cameras and infrared-see-through scopes. Drones can be used to fly above private residences and to hover outside somebody's window or in their backyards without the knowledge of the resident who has a reasonable expectation of privacy in his or her home and in his or her backyard.

There are no existing state or federal regulations regarding who may purchase a drone which presents a safety risk to residents in that drones may be purchased and operated by sex offenders, and other persons with certain criminal backgrounds, such as but not limited to domestic violence, theft, burglary, breaking and entering, trespass,

City Council Action:

Approved as Requested: _____
Approved as Amended: _____
Denied: _____
Other: _____

Referred to: _____
For: _____
Cont. to Agenda of: _____
Hearing Set: _____

AGENDA ITEM
[Empty box for agenda item number]

10 - 1

assault and battery.

In light of the foregoing concerns, the proposed ordinance would prohibit the flying of drones in any airspace below 400 feet within or over any residentially zoned area in the city, unless otherwise exempt under the ordinance. For instance, the proposed ordinance will exempt the use of drones in residential areas by any law enforcement agency of the city, state or federal government for lawful purposes and in a lawful manner. In addition, drones will be permitted to make visual recordings of a single residence, with the owner's written consent, provided the owner and/or operator of the subject drone obtains a validly issued drone permit from the city. This is intended to accommodate the practice of some realtors who use drones to advertise properties for sale or lease.

Any person found to be in violation of the provisions of the proposed ordinance will be guilty of an infraction which is punishable by: (a) a fine in an amount not to exceed one hundred dollars for a first violation; (b) a fine in an amount not to exceed two hundred dollars for a second violation of the same provision within a twelve month period commencing on the date of the first violation; and (c) a fine in an amount not to exceed five hundred dollars for the third violation of the same provision within a twelve month period commencing on the date of the first violation. A fourth violation and subsequent violations of the same provision within a twelve month period from the date of the first violation shall be deemed a misdemeanor.

Attachment:

Ordinance

AGENDA ITEM #

10 - 2

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RANCHO MIRAGE AMENDING DIVISION III "OFFENSES AGAINST PUBLIC PEACE" OF TITLE 9 "PUBLIC PEACE, MORALS AND WELFARE" OF THE RANCHO MIRAGE MUNICIPAL CODE TO PROHIBIT THE FLYING OF DRONES IN RESIDENTIALLY ZONED AREAS OF THE CITY

WHEREAS, drones, which are unmanned aircraft that can fly under the control of a remote pilot or via a geographic positions system (GPS) guided autopilot mode, have become increasingly available to private citizens for personal and recreational uses due to their declining costs; and

WHEREAS, drones can fly at altitudes below the navigable airspace (generally at 400 feet) which is under the jurisdiction, regulation and control of the Federal Aviation Administration (FAA); and

WHEREAS, some drones are equipped with high definition cameras, night vision cameras and infrared-see-through scopes; and

WHEREAS, some drones can be used to fly above private residences and to hover outside somebody's window or in their backyards without the knowledge of the resident who has a reasonable expectation of privacy in his or her home and in his or her backyard; and

WHEREAS, there are no existing regulations regarding who may purchase a drone which presents a safety risk to residents in that drones may be purchased and operated by sex offenders, and other persons with certain criminal backgrounds, such as but not limited to domestic violence, theft, burglary, breaking and entering, trespass, assault and battery.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF RANCHO MIRAGE DOES ORDAIN AS FOLLOWS:

Section 1. Recitals.

The recitals set forth above are true and correct.

Section 2. Amendment to Division III "Offenses Against

Public Peace"

Division III "Offenses Against Public Peace" of Title 9
"Public Peace, Morals and Welfare" shall be amended as follows:

Chapter 9.30 DRONES

9.26.10 Definitions.

"Drone" shall mean an unmanned aircraft that can fly under the control of a remote pilot or by a geographic positions system (GPS) guided autopilot mechanism.

9.26.20 Prohibition.

Drones are prohibited from flying in any airspace below 400 feet within or over any residentially zoned area in the city, unless otherwise exempt under this chapter

9.26.30 Exemptions.

(a) This chapter shall not prohibit the use of drones by any law enforcement agency of the city, state or federal government for lawful purposes and in a lawful manner.

(b) Use of drones may be used to make visual recordings of a single residence, with the owner's written consent, provided the owner and/or operator of the subject drone obtains a validly issued drone permit from the city.

9.26.40 Violations.

Any person found to be in violation of the provisions of this chapter shall be guilty of an infraction as set forth in chapter 14.100.

Section 3. CITY ATTORNEY REVIEW

The City Attorney prepared and framed this ordinance pursuant to Section 1.04.010 of the Municipal Code and finds that the City Council has the authority to adopt this ordinance, that the ordinance is constitutionally valid and that the ordinance is consistent with the general powers and purposes of the City as set forth in Section 1.04.031 of the Municipal Code.

Section 4. SEVERABILITY

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

Section 5. REPEAL OF CONFLICTING PROVISIONS

All the provisions of the Rancho Mirage Municipal Code as heretofore adopted by the City of Rancho Mirage that are in conflict with the provisions of this ordinance are hereby repealed.

Section 6. AMENDING OF MUNICIPAL CODE

The City Attorney's Office is hereby directed to determine whether this ordinance necessitates amendment of the City's Municipal Code and to cause such necessary amendments to be made and filed with the local branches of the Superior Court of the County of Riverside.

Section 7. EFFECTIVE DATE

This ordinance shall take effect thirty (30) calendar days after its second reading by the City Council.

Section 8. CEQA FILING

The City Council hereby finds that under Title 14 of the California Code of Regulations section 15061(b)(3), this Ordinance is exempt from the requirements of CEQA since the prohibition against flying drones in residentially zoned areas of the city would not have the potential for causing a significant effect on the environment. The City Council, therefore, directs that a Notice of Exemption be filed with the County Clerk of the County of Riverside in accordance with CEQA Guidelines

Section 9. CERTIFICATION

The City Clerk shall certify to the passage of this ordinance and shall cause the same to be published according to

law.

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The foregoing Ordinance was approved and adopted at a meeting of the City Council held on _____, 2013 by the following vote:

Ayes:
Nos:
Abstain:
Absent:

Scott M. Hines, Mayor

ATTEST:

Cindy Scott, CNC
City Clerk

APPROVED AS TO FORM:

Steven B. Quintanilla
City Attorney

4

10 - 6

ORDINANCE NO. 183912

An ordinance adding Section 56.31 to Article 6 of Chapter V of the Los Angeles Municipal Code to impose community-based safety requirements on the operation of Model Aircraft and to impose restrictions consistent with certain Federal Aviation Rules on the operation of both Model Aircraft and Civil Unmanned Aircraft Systems (UASs), commonly known as drones.

WHEREAS, the operation of Unmanned Aircraft such as Model Aircraft and Civil UASs can at times pose a hazard to full-scale aircraft in flight and to persons and property on the ground; and

WHEREAS, imposing community-based safety requirements on the operation of Model Aircraft and imposing restrictions on the operation of both Model Aircraft and Civil UASs consistent with Federal Aviation Rules is necessary to mitigate such risks and to protect the public from the hazards associated with the operation of Unmanned Aircraft.

NOW, THEREFORE,

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. A new Section 56.31 is added to Article 6 of Chapter V of the Los Angeles Municipal Code to read as follows:

SEC. 56.31. UNMANNED AIRCRAFT SYSTEMS.

(a) For purposes of this section:

1. **"Unmanned Aircraft"** shall mean an aircraft, including, but not limited to, an aircraft commonly known as a drone, that is operated without the possibility of direct human intervention from within or on the aircraft.

2. **"Unmanned Aircraft System"** shall mean an Unmanned Aircraft and associated elements, including, but not limited to, any communication links and components that control the Unmanned Aircraft.

3. **"Person"** shall have the same meaning as set forth in Subsection (a) of Section 11.01 of this Code.

4. **"Model Aircraft"** shall mean an Unmanned Aircraft or Unmanned Aircraft System operated by any Person strictly for hobby or recreational purposes.

5. **"Civil UAS"** shall mean an Unmanned Aircraft or Unmanned Aircraft System operated by any Person for any purposes other than strictly

hobby or recreational purposes, including, but not limited to, commercial purposes or in furtherance of, or incidental to, any business or media service or agency.

6. **“Public UAS”** shall mean an Unmanned Aircraft or Unmanned Aircraft System operated by any public agency for government related purposes.

(b) The following shall apply to the operation of any Model Aircraft within the City of Los Angeles:

1. No Person shall operate any Model Aircraft within the City of Los Angeles and within 5 miles of an airport without the prior express authorization of the airport air traffic control tower.

2. No Person shall operate any Model Aircraft within the City of Los Angeles in a manner that interferes with manned aircraft, and shall always give way to any manned aircraft.

3. No Person shall operate any Model Aircraft within the City of Los Angeles beyond the visual line of sight of the person operating the Model Aircraft. The operator must use his or her own natural vision (which includes vision corrected by standard eyeglasses or contact lenses) to observe the Model Aircraft. People other than the operator may not be used in lieu of the operator for maintaining visual line of sight. Visual line of sight means that the operator has an unobstructed view of the Model Aircraft. The use of vision-enhancing devices, such as binoculars, night vision goggles, powered vision magnifying devices, and goggles or other devices designed to provide a “first-person view” from the model, do not constitute the visual line of sight of the person operating the Model Aircraft.

4. No Person shall operate any Model Aircraft within the City of Los Angeles other than during daylight hours defined as between official sunrise and official sunset for local time.

5. No Person shall operate any Model Aircraft within the City of Los Angeles more than 400 feet above the earth's surface.

6. Excluding takeoff and landing, no Person shall operate any Model Aircraft within the City of Los Angeles closer than 25 feet to any individual, except the operator or the operator's helper(s).

(c) The following shall apply to the operation of any Model Aircraft or Civil UAS within the City of Los Angeles:

1. No Person shall operate any Model Aircraft or Civil UAS within the City of Los Angeles in a manner that is prohibited by any federal statute or regulation governing aeronautics.

2. No Person shall operate any Model Aircraft or Civil UAS within the City of Los Angeles in violation of any temporary flight restriction (TFR) or notice to airmen (NOTAM) issued by the Federal Aviation Administration.

3. No Person shall operate any Model Aircraft or Civil UAS within the City of Los Angeles in a careless or reckless manner so as to endanger the life or property of another. The standard for what constitutes careless and reckless operation under this section shall be the same as the standard set forth in any federal statutes or regulations governing aeronautics including but not limited to Federal Aviation Rule 91.13.

(d) It shall be unlawful for any Person to violate or fail to comply with this section. Any Person violating the provisions of this section shall be guilty of a misdemeanor and subject to the provisions of Subsection (m) of Section 11.00 of this Code.

(e) This section shall not apply to any Public UAS operated pursuant to, and in compliance with, the terms and conditions of any current and enforceable authorization granted by the Federal Aviation Administration.

Sec. 2. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, at its meeting of OCT 14 2015.

HOLLY L. WOLCOTT, City Clerk

By  Deputy

Approved 10/22/15

 Mayor

Approved as to Form and Legality

MICHAEL N. FEUER, City Attorney

By 
JANET KARKANEN
Deputy City Attorney

Date SEP 16 2015

File No. 15-0927

DECLARATION OF POSTING ORDINANCE

I, VERONICA COLEMAN-WARNER, state as follows: I am, and was at all times hereinafter mentioned, a resident of the State of California, over the age of eighteen years, and a Deputy City Clerk of the City of Los Angeles, California.

Ordinance No.183912 – Adding Section 56.31 to Article 6 of Chapter V of the Los Angeles Municipal Code to impose community-based safety requirements on the operation of Model Aircraft and to impose restrictions consistent with certain Federal Aviation Rules on the operation of both Model Aircraft and Civil Unmanned Aircraft Systems, commonly known as drones - a copy of which is hereto attached, was finally adopted by the Los Angeles City Council on October 14, 2015, and under the direction of said City Council and the City Clerk, pursuant to Section 251 of the Charter of the City of Los Angeles and Ordinance No. 172959, on October 23, 2015 I posted a true copy of said ordinance at each of the three public places located in the City of Los Angeles, California, as follows: 1) one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; 2) one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; 3) one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

Copies of said ordinance were posted conspicuously beginning on October 23, 2015 and will be continuously posted for ten or more days.

I declare under penalty of perjury that the foregoing is true and correct.

Signed this 23rd day of October, 2015 at Los Angeles, California.


Veronica Coleman-Warner, Deputy City Clerk

Ordinance Effective Date: December 2, 2015

Council File No. 15-0927

Unmanned Aircraft Vehicle/System (Drones) Privacy Protection Ordinance

Definitions:

1. “Unmanned Aircraft Vehicle” (“UAV”) means an unmanned aircraft that is operated without the possibility of direct human intervention from within or on the aircraft. This definition excludes remotely-controlled model aircraft flown for recreational or sports purposes.
2. “Unmanned Aircraft System” (“UAS”) means an unmanned aircraft vehicle and associated elements (including communication links and the components that control the UAV) that are required for the pilot in command to operate safely and efficiently in the national airspace system.
3. “Image” means a record of thermal, infrared, ultraviolet, visible light or other electromagnetic waves; sound waves; odors; or other physical phenomena which captures conditions existing on or about real property or an individual located on that property.
4. “Imaging Device” means a mechanical, digital, or electronic viewing device; still camera; camcorder; motion picture camera; or any other instrument, equipment, or format capable of recording, storing or transmitting an image.

Prohibited Use:

1. A person commits an offense if the person uses an UAV/UAS to intentionally or surreptitiously film, audiotape, record, or intrude, physically or otherwise, upon the solitude or seclusion of another or his private affairs or concerns, if the intrusion would be highly offensive to a reasonable person and is without consent.
 - a. An offense under this section is a Class 1 misdemeanor
2. A person commits an offense if the person uses an UAV/UAS to appropriate the commercial value of a person’s identity by displaying, distributing, selling, or otherwise using, without consent, the person’s image, recording, or other indicia of identity for commercial purposes.
 - a. An offense under this section is a Class 1 misdemeanor.
 - b. Each image a person discloses, displays, distributes, or sells under this section is a separate offense.
 - c. Use of an individual’s image, recording, or other indicia of identity for news or reporting purposes is not an offense under this section.
3. A person commits an offense if the person outfits an UAV/UAS with a weapon and flies that UAV/UAS over the private property of another individual or entity without express permission if such flight is conducted with the intent to threaten or intimidate the other individual(s).
 - a. An offense under this section is a Class 1 misdemeanor.

Prohibited Use by City of Phoenix Personnel:

1. No City of Phoenix official, officer, agent, or employee shall use an UAV/UAS to search or investigate any area where an individual has a reasonable expectation of privacy without the individual’s consent and in the absence of a valid search warrant.

- a. Any city official who violates this section shall be subject to disciplinary action pursuant to departmental policy and regulations or as the City Manager directs.

Exceptions and Non Applicability:

1. It is lawful to use an UAV/UAS within the City of Phoenix to photograph, film, audiotape, or otherwise record an individual or individuals acting on private property
 - a. If the image is captured by the City or Phoenix or an individual or entity under contract with the City of Phoenix for the purposes of resource management;
 - b. If the image is made for the monitoring, operation and maintenance of utilities, telecommunication, or transportation infrastructure for the purpose of maintaining the reliability and integrity of the utility, telecommunication, or transportation system or to determine if repairs to the system are necessary;
 - c. If law enforcement is using the UAV/UAS to execute a valid search warrant;
 - d. If law enforcement is in hot pursuit of a suspect;
 - e. If law enforcement is acting under exigent circumstances, such that a search warrant would not be required;
 - f. If the UAV/UAS is being used to document a crime scene where a felony offense has been committed;
 - g. If the UAV/UAS is being used to document an accident scene as part of an investigation;
 - h. If the UAV/UAS is being used to conduct a search for a lost, missing or abducted person;
 - i. If the image is made for an artistic or journalistic purpose;
 - j. If the image is made over a public or private event with the expressed written consent of the event organizer and attendees are notified that a recording may occur;
 - k. If the UAV/UAS is being used by the fire department in response to an emergency or for search and rescue;
 - l. If the UAV/UAS is being used by a person or an entity engaged in a business or profession licensed by the state, or by an agent, employee or contractor thereof to perform reasonable tasks within the scope of practice or activities permitted under such person's or entity's license. However, this exception does not apply to a profession in which the licensee's authorized scope of practice includes obtaining information about the identity, habits, conduct, movements whereabouts, affiliations, associations, transactions, reputation, or character of any society, person, or group of persons.
 - m. If the UAV/UAS is being used for aerial mapping in compliance with Federal Aviation Administration regulations
 - n. If the UAV/UAS is being used to deliver cargo in compliance with Federal Aviation Administration regulations

Privacy:

1. Collection and Use: The City of Phoenix shall only collect information using UAV/UAS to the extent that such collection or use is consistent with and relevant to an authorized purpose of the City of Phoenix.
2. Retention: Information collected using UAV/UAS that may contain personally identifiable Information (PII) shall not be retained for more than 90 days from recording unless retention of the information is determined to be necessary to an authorized mission of the City of Phoenix, is maintained in a system of records covered by the Privacy Act, or is required to be retained for a longer period by any other applicable law or regulation.
3. Dissemination: UAV/UAS collected information that is not maintained in a system of records covered by the Privacy Act shall not be disseminated outside of the City of Phoenix unless dissemination is required by law, or fulfills an authorized purpose and complies with City of Phoenix requirements.

Civil Rights and Civil Liberties Protections:

1. Ensure that policies are in place to prohibit the collection, use, retention or dissemination of data in any manner that would violate the First Amendment or in any manner that would discriminate against persons based on race, color, sex, age, national origin, religion, genetic information, marital status, sexual orientation, disability or gender identity or expression.
2. Ensure that UAV/UAS activities are performed in a manner consistent with the United States Constitution, the Constitution of the State of Arizona, Arizona state law and all City of Phoenix policies and ordinances.
3. Ensure that adequate procedures are in place to receive, investigate and address, as appropriate, privacy, civil rights and civil liberties complaints.

Accountability:

1. Ensure that oversight procedures for City of Phoenix UAV/UAS use, including audits or assessments, comply with existing city policies and ordinances.
2. Verify the existence of rules of conduct and training for City of Phoenix personnel and contractors who work on UAV/UAS programs, and procedures for reporting suspected cases of misuse or abuse of UAV/UAS technologies.
3. Establish policies and procedures, or confirm that policies and procedures are in place, that provides meaningful oversight of individuals who have access to sensitive information (including personally identifiable information) collected using UAV/UAS.
4. Ensure that any data-sharing agreements or policies, data use policies, and record management policies applicable to UAV/UAS conform to applicable laws, regulations and policies.
5. Establish policies and procedures, or confirm that policies and procedures are in place, to authorize the use of UAV/UAS in response to a request for UAV/UAS assistance in support of federal, state, local, tribal government operations.

Transparency:

1. Keep the public informed about the City of Phoenix's UAV/UAS program as well as changes that would significantly affect privacy, civil rights, or civil liberties. Information will be provided via the public request process.
2. Make available to the public, on an annual basis, a general summary of the City of Phoenix's UAV/UAS operations during the previous fiscal year, to include a brief description of types or categories of missions flown, and the number of times the City of Phoenix provided assistance to other entities.

DRAFT

ORDINANCE NUMBER 691

AN ORDINANCE OF THE TOWN OF PARADISE VALLEY, ARIZONA AMENDING THE PARADISE VALLEY TOWN CODE, CHAPTER 10, BY ADDING ARTICLE 10-12, REGULATIONS RELATED TO THE OPERATION OF UNMANNED AERIAL VEHICLES; AND DECLARING AN EMERGENCY

BE IT ORDAINED BY THE MAYOR AND TOWN COUNCIL OF THE TOWN OF PARADISE VALLEY, ARIZONA:

Section 1. Chapter 10, Offenses, is hereby amended (with Article 10-12 added and shown in bold type):

Article 10-12 **RESTRICTIONS AND EXCEPTIONS TO UNMANNED AERIAL VEHICLE OPERATIONS**

- 10-12-1 Purpose
- 10-12-2 Definitions
- 10-12-3 Restrictions; Exceptions
- 10-12-4 Penalty

Section 10-12-1 **Purpose; Harmony with Other Governmental Regulations**

The Town Council hereby recognizes that unmanned aerial vehicles, also known as drones, can pose unique safety, nuisance, and privacy invasion risks; thus regulating the operation of unmanned aerial vehicles within the Town is needed to promote the public safety and welfare of the Town and its residents. These regulations are to be read in harmony with all other regulations regarding the use of unmanned aerial vehicles, specifically including any rules promulgated by the Federal Aviation Administration. Further, compliance with these regulations should not be interpreted as express, implied or tacit approval to operate an unmanned aerial vehicle in violation of any other governmental regulations or in a manner that jeopardizes the health, safety, or welfare of the general public. Nothing in this article shall be construed to authorize the operation of any UAV in Town airspace in violation of any Federal statute or rules promulgated thereunder. Operators of unmanned aerial vehicles should familiarize themselves with all applicable regulations relating to the use of an unmanned aerial vehicle,

including the Federal Aviation Administration requirements regarding notification of an airport operator and control tower, where applicable, prior to operating an unmanned aerial vehicle within five miles of an airport.

Section 10-12-2 Definitions

- A. The following words, terms and phrases, when used in this article, have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:
1. “Commercial Use” means the use of an Unmanned Aerial Vehicle within the Town for a commercial purpose, including aerial photography, aerial mapping, or geospatial imaging.
 2. “Commercial User” means any company, entity or person who is in the business of flying an Unmanned Aerial Vehicle for a Commercial Use.
 3. “FAA” means the Federal Aviation Administration.
 4. “Law Enforcement Agency” means a lawfully established federal, state, or local public law enforcement agency that is responsible for the prevention and detection of crime, local government code enforcement, and the enforcement of penal, traffic, regulatory, game, or controlled substance laws.
 5. “Private Property” means all parcels of land within the Town of Paradise Valley limits that are not Public Property, including, but not limited to, residences, schools, churches, resorts, utility substations, golf course, or canals.
 6. “Public Property” means streets, rights of way, parks, mountain preserves, and other parcels of land owned by the Town of Paradise Valley or the Mummy Mountain Preserve Trust.
 7. “PVPD” means the Town of Paradise Valley Police Department.
 8. “Unmanned Aerial Vehicle” or “UAV” (aka “Drone”) means an aircraft that may be flown without a pilot or operator in or touching the aircraft.

Section 10-12-3 Restrictions; Exceptions

- A. **Private Property.** It is unlawful for a person to use an UAV over Private Property at a level between zero feet and five hundred feet above the ground level of the Private Property without the express permission of the owner of the Private Property over which the UAV is flying. An

offense under this section will be considered a criminal trespass and subject to civil and criminal penalties pursuant to subsection 10-12-4 below and Article 1-9 of the Town Code.

- B. Public Property.** The use of an UAV over Public Property within the Town is unlawful unless the use has been authorized by the issuance of a Special Event Permit pursuant to Section 8-8-3 of the Paradise Valley Town Code.
- C. Commercial Use on Private or Public Property.** The Commercial Use of an UAV within the Town is unlawful unless the Commercial User has met the requirements provided in subsection A and B above with respect to operation of a UAV on either Private Property or Public Property and the following additional requirements:
1. Registered as a Commercial User with the PVPD, said registration to include proof of having obtained the appropriate certifications or registrations required from the FAA for the type of Commercial Use(s) to be conducted within the Town by the Commercial User;
 2. Provided a list of the types and number of UAVs that the Commercial User plans to use within the Town limits, as well as: the brand and model of each UAV; any registration number, license number or other identifying information for each such UAV, specifically including registration numbers supplied by the FAA; and photos of each UAV, at least one such photo to show the particular registration or license number for each UAV; and
 3. At least four hours prior to each Commercial Use of a UAV, the Commercial User will first have provided notification to the PVPD of the planned date, time, location of the Commercial Use, contact information for the Commercial User, and other information required by the Police Department through its online UAV Commercial User web portal.
- D. Exceptions.** In addition to the uses allowed above, the use of a UAV is allowed within the Town for:
1. Recreational use of an UAV within one's own property so long as such use is at a height of less than five hundred feet (500') and not in violation of the additional violations set forth in subsection E below; or
 2. By a Law Enforcement Agency in response to an emergency situation or after obtaining a warrant based upon probable cause that criminal activity is occurring.

E. Additional Violations. In addition to those violations enumerated above, the following are violations of this Article, even under an otherwise authorized use or exception. No person or entity shall operate a UAV within the Town:

1. In a careless or reckless manner that poses an apparent or actual threat of harm, or actual harm to persons or property; or
2. Without the express permission of a person, owner, or authorized representative, to capture, view, record or transmit any visual image or audio recording of such person or their private real property, located in the Town, under circumstances in which the subject person or owner of the private property has a reasonable expectation of privacy (including, but not limited to, inside a private residence, school room, resort room, office, or inside an enclosed yard);
3. Or in such a manner as to intentionally harass, annoy, or assault a person or persons or to cause a public nuisance.

Section 10-12-4 Penalties/Seizure of Evidence.

For a first violation of this ordinance (except those violations which are accompanied by intentional or reckless acts), the penalty shall be a civil violation with a fine not to exceed \$500. For a second violation or any violation accompanied by intentional or reckless acts, the charge or violation shall be as provided for in Article 1-9 of the Town Code, with a maximum penalty to include a criminal misdemeanor charge, which, upon conviction thereof shall be a fine not to exceed two thousand five hundred dollars (\$2,500.00) or imprisonment for a period not to exceed six months or both fine and imprisonment. Each day that a violation continues shall be a separate offense punishable as described.

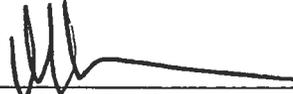
If the PVPD police chief or a Town code enforcement officer, or any of their duly authorized enforcement officers or designees, have a reasonable basis to believe that any UAV is or has been operating in violation of this section, said UAV may be seized by such duly authorized enforcement official, followed by an opportunity for an administrative hearing, with notice to the owner within seven calendar days of such seizure, for the purpose of reviewing the appropriateness of the seizure, and shall be held by the Town until such time that the owner of such UAV reimburses the Town for the actual costs incurred in connection with the seizure and storage of the UAV. If criminal charges involving the use, condition or operation of the UAV are pending, the UAV shall be held until disposition of the criminal charges. If it is determined at an administrative hearing, by a preponderance of the evidence, that the UAV was not being operated in violation of this article, such UAV shall be returned to its owner without charge.

Section 2. Due to the uncertainty regarding future regulation of UAVs by other governmental agencies, including the Federal Aviation Administration and the State of Arizona, and potential unforeseen issues related to the rapidly evolving technology improvements in UAVs, this ordinance shall be brought back to the Council for review within one year after its adoption for the Council to consider whether any changes or modifications should be made to the provisions provided for in this ordinance.

Section 3. If any section, subsection, sentence, clause, phrase or portion of this ordinance or any part of these amendments to the Town Code adopted herein by reference is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

Section 4. Whereas the immediate operation of the provisions of this ordinance is necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist and this ordinance shall be in full force and effect from and after its passage by the council.

PASSED AND ADOPTED by the Mayor and Council of the Town of Paradise Valley, Arizona, this 3rd day of December 2015.



Michael Collins, Mayor

ATTEST:



Duncan Miller, Town Clerk

APPROVED AS TO FORM:



Andrew M. Miller, Town Attorney

**City of Canyon Lake
City Council
Staff Report**

TO: Honorable Mayor and Members of the City Council

FROM: Elizabeth Martyn, City Attorney

DATE: February 3, 2016

SUBJECT: Council Member Request For Attorney General Opinion

Recommendation

It is recommended that the City Council provide direction to staff as to whether or not to seek an Attorney General opinion through a legislator on the following legal issue: The Brown Act prohibits registration to attend a meeting. In contrast, does the Brown Act allow a public agency to require – rather than request – completed speaker slips before a person may speak at a public meeting.

Background

Council Member Zaitz has raised this issue several times. As requested, the City Attorney obtained a brief, informal response from the Attorney General's Office indicating that speaker slips likely could not be required, but the Attorney General's Office indicated that for explicit directions, an opinion should be obtained. (There was some delay in obtaining a response from the Deputy Attorney General involved as he is retired, works part-time and was on vacation).

An opinion must be sought through a legislator. It typically takes between nine months and a year to receive an opinion, if a legislator agrees to request one. It is not know if there is pending opinion request on the same topic. There is no cost to the City to request an opinion.

At present, the City Council Decorum resolution states that speaker slips will not be required, although they are may be requested. The speaker slips used note that completion is voluntary.

Even if the Attorney General were to opine that speaker slips may be required, this provision of the Decorum Resolution would remain correct: it is the City Council's option under the Brown Act to provide access to meetings beyond the "minimal standards." (See Government Code Section 54953.7 which provides in pertinent part that "Notwithstanding any other provisions of law, legislative bodies of local agencies may impose requirements upon themselves which allow greater access to their meetings than prescribed by the minimal standards set forth in this chapter...").

Budget (or Fiscal) Impact

There is no cost to the City to request an opinion.

Attachments

None