



AGENDA
CITY COUNCIL/SUCCESSOR AGENCY/STANTON HOUSING AUTHORITY
JOINT REGULAR MEETING
STANTON CITY HALL, 7800 KATELLA AVENUE, STANTON, CA
TUESDAY, NOVEMBER 28, 2017 - 6:30 P.M.

In compliance with the Americans With Disabilities Act, if you need special assistance to participate in this meeting, please contact the Office of the City Clerk at (714) 890-4245. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to assure accessibility to this meeting.

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- 1. CLOSED SESSION (6:00 PM)**
- 2. ROLL CALL**
 - Council Member Donahue
 - Council Member Ethans
 - Council Member Ramirez
 - Mayor Pro Tem Shawver
 - Mayor Warren
- 3. PUBLIC COMMENT ON CLOSED SESSION ITEMS**

Closed Session may convene to consider matters of purchase / sale of real property (G.C. §54956.8), pending litigation (G.C. §54956.9(a)), potential litigation (G.C. §54956.9(b)) or personnel items (G.C. §54957.6). Records not available for public inspection.

4. CLOSED SESSION

4A. CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to Government Code Section 54956.9(d) (2)

Number of Potential Cases: 3

4B. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Existing litigation pursuant to Government Code section 54956.9(d)(1)
Number of cases: 2

City of Stanton vs. Green Tree Remedy et al, Orange County Superior Court Case
Number: 30-2015-00813225-CU-JR-CJC

4C. CONFERENCE WITH REAL PROPERTY NEGOTIATOR
(Pursuant to Government Code Section 54956.8)

Property: 10632 Beach Boulevard, Stanton, CA (APN 126-434-15)

Negotiating Parties: James A. Box, Executive Director, Stanton Housing Authority
Royal Crown Development, Inc., Owner
County of Orange, Negotiating Party

Under Negotiation: Instruction to negotiator will concern price and terms of payment.

5. CALL TO ORDER / SUCCESSOR AGENCY / STANTON HOUSING AUTHORITY MEETING

6. ROLL CALL Agency/Authority Member Donahue
Agency/Authority Member Ethans
Agency/Authority Member Ramirez
Vice Chairman Shawver
Chairperson Warren

7. PLEDGE OF ALLEGIANCE

8. SPECIAL PRESENTATIONS AND AWARDS None.

9. CONSENT CALENDAR

All items on the Consent Calendar may be acted on simultaneously, unless a Council/Board Member requests separate discussion and/or action.

CONSENT CALENDAR

9A. MOTION TO APPROVE THE READING BY TITLE OF ALL ORDINANCES AND RESOLUTIONS. SAID ORDINANCES AND RESOLUTIONS THAT APPEAR ON THE PUBLIC AGENDA SHALL BE READ BY TITLE ONLY AND FURTHER READING WAIVED

RECOMMENDED ACTION:

City Council/Agency Board/Authority Board waive reading of Ordinances and Resolutions.

9B. APPROVAL OF WARRANTS

City Council approve demand warrants dated November 9, 2017 and November 16, 2017, in the amount of \$396,723.00.

9C. OCTOBER 2017 INVESTMENT REPORT

The Investment Report as of October 31, 2017 has been prepared in accordance with the City's Investment Policy and California Government Code Section 53646.

RECOMMENDED ACTION:

1. City Council find that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15378(b)(5) (Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment); and
2. Receive and file the Investment Report for the month of October 2017.

9D. OCTOBER 2017 INVESTMENT REPORT (SUCCESSOR AGENCY)

The Investment Report as of October 31, 2017 has been prepared in accordance with the City's Investment Policy and California Government Code Section 53646.

RECOMMENDED ACTION:

1. Successor Agency find that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15378(b)(5) (Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment); and
2. Receive and file the Investment Report for the month of October 2017.

9E. OCTOBER 2017 INVESTMENT REPORT (HOUSING AUTHORITY)

The Investment Report as of October 31, 2017 has been prepared in accordance with the City's Investment Policy and California Government Code Section 53646.

RECOMMENDED ACTION:

1. Stanton Housing Authority find that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15378(b)(5) (Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment); and
2. Receive and file the Investment Report for the month of October 2017.

9F. CONTRACT EXTENSION FOR INCO REALTY (HOUSING AUTHORITY)

Requested is the authorization to allow the Executive Director to extend the professional services agreement with Inco Realty to continue providing brokerage services for associated with the sale of the Housing Authority asset located at 7455 Katella Avenue.

RECOMMENDED ACTION:

1. Housing Authority declare that the project is exempt from the California Environmental Quality Act ("CEQA") under Section 15061(b)(3) as the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA; and
2. Approve the contract amendment for Inco Realty; and
3. Authorize the Executive Director to bind the Stanton Housing Authority and Inco Realty in a contract to continue providing brokerage services associated with the sale of the Housing Authority asset located 7455 Katella Avenue.

9G. ANNUAL AUDIT REPORTS FOR FISCAL YEAR 2016-17

Attached is the Comprehensive Annual Financial Report (CAFR) for the City of Stanton for the fiscal year ended June 30, 2017. This report includes all funds and entities that are within the control of the City. The independent firm of White Nelson Diehl Evans LLP, Certified Public Accountants and Consultants (WNDE), has conducted an independent audit of the financial statements of the City included in the CAFR and has issued an “unqualified” opinion thereon.

Three additional reports and letters required by governmental auditing standards were issued by the auditors and are submitted herewith. All three cite no significant instances of noncompliance or other exceptions.

RECOMMENDED ACTION:

1. City Council find that these items are not subject to the California Environmental Quality Act (“CEQA”) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378(b)(4) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly); and
2. Receive and file the Comprehensive Annual Financial Report for fiscal year ended June 30, 2017, the Report on Internal Controls Over Financial Reporting and On Compliance and Other Matters, the Auditor’s Communication With Those Charged With Governance, and the Report on Agreed-Upon Procedures Applied to Appropriation Limit Worksheet for the Year Ended June 30, 2017.

9H. A RESOLUTION APPROVING THE APPLICATION FOR THE CALIFORNIA VIOLENCE INTERVENTION AND PREVENTION (CalVIP) GRANT FOR THE CITY OF STANTON ADMINISTERED BY THE BOARD OF STATE AND COMMUNITY CORRECTIONS (BSCC)

The City of Stanton desires to apply for the California Violence Intervention and Prevention (CalVIP) Grant funds from the Board of State and Community Corrections (BSCC) and requests authorization for the City Manager to submit a non-binding letter of intent to the BSCC.

RECOMMENDED ACTION:

1. City Council consider approval of Resolution No. 2017-51, entitled:

“A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA APPROVING THE APPLICATION FOR THE CALIFORNIA VIOLENCE INTERVENTION AND PREVENTION (CalVIP) GRANT FOR THE CITY OF STANTON ADMINISTERED BY THE BOARD OF STATE AND COMMUNITY CORRECTIONS (BSCC)”; and

2. Authorize the City Manger to submit a non-binding letter of intent to the Board of State and Community Corrections (BSCC) on behalf of the City of Stanton; and
3. Authorize the City Manger to perform all actions necessary and required in carrying out this Resolution including, but not limited to, the execution, in the name of the City of Stanton, any applications, any agreements, and all other documents required by the Board of State and Community Corrections, as approved by the City Attorney.

END OF CONSENT CALENDAR

10. PUBLIC HEARINGS

10A. ADOPTION OF AN ART IN PUBLIC PLACES MANUAL AND FEE RESOLUTION

At the November 14, 2017 City Council meeting, Ordinance No. 1072 was introduced to establish an Art in Public Places Program. Before Council for consideration is the final Art in Public Places Manual to establish the procedures for the Program, and a fee resolution.

RECOMMENDED ACTION:

1. City Council declare that the project is not a project subject to CEQA pursuant to Section 15061(b)(3) as the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA; and

2. Approve Resolution No. 2017-43 adopting the Art in Public Places Manual, entitled:

“A RESOLUTION OF CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, ADOPTING AN ART IN PUBLIC PLACES MANUAL”; and

3. Approve Resolution No. 2017-49 adopting an Art in Public Places Program fee, entitled:

“A RESOLUTION OF CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, ADOPTING AN ART IN PUBLIC PLACES FEE”.

10B. APPEAL OF PLANNING COMMISSION'S REVOCATION OF CONDITIONAL USE PERMIT C17-04, WHICH ALLOWED FOR THE CONTINUED OPERATION OF A MASSAGE ESTABLISHMENT AT THE PROPERTY LOCATED AT 10450 BEACH BLVD., #104 IN THE CG (COMMERCIAL GENERAL) ZONE; SUBMITTED BY BILL MINH, THE ESTABLISHMENT OPERATOR

Consideration of an appeal of the Planning Commission's decision to revoke Conditional Use Permit C17-04, which allowed for the operation of a massage establishment at the property located at 10450 Beach Blvd. #104. The basis for the revocation was several violations of Stanton Municipal Code Section 20.400.190 as well as several violations of Conditional Use Permit C17-04.

RECOMMENDED ACTION:

1. City Council hold a public hearing; and
2. Declare the project exempt from CEQA under Section 15321 (Enforcement Actions by Regulatory Agencies); and
3. Consider Resolution No. 2017-48 upholding the Planning Commission's revocation of Conditional Use Permit C17-04 and denying the appeal.

11. UNFINISHED BUSINESS

11A. APPROVAL OF ORDINANCE NO. 1050

This Ordinance was introduced at the regular City Council meeting of November 14, 2017.

RECOMMENDED ACTION:

1. City Clerk read the title of Ordinance No. 1050, entitled:

“AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, AMENDING CHAPTER 20.325 OF THE STANTON MUNICIPAL CODE RELATING TO POLITICAL SIGNS AND TEMPORARY NONCOMMERCIAL SIGNS”; and

2. City Council find that this Ordinance is exempt from the California Environmental Quality Act ("CEQA") pursuant to Section 15061(b)(3) as the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA; and
3. Adopt Ordinance No. 1050.

ROLL CALL VOTE: Council Member Donahue
Council Member Ethans
Council Member Ramirez
Mayor Pro Tem Shawver
Mayor Warren

11B. APPROVAL OF ORDINANCE NO. 1072

This Ordinance was introduced at the regular City Council meeting of November 14, 2017.

RECOMMENDED ACTION:

1. City Clerk read the title of Ordinance No. 1072, entitled:

“AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA ADDING CHAPTER 20.533 TO THE ZONING CODE PERTAINING TO THE IMPLEMENTATION OF AN ART IN PUBLIC PLACES PROGRAM”; and

2. City Council find that this Ordinance is exempt from the California Environmental Quality Act (“CEQA”) pursuant to Section 15061(b)(3) as the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA; and
3. Adopt Ordinance No. 1072.

ROLL CALL VOTE: Council Member Donahue
Council Member Ethans
Council Member Ramirez
Mayor Pro Tem Shawver
Mayor Warren

11C. APPROVAL OF ORDINANCE NO. 1073

This Ordinance was introduced at the regular City Council meeting of November 14, 2017.

RECOMMENDED ACTION:

1. City Clerk read the title of Ordinance No. 1073, entitled:

“AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, ESTABLISHING FOUR CITY COUNCIL DISTRICTS FOR A BY-DISTRICT ELECTORAL SYSTEM AND CERTAIN RELATED MATTERS”; and

2. City Council find that this item is not subject to California Environmental Quality Act (“CEQA”) pursuant to Sections 15378(b)(5)(Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment); and
3. Adopt Ordinance No. 1073.

ROLL CALL VOTE: Council Member Donahue
Council Member Ethans
Council Member Ramirez
Mayor Pro Tem Shawver
Mayor Warren

11D. ADOPT AN ORDINANCE AMENDING SECTION 10.08.060 OF TITLE 10 OF THE STANTON MUNICIPAL CODE IN REGARDS TO PERMIT PARKING REGULATIONS

In April of 2016, the California Attorney General issued a formal opinion that local authorities may not institute preferential parking regulations that discriminate among residents based on the residents' dwelling type. As a result, the City worked with a consultant to determine the viability of a permit parking program in highly impacted areas that was consistent with the Attorney General's opinion. After extensive analysis the consultant determined that there was no version of a parking permit program that was consistent with the Attorney General's opinion and provided permit relief in the impacted areas based on the lack of available parking. Dissolution of the permit parking program was recommended with the preservation of existing permit parking areas.

RECOMMENDED ACTION:

1. City Council declare that the project is exempt from California Environmental Quality Act ("CEQA") under Section 15378(b)(4) – The creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment; and
2. Adopt an Ordinance No.1075, entitled:

"AN ORDINANCE AMENDING SECTION 10.08.060 OF TITLE 10 OF THE STANTON MUNICIPAL CODE IN REGARDS TO PERMIT PARKING REGULATIONS"; and

3. Set said ordinance for adoption at the December 12, 2018 City Council meeting.

12. NEW BUSINESS

12A. A RESOLUTION TO RE-ESTABLISH FEES FOR STATE FRANCHISED VIDEO SERVICE PROVIDERS

As part of our membership in the joint powers authority of the Public Cable Television Authority (PCTA), every ten (10) years the City must approve a resolution and ordinance that reauthorizes local governments to establish and collect Public, Educational, and Governmental Access (PEG) fees from a city's cable and video TV operators. City Council previously adopted Ordinance No. 1064 on March 28, 2017, but with Time Warner Cable LLC's expiring franchise in January 2018, PCTA has asked that City Council re-establish the PEG fees again.

RECOMMENDED ACTION:

1. City Council declare that the project is exempt from the California Environmental Quality Act ("CEQA") under Section 15061(b)(3) as the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA; and
2. Adopt Resolution 2017-50 entitled:

"A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, RE-ESTABLISHING FEES FOR STATE FRANCHISED VIDEO SERVICE PROVIDERS"; and
3. Introduce for first reading Ordinance No. 1074, entitled:

"AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, RE-ESTABLISHING FEES FOR STATE FRANCHISED VIDEO SERVICE PROVIDERS"; and
4. Set said ordinance for adoption at the regular City Council meeting of December 12, 2017.

ROLL CALL Council Member Donahue
 Council Member Ethans
 Council Member Ramirez
 Mayor Pro Tem Shawver
 Mayor Warren

13. ORAL COMMUNICATIONS - PUBLIC

At this time members of the public may address the City Council/Successor Agency/Stanton Housing Authority regarding any items within the subject matter jurisdiction of the City Council/Successor Agency/Stanton Housing Authority, provided that NO action may be taken on non-agenda items.

- Members of the public wishing to address the Council/Agency/Authority during Oral Communications-Public or on a particular item are requested to fill out a REQUEST TO SPEAK form and submit it to the City Clerk. Request to speak forms must be turned in prior to Oral Communications-Public.
- When the Mayor/Chairman calls you to the microphone, please state your Name, slowly and clearly, for the record. A speaker's comments shall be limited to a three (3) minute aggregate time period on Oral Communications and Agenda Items. Speakers are then to return to their seats and no further comments will be permitted.
- Remarks from those seated or standing in the back of chambers will not be permitted. All those wishing to speak including Council/Agency/Authority and Staff need to be recognized by the Mayor/Chairman before speaking.

14. WRITTEN COMMUNICATIONS None.

15. MAYOR/CHAIRMAN COUNCIL/AGENCY/AUTHORITY INITIATED BUSINESS

15A. COMMITTEE REPORTS/ COUNCIL/AGENCY/AUTHORITY ANNOUNCEMENTS

At this time Council/Agency/Authority Members may report on items not specifically described on the agenda which are of interest to the community provided no discussion or action may be taken except to provide staff direction to report back or to place the item on a future agenda.

15B. COUNCIL/AGENCY/AUTHORITY INITIATED ITEMS FOR A FUTURE MEETING

At this time Council/Agency/Authority Members may place an item on a future agenda.

15C. COUNCIL/AGENCY/AUTHORITY INITIATED ITEMS FOR A FUTURE STUDY SESSION

At this time Council/Agency/Authority Members may place an item on a future study session agenda.

Currently Scheduled:

- None.

16. ITEMS FROM CITY ATTORNEY/AGENCY COUNSEL/AUTHORITY COUNSEL

17. ITEMS FROM CITY MANAGER/EXECUTIVE DIRECTOR

17A. ORANGE COUNTY SHERIFF'S DEPARTMENT

At this time the Orange County Sheriff's Department will provide the City Council with an update on their current operations.

18. ADJOURNMENT

I hereby certify under penalty of perjury under the laws of the State of California, the foregoing agenda was posted at the Post Office, Stanton Community Services Center and City Hall, not less than 72 hours prior to the meeting. Dated this 22nd day of November, 2017.

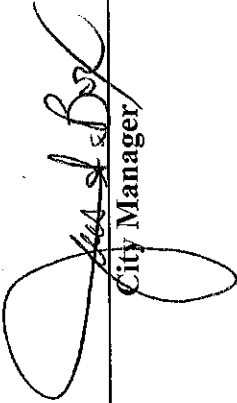
s/ Patricia A. Vazquez, City Clerk/Secretary

**CITY OF STANTON
ACCOUNTS PAYABLE REGISTER**

November 9, 2017	\$125,744.61
November 16, 2017	\$270,978.39

\$396,723.00

Demands listed on the attached registers conform to the City of Stanton Annual Budget as approved by the City Council.



City Manager

Demands listed on the attached registers are accurate and funds are available for payment thereof.



Administrative Services Director

CITY OF STANTON

REPORT TO THE CITY COUNCIL

TO: Honorable Mayor and City Council

DATE: November 28, 2017

SUBJECT: OCTOBER 2017 INVESTMENT REPORT

REPORT IN BRIEF:

The Investment Report as of October 31, 2017 has been prepared in accordance with the City's Investment Policy and California Government Code Section 53646.

RECOMMENDED ACTION:

1. City Council find that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15378(b)(5) (Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment); and
2. Receive and file the Investment Report for the month of October 2017.

BACKGROUND:

The attached reports summarize the City investments and deposit balances as of October 2017. A summary of the City's investments and deposits is included as Attachment A. The details of the City's investments are shown in Attachment B. The City's cash and investment balances by fund type are presented in Attachment C.

ANALYSIS:

The City's investment in the State Treasurer's Local Agency Investment Fund (LAIF) continues to be available on demand. The effective yield on LAIF for the month of October 2017 was 1.14%. All City investments have safekeeping with Bank of the West. The City's investments are shown on Attachment B and have a weighted investment yield of 1.89%. Including LAIF and the City's deposit in the Bank of the West money market account, the weighted investment yield of the portfolio is 1.73%, which exceeds the benchmark LAIF return of 1.14%.

The weighted average maturity of the City's investments on October 2017 is 1,106 days. Including LAIF and a money market account, it is 878 days. LAIF's average maturity on October 31, 2017 was approximately 184 days.

The City has exceeded the LAIF benchmark return by increasing the weighted average maturity. With a weighted average maturity of 2.43 years, the City is well within the investment policy restriction of 3.5 years.

FISCAL IMPACT:

All deposits and investments have been made in accordance with the City's 2017-18 Investment Policy. The portfolio will allow the City to meet its expenditure requirements for the next six months. Staff remains confident that the investment portfolio is currently positioned to remain secure and sufficiently liquid.

The City Treasurer controls a \$28.1 million portfolio with \$22.1 million in investments that has safekeeping with Bank of the West.

ENVIRONMENTAL IMPACT:

None.

LEGAL REVIEW:

None.

PUBLIC NOTIFICATION:

Through the agenda posting process.

STRATEGIC PLAN OBJECTIVE ADDRESSED

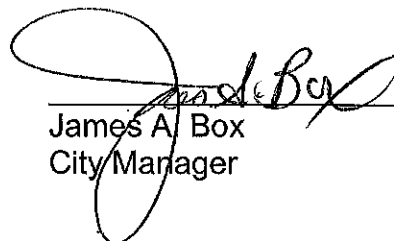
4. Ensure Fiscal Stability and Efficiency in Governance

Prepared by:

Approved:



Stephen M. Parker, CPA
Administrative Services Director/Treasurer



James A. Box
City Manager

Attachments:

- A. Investments and Deposits
- B. Investment Detail
- C. Cash and Investment Balances by Fund Type

CITY OF STANTON
INVESTMENTS
OCTOBER 2017

Attachment B

Investment Type/ Broker	Institution	CUSIP Number	Purchase Yield	Coupon Rate	Purchase Price	Date Purchased	Date of Maturity	Next Call Date (NC=noncallable)	Par Value	Purchase Amount	Current Market Value	Percent of Portfolio	Maximum Percent
U.S. Government Agency Securities:													
Chandler Asset Management	FNMA	3135GDE58	1.20%	1.13%	100.42	9/30/2015	10/19/2018	NC	195,000	195,014	194,302		
Chandler Asset Management	FNMA	3135GGG72	1.17%	1.13%	99.39	10/30/2015	12/14/2018	NC	195,000	194,709	194,123		
Chandler Asset Management	FHFB	3133762M2	1.16%	1.50%	101.23	02/01/16	03/08/19	NC	185,000	186,930	184,887		
Chandler Asset Management	FFCB	3133EGCA1	1.08%	1.06%	100.01	10/25/16	06/03/19	NC	200,000	200,010	198,198		
Chandler Asset Management	FHLMC	3137EADM8	1.25%	1.25%	99.15	08/31/15	10/02/19	NC	190,000	186,394	188,604		
Chandler Asset Management	FHFB	3130AQRJ2	1.65%	2.38%	103.07	11/23/15	12/13/19	NC	200,000	205,698	202,910		
Chandler Asset Management	FNMA	3135GGD75	1.27%	1.50%	100.90	2/24/2016	6/22/2020	NC	200,000	201,962	198,950		
Chandler Asset Management	FNMA	3135GGF73	1.50%	1.50%	100.36	1/20/2016	11/30/2020	NC	190,000	190,035	188,419		
Chandler Asset Management	FNMA	3130A3UQ5	1.48%	1.88%	102.18	2/1/2016	12/11/2020	NC	185,000	188,349	185,159		
Chandler Asset Management	FNMA	3135GGH55	1.50%	1.88%	102.11	1/20/2016	12/28/2020	NC	190,000	193,386	190,467		
Chandler Asset Management	FHFB	3130A7CV5	1.46%	1.38%	99.77	02/17/16	02/18/21	NC	210,000	205,168	206,974		
Chandler Asset Management	FNMA	3135GQJ20	1.31%	1.38%	100.01	4/12/2016	2/28/2021	NC	200,000	200,630	196,956		
Chandler Asset Management	FHFB	313382K69	1.53%	1.75%	101.72	03/23/16	03/12/21	NC	190,000	192,005	189,533		
Chandler Asset Management	FHFB	3130ATPV1	1.33%	1.38%	99.80	04/12/16	04/05/21	NC	200,000	200,432	196,758		
Chandler Asset Management	FNMA	3135GOK69	1.23%	1.25%	99.75	8/15/2016	5/6/2021	NC	200,000	200,166	196,150		
Chandler Asset Management	FHFB	3130A8QS5	1.28%	1.13%	98.05	08/09/16	07/14/21	NC	190,000	188,596	185,081		
Chandler Asset Management	FHLMC	3137EAECS	1.24%	1.13%	98.98	08/12/16	08/12/21	NC	200,000	198,898	194,670		
Chandler Asset Management	FHFB	3130AABG2	1.97%	1.88%	99.36	11/30/16	11/29/21	NC	100,000	98,536	99,758		
Chandler Asset Management	FNMA	3135GOT45	1.89%	1.88%	98.78	4/20/2017	4/5/2022	NC	200,000	199,830	198,694		
Chandler Asset Management	FHFB	3130AC2X1	1.75%	1.75%	100.00	8/23/2017	8/23/2022	2/23/2018	500,000	500,000	488,585		
Multi-Bank Securities, Inc.	FHFB	3130AC7K4	1.75%	1.75%	100.00	8/22/2017	9/15/2022	NC	500,000	500,000	498,125		
									4,620,000	4,633,746	4,587,278	16.45%	100%
Municipal Bonds													
Multi-Bank Securities, Inc.	Brawley CA Pension Obligation Bond	105710AA5	1.59%	1.75%	100.25	7/25/2017	9/1/2018	NC	1,005,000	1,007,462	1,005,583		
Multi-Bank Securities, Inc.	CA ST Housing Finance Agency RDA	13034PZF7	2.04%	2.30%	100.75	7/24/2017	8/1/2020	NC	250,000	251,675	251,190		
Centella & Co., Inc.	Banning CA RDA SA TAB	066616AD5	2.02%	1.90%	98.66	9/28/2017	9/1/2020	NC	250,000	249,150	246,478		
Multi-Bank Securities, Inc.	Banning CA RDA SA TAB	066616AD5	2.02%	1.90%	98.66	9/28/2017	9/1/2020	NC	250,000	249,150	246,478		
Multi-Bank Securities, Inc.	Pomona CA PFA Lease Bond	73208MCX4	2.25%	2.42%	100.60	6/23/2017	4/1/2021	NC	500,000	503,000	499,410		
Multi-Bank Securities, Inc.	CA ST Housing Finance Agency RDA	13034PZH3	2.32%	2.51%	100.75	7/24/2017	8/1/2021	NC	350,000	362,625	352,391		
Multi-Bank Securities, Inc.	CA ST Housing Finance Agency RDA	13034PZH3	2.22%	2.51%	101.09	8/18/2017	8/1/2021	NC	255,000	257,777	256,742		
Centella & Co., Inc.	Oceanside CA Pension Obligation Bond Taxable	657371AX6	2.03%	3.25%	104.65	8/15/2017	8/15/2021	NC	280,000	293,013	289,836		
Centella & Co., Inc.	Series B	54465AHP0	2.03%	2.50%	101.67	6/26/2017	9/1/2021	NC	400,000	406,684	398,660		
Centella & Co., Inc.	Yorba Linda RDA SA TAB Taxable Series B	986176AQ8	2.00%	2.00%	100.00	8/15/2017	9/1/2021	NC	360,000	360,000	358,128		
First Empire Securities	Riverside CA Pension Obligation Bond	76903BB9	2.25%	2.50%	101.16	6/20/2017	6/1/2022	NC	500,000	505,800	497,645		
First Empire Securities	Riverside CA Pension Obligation Bond	76903BB9	2.40%	2.50%	100.45	7/24/2017	6/1/2022	NC	240,000	241,080	236,870		
									4,640,000	4,677,616	4,641,409	16.61%	100%

CITY OF STANTON
INVESTMENTS
OCTOBER 2017

Attachment B

Investment Type/ Broker	Institution	CUSIP Number	Purchase Yield	Coupon Rate	Purchase Price	Date Purchased	Date of Maturity	Next Call Date (NC=noncallable)	Par Value	Purchase Amount	Current Market Value	Percent of Portfolio	Maximum Percent
Negotiable Certificates of Deposit:													
Multi-Bank Securities, Inc.	Israel Discount BK of NY	465076JVO	1.50%	1.50%	100.00	8/15/2017	8/17/2018	NC	247,000	247,000	247,217		
Cantella & Co., Inc	Firstbank Puerto Rico (PR)	337674AE8	1.55%	1.55%	100.00	8/15/2017	8/15/2018	NC	249,000	249,000	249,062		
Multi-Bank Securities, Inc.	Generations Community Fed Credit	37148LABA	1.65%	1.65%	100.00	6/28/2017	6/28/2019	NC	249,000	249,000	249,022		
Multi-Bank Securities, Inc.	Direct Federal Credit Union	25460FAQ9	1.75%	1.75%	100.00	05/24/17	2/24/2020	NC	249,000	249,000	248,768		
First Empire Securities	Mercantile Bank, NA	58733AEJ4	1.90%	1.90%	100.00	08/15/17	3/16/2020	NC	249,000	249,000	247,576		
First Empire Securities	Ally Bank	02006LY72	1.75%	1.75%	100.00	03/16/17	3/16/2020	NC	249,000	249,000	247,673		
Cantella & Co., Inc	Webbank	947547JN6	1.85%	1.85%	100.00	03/30/17	3/30/2020	12/30/2017	249,000	249,000	249,159		
Multi-Bank Securities, Inc.	Live Oak Banking Company	538036CN2	2.00%	2.00%	100.00	04/07/17	4/7/2020	NC	249,000	249,000	248,871		
Cantella & Co., Inc	Community Trust Bank Inc...	20416LAC3	1.85%	1.85%	100.00	08/10/17	8/18/2020	NC	247,000	247,000	248,583		
Multi-Bank Securities, Inc.	The Park National Bank	700654AY2	1.95%	1.95%	100.00	03/30/17	9/30/2020	NC	249,000	249,000	248,065		
First Empire Securities	First Bank Richmond	319267GC8	1.80%	1.80%	100.00	06/23/17	11/23/2020	NC	247,000	247,000	245,760		
Multi-Bank Securities, Inc.	Numerica Credit Union	67054NAF0	2.00%	2.00%	100.00	05/30/17	11/30/2020	NC	249,000	249,000	249,212		
First Empire Securities	BMW Bank	05580AGQ1	1.95%	1.95%	100.00	03/10/17	3/10/2021	NC	248,000	248,000	247,573		
First Empire Securities	Wells Fargo Bank, NA	94976FEQ4	2.10%	2.10%	100.00	03/15/17	3/15/2021	NC	249,000	249,000	249,025		
First Empire Securities	Landmark Bank	51506VCA9	2.10%	2.10%	100.00	03/29/17	3/29/2021	12/29/2017	249,000	249,000	248,424		
First Empire Securities	Medallion Bank	594036EF8	1.80%	1.80%	100.00	04/06/17	4/6/2021	NC	249,000	249,000	248,905		
Cantella & Co., Inc	Comerity Capital Bank	20033AU00	2.00%	2.00%	100.00	6/30/2017	6/30/2021	NC	249,000	249,000	248,664		
First Empire Securities	Discover Bank	2546725D6	2.10%	2.10%	100.00	7/6/2017	7/6/2021	NC	247,000	247,000	247,518		
Cantella & Co., Inc	Barclays Bank	06740KKC0	2.00%	2.00%	100.00	7/12/2017	7/12/2021	NC	249,000	249,000	248,630		
First Empire Securities	Abacus Federal Savings Bank	00237TAY2	1.95%	1.95%	100.00	7/21/2017	7/21/2021	NC	249,000	249,000	248,153		
Cantella & Co., Inc	MB Financial Bank	55266CVW3	1.90%	1.90%	100.00	7/21/2017	7/21/2021	NC	249,000	249,000	247,708		
First Empire Securities	HSBC Bank USA, NA	40434YMK0	2.15%	2.15%	100.00	7/28/2017	7/28/2021	7/26/2018	247,000	247,000	247,924		
First Empire Securities	Third Federal Savings and Loan	884130BN7	2.00%	2.00%	100.00	7/28/2017	7/28/2021	NC	249,000	249,000	247,578		
Multi-Bank Securities, Inc.	State Bank of India	8562846V1	2.35%	2.35%	100.00	03/14/17	3/14/2022	NC	248,000	248,000	248,855		
Multi-Bank Securities, Inc.	Capital One Bank USA	140402Z52	2.35%	2.35%	100.00	03/15/17	3/15/2022	NC	248,000	248,000	249,848		
Cantella & Co., Inc	JP Morgan Chase Bank NA	48126XD93	2.35%	2.35%	100.00	03/16/17	3/16/2022	NC	249,000	249,000	250,051		
First Empire Securities	BMO Harris, NA	05581WNK7	Variable	Variable	100.00	03/29/17	3/29/2022	12/29/2017	249,000	249,000	248,315		
Cantella & Co., Inc	Synchrony Bank	87166EL96	2.40%	2.40%	100.00	05/19/17	5/19/2022	NC	247,000	247,000	248,966		
First Empire Securities	American Eagle Bank	025545CN9	2.10%	2.10%	100.00	06/09/17	6/21/2022	NC	150,000	150,000	149,234		
First Empire Securities	First Bank of Highland Park	319141GL5	2.10%	2.10%	100.00	6/21/2017	6/21/2022	NC	247,000	247,000	245,503		
Cantella & Co., Inc	Goldman Sachs Bank USA	38148PKX4	2.35%	2.35%	100.00	6/21/2017	6/21/2022	NC	247,000	247,000	248,210		
Multi-Bank Securities, Inc.	Capital One NA	14042FGN5	2.30%	2.30%	100.00	7/19/2017	7/19/2022	NC	247,000	247,000	247,467		
Cantella & Co., Inc	Sallie Mae Bank	795450B81	2.30%	2.30%	100.00	7/27/2017	8/2/2022	NC	248,000	248,000	248,365		
Multi-Bank Securities, Inc.	American Express Centurion Bank	02587DV47	2.35%	2.35%	100.00	8/3/2017	8/8/2022	NC	247,000	247,000	247,235		
Cantella & Co., Inc	Fidelity Co-Operative Bank	318077CV6	1.90%	1.70%	99.60	8/4/2017	8/9/2022	11/9/2017	249,000	248,004	247,850		
First Empire Securities	American Express Bank, FSB	02597CFU9	2.40%	2.40%	100.00	8/22/2017	8/29/2022	NC	247,000	247,000	247,798		
									8,831,000	8,830,004	8,834,755	31.36%	30%
Medium-Term Corporate Notes:													
Chandler Asset Management	Qualcomm Inc	747525AG8	1.45%	1.40%	99.87	05/28/15	05/18/18	NC	135,000	134,786.70	134,949		
Chandler Asset Management	Praxair Inc	74005PBH6	1.21%	1.25%	100.08	10/03/16	11/07/18	NC	125,000	125,100.00	124,543		
Chandler Asset Management	Apple Inc	037833BQ2	1.71%	1.01%	100.87	02/16/16	02/22/19	NC	115,000	114,980.45	115,063		
Chandler Asset Management	Bank of New York	06406HCU1	1.85%	2.20%	100.56	02/01/16	05/15/19	4/15/2019	115,000	116,290.30	115,657		
Chandler Asset Management	Toyota Motor Credit Corp	89236TDE2	1.45%	1.40%	99.88	05/17/16	05/20/19	NC	125,000	124,825	124,320		
Chandler Asset Management	Berkshire Hathaway	094664CK3	1.35%	1.30%	99.96	08/08/16	08/15/19	NC	55,000	54,946.65	54,625		
Chandler Asset Management	Oracle Corp	88389XAX3	1.28%	2.25%	103.16	08/11/16	10/06/19	NC	125,000	128,743.75	128,236		
Cantella & Co., Inc	Barclay's Bank PLC	06744GFU0	2.00%	2.00%	100.00	08/11/17	08/25/20	8/25/2018	500,000	500,000.00	496,405		
Chandler Asset Management	American Honda Finance	92865WAZ4	2.05%	2.45%	101.22	04/20/17	12/14/20	NC	125,000	126,651.25	126,290		
Chandler Asset Management	Visa Inc	02862CAB8	1.45%	2.20%	102.56	09/01/16	01/14/20	NC	150,000	154,404.00	151,068		
Chandler Asset Management	Exxon Mobil Corp	30231GAV4	2.15%	2.22%	101.77	02/28/16	03/01/21	2/1/2021	125,000	126,464.80	125,809		
Chandler Asset Management	Berkshire Hathaway	094670BQ0	1.54%	2.20%	102.76	08/16/16	03/15/21	2/15/2021	100,000	102,856.00	100,461		
Chandler Asset Management	State St Corp	85747TAV5	1.95%	1.95%	99.49	05/23/16	05/18/21	NC	125,000	124,784	123,981		
Chandler Asset Management	Microsoft Corp	594918BP8	1.58%	1.55%	99.87	08/08/16	07/08/21	7/8/2021	85,000	84,898.75	83,337		
Chandler Asset Management	Paccar Financial Corp	68371RN44	1.68%	1.65%	99.59	08/11/16	08/11/21	NC	125,000	124,810.00	121,560		
Chandler Asset Management	John Deere Capital Corp	24422ETL3	2.68%	2.65%	100.26	01/03/17	01/06/22	NC	130,000	129,963.60	131,824		
Chandler Asset Management	US Bancorp	91159HPF8	2.66%	2.63%	100.37	01/19/17	01/24/22	NC	125,000	126,656.65	126,485		
Chandler Asset Management	Apple Inc	037833AY6	2.10%	2.15%	100.20	10/23/17	02/09/22	NC	500,000	501,000.00	498,170		
Multi-Bank Securities, Inc.	Capital Impact Partners	14020A2A1	2.50%	2.50%	100.00	10/23/17	10/15/22	NC	500,000	500,000.00	497,160		
									3,385,000	3,401,202.30	3,377,843	12.08%	30%

Attachment B

Investment Type/ Broker	Institution	CUSIP Number	Purchase Yield	Coupon Rate	Purchase Price	Date Purchased	Date of Maturity	Next Call Date (NC=noncallable)	Par Value	Purchase Amount	Current Market Value	Percent of Portfolio	Maximum Percent
Mortgage-Backed Securities: First Empire Securities	FNMA DIUS Balloon	37381 FAY1	2.030%	1.520%	98.40	8/18/2017	11/1/2021		491,184	483,325	478,625	1.72%	10%
Asset-Backed Securities: Chandler Asset Management	John Deere Owner Trust	477877AD6	1.08%	1.07%	99.78	09/03/14	11/15/18	NC	5,840	5,839	5,838		
Chandler Asset Management	Toyota Auto Receivables 2015A	89238WAC2	1.44%	1.12%	99.99	03/04/15	02/15/19	NC	20,002	19,999	19,991		
Chandler Asset Management	Honda Auto Receivables	43813NAC0	1.05%	1.04%	100.01	05/13/15	02/21/19	NC	28,394	28,389	28,382		
Chandler Asset Management	Nissan Auto Receivables	65478WAB1	1.08%	1.07%	99.89	08/02/16	05/15/19	NC	29,367	29,366	29,337		
Chandler Asset Management	Toyota Auto Receivables Owner 2016-D	89231LAB3	1.07%	1.06%	99.99	10/04/16	05/15/19	NC	47,837	47,833	47,781		
Chandler Asset Management	John Deere Owner Trust	47787XAB3	1.51%	1.50%	99.98	02/22/17	10/15/19	NC	40,000	40,000	39,975		
Chandler Asset Management	Nissan Auto Receivables	654747AB0	1.48%	1.47%	100.00	03/21/17	01/15/20	NC	40,000	40,000	39,970		
									211,439	211,425	211,253	0.75%	10%
Subtotal Investments			1.89%				1,106 WAM	days	22,178,623	22,237,318	22,131,162		
Prior Year Adjustment GASB 31									-	(58,005)	-		
Investments Held With Bank of the West			Weighted Average Yield						22,178,623	22,179,313	22,131,162	78.76%	
State Treasurer's Pool Money Market Acct	Local Agency Investment Fund (LAIF) Bank of the West		Weighted Average Yield				1,125 WAM	days	5,794,879	5,794,879	5,794,880	20.58%	100%
			0.29%				11/1/2017		186,142	186,142	186,142	0.66%	100%
Total Investments													
Total Money Market, LAIF and Investments			1.73%				874 WAM	days	28,159,644	28,160,335	28,112,185	100.00%	

CITY OF STANTON
CASH AND INVESTMENT BALANCES BY FUND TYPE
October 31, 2017

Fund Type	Cash and Investments	Totals
General Fund:		
Pooled	\$ (8,754,112)	
Other Accounts *	22,494,589	\$ 13,740,478
Special Revenue, Capital Projects and Enterprise Funds:		
Gas Tax	1,625,248	
Measure M	1,416,271	
Fire Emergency Services	(144,866)	
Lighting & Median Maint.	1,663,267	
Sewer Maintenance	3,357,330	
Other	2,333,943	10,251,194
Internal Service Funds		1,248,455
Trust Funds		3,039,448
Total Cash and Investment Balances		\$ 28,279,575

* Money Market, Imprest Accounts, Petty Cash and Investments

CITY OF STANTON

REPORT TO THE SUCCESSOR AGENCY TO THE STANTON REDEVELOPMENT AGENCY

TO: Honorable Chair and Members of the Successor Agency

DATE: November 28, 2017

SUBJECT: OCTOBER 2017 INVESTMENT REPORT (SUCCESSOR AGENCY)

REPORT IN BRIEF:

The Investment Report as of October 31, 2017 has been prepared in accordance with the City's Investment Policy and California Government Code Section 53646.

RECOMMENDED ACTION:

1. Successor Agency find that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15378(b)(5) (Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment); and
2. Receive and file the Investment Report for the month of October 2017.

BACKGROUND:

The attached reports summarize the Successor Agency investments and deposit balances as of October 2017. A summary of the Agency's investments and deposits is included as Attachment A. The Agency's cash balances by fund are presented in Attachment B.

ANALYSIS:

The Agency's investment in the State Treasurer's Local Agency Investment Fund (LAIF) continues to be available on demand. The effective yield on LAIF for the month of October 2017 was 1.14%.

The Agency recently refunded the Tax Allocation Bonds for 2011A and B as well as a portion of the 2010 series with series 2016 C & D bonds. The Agency's investments are shown on Attachment A and have a weighted investment yield of 0.80%, which is below the benchmark LAIF return of 1.14%, as the portfolio is completely liquid.

With a completely liquid portfolio, the weighted average maturity of the Agency's

investments at October 31, 2017 is 1 day. LAIF's average maturity at October 31, 2017 is approximately 184 days.

FISCAL IMPACT:

All deposits and investments have been made in accordance with the City's 2017-18 Investment Policy.

The portfolio will allow the Agency to meet its expenditure requirements for the next six months.

ENVIRONMENTAL IMPACT:

None

LEGAL REVIEW:

None.

PUBLIC NOTIFICATION:

Through the agenda posting process.

STRATEGIC PLAN OBJECTIVE ADDRESSED:

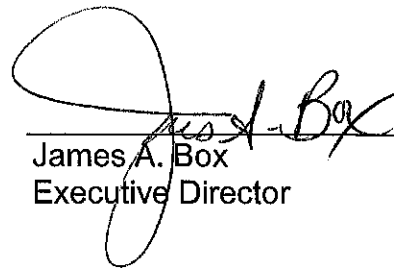
4. Ensure Fiscal Stability and Efficiency in Governance

Prepared by:



Stephen M. Parker, CPA
Administrative Services Director/Treasurer

Approved:



James A. Box
Executive Director

Attachments:

- A. Investments and Deposits
- B. Cash Balances by Fund

**SUCCESSOR AGENCY TO THE STANTON REDEVELOPMENT AGENCY
INVESTMENTS AND DEPOSITS
October 31, 2017**

Investment Type	Institution	Issuer/ Broker	Date of Maturity	Interest Rate	Par Value	Cost	Market Value	MV Source
State Treasurer's Pool - SA portion	Local Agency Investment Fund (LAIF)	State of California	On Demand	1.14%	\$ 5,784,241	\$ 5,784,241	\$ 5,778,700	LAIF
Imprest Account - SA portion	Bank of the West	Bank of the West	On Demand	N/A	(9,876)	(9,876)	(9,876)	Bank of the West
Clawback - Demand Deposits/Money Market Account	Bank of the West Money Market	Bank of the West	On Demand	0.29%	3,259,523	3,259,523	3,259,523	Bank of the West

Total Cash Investments and Deposits

\$ 9,033,887 \$ 9,028,346

Bond Funds Held by Trustees:

Investment Type	Institution	Issuer/ Broker	CUSIP Number	Date of Maturity	Interest Rate	Par Value	Cost	Market Value	MV Source
2010 Tax Allocation Bonds (Tax-Exempt)									
Principal:									
Cash Equivalent	US Bank Money Market	US Bank	9AMMF05B2	On Demand	0.02%	\$8.65	\$8.65	\$8.65	US Bank
Interest:									
Cash Equivalent	US Bank Money Market	US Bank	9AMMF05B2	On Demand	0.02%	\$0.06	\$0.06	\$0.06	US Bank
Special Fund:									
Cash Equivalent	US Bank Money Market	US Bank	9AMMF05B2	On Demand	0.02%	\$20.07	\$20.07	\$20.07	US Bank
Reserve Account:									
Cash Equivalent	US Bank Money Market	US Bank	9AMMF05B2	On Demand	0.02%	\$0.06	\$0.06	\$0.06	US Bank
Cash Equivalent	LAIF	US Bank	99LA009W8	On Demand	1.14%	\$1,140,694.57	\$1,140,694.57	\$1,140,694.57	US Bank

Total 2010 Tax Allocation Bonds (Tax-Exempt)

\$1,140,723 \$1,140,723

SUCCESSOR AGENCY TO THE STANTON REDEVELOPMENT AGENCY**POOLED CASH BALANCES BY FUND TYPE
October 31, 2017**

Fund	Cash Balance
710 Project 2000 Debt Service Fund	-
711 Redevelopment Debt Service Fund	-
712 Redevelopment Obligation Retirement Fund	5,844,758
720 Low and Moderate Income Housing Fund	-
721 Housing Successor Fund	-
730 Community Redevelopment Administration Fund	-
731 Successor Agency Admin Fund	(76,759)
740 Redevelopment Project Fund	-
741 Successor Agency Project Fund	6,365
741 Cash DDR Clawback	3,259,523

TOTAL CASH BALANCE**\$ 9,033,887**

CITY OF STANTON

REPORT TO THE STANTON HOUSING AUTHORITY

TO: Honorable Chair and Members of the Housing Authority

DATE: November 28, 2017

SUBJECT: OCTOBER 2017 INVESTMENT REPORT (HOUSING AUTHORITY)

REPORT IN BRIEF:

The Investment Report as of October 31, 2017 has been prepared in accordance with the City's Investment Policy and California Government Code Section 53646.

RECOMMENDED ACTION:

1. Stanton Housing Authority find that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15378(b)(5) (Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment); and
2. Receive and file the Investment Report for the month of October 2017.

BACKGROUND:

The attached reports summarize the Stanton Housing Authority investments and deposit balances as of October 2017. A summary of the Housing Authority's investments and deposits is included as Attachment A. The Housing Authority's cash balances by fund are presented in Attachment B.

ANALYSIS:

The Housing Authority's investment in the State Treasurer's Local Agency Investment Fund (LAIF) continues to be available on demand. The effective yield on LAIF for the month of October 2017 was 1.14%.

The Agency's investments are shown on Attachment A and have a weighted investment yield of 1.14%, as almost the entire portfolio is invested in LAIF.

With investments almost completely in LAIF, the portfolio is completely liquid, and the weighted average maturity of the Housing Authority's investments at October 31, 2017 is 1 day. LAIF's average maturity at October 31, 2017 is approximately 184 days.

FISCAL IMPACT:

All deposits and investments have been made in accordance with the City's 2017-18 Investment Policy.

The portfolio will allow the Housing Authority to meet its expenditure requirements for the next six months.

ENVIRONMENTAL IMPACT:

None

LEGAL REVIEW:

None.

PUBLIC NOTIFICATION:

Through the agenda posting process.

STRATEGIC PLAN OBJECTIVE ADDRESSED:

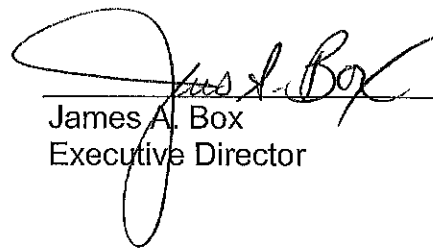
4. Ensure Fiscal Stability and Efficiency in Governance

Prepared by:



Stephen M. Parker, CPA
Administrative Services Director

Approved:



James A. Box
Executive Director

Attachments:

- A. Investments and Deposits
- B. Cash Balances by Fund

**STANTON HOUSING AUTHORITY
INVESTMENTS AND DEPOSITS
October 31, 2017**

Investment Type	Institution	Issuer/ Broker	Date of Maturity	Interest Rate	Par Value	Cost	Market Value	MV Source
State Treasurer's Pool - HA portion	Local Agency Investment Fund (LAIF)	State of California	On Demand	1.14%	\$ 735,418	\$ 735,418	\$ 735,619	LAIF
Imprest Account - SA portion	Bank of the West	Bank of the West	On Demand	N/A	\$ (1,256)	(1,256)	(1,256)	Bank of the West
State Treasurer's Pool - Housing Authority Account	Local Agency Investment Fund (LAIF)	State of California	On Demand	1.14%	\$ 5,265,000	\$ 5,265,000	\$ 5,259,957	LAIF

Total Cash Investments and Deposits

\$ 5,999,162 \$ 5,994,319

Notes:

- (1) - There have been no exceptions to the Investment Policy.
- (2) - The Housing Authority is able to meet its expenditure requirements for the next six months.

STANTON HOUSING AUTHORITY

POOLED CASH BALANCES BY FUND TYPE
October 31, 2017

Fund	Cash Balance
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285 Housing Authority Fund	5,999,162
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TOTAL CASH BALANCE

\$ 5,999,162

CITY OF STANTON

REPORT TO HOUSING AUTHORITY

TO: Honorable Chair and Members of the Stanton Housing Authority

DATE: November 28, 2017

SUBJECT: CONTRACT EXTENSION FOR INCO REALTY (HOUSING AUTHORITY)

REPORT IN BRIEF:

Requested is the authorization to allow the Executive Director to extend the professional services agreement with Inco Realty to continue providing brokerage services for associated with the sale of the Housing Authority asset located at 7455 Katella Ave.

RECOMMENDED ACTION:

1. Housing Authority declare that the project is exempt from the California Environmental Quality Act ("CEQA") under Section 15061(b)(3) as the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA; and
2. Approve the contract amendment for Inco Realty; and
3. Authorize the Executive Director to bind the Stanton Housing Authority and Inco Realty in a contract to continue providing brokerage services associated with the sale of the Housing Authority asset located 7455 Katella Avenue.

BACKGROUND:

In the summer of 2016, the City saw a significant increase in the number of inquiries for the purchase of the Housing Authority owned property at 7455 Katella Ave. In addition, the adjacent property owners placed their properties on the market, creating an opportunity for a project to be developed including the Housing Authority property. To assist staff in managing the inquiries and negotiations with the sale of the property, the City contracted with Inco Realty to provide brokerage services. The contract term was originally for a one year period. As the term is nearing expiring, and the property has not yet been sold, the contract requires amendment.

ANALYSIS/JUSTIFICATION:

The proposed contract amendment would include an extension of the contract term and

payment amount. This amendment would extend the term of the contract for an additional one year, with the opportunity to extend the term further if agreeable by both parties. In addition, the payment amount would be amended from the current flat rate of \$19,000 at time of escrow close, to the traditional 6% brokerage fee to be consistent with industry standards. This will allow the City to continue utilizing Inco Realty through the sale process and maintain a consistent representative and message to all interested parties.

FISCAL IMPACT:

Any brokerage fees would be paid from the revenues generated by the sale of real property.

ENVIRONMENTAL IMPACT:

In accordance with the requirements of the CEQA, this project has been determined to be not a project under Section 15061(b)(3).

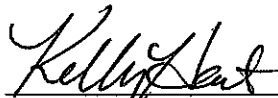
PUBLIC NOTIFICATION:

Public notice for this item was made through the regular agenda process.

STRATEGIC PLAN:

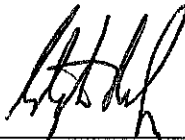
6 – Maintain and Promote a Responsive, High Quality and Transparent Government.

Prepared By:



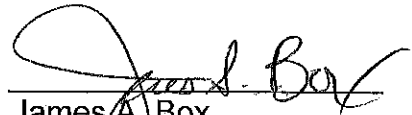
Kelly Hart
Community & Economic
Development Director

Concurred by:



Stephen Parker
Administrative Services
Director

Approved by:



James A. Box
City Manager

Attachment:

A. Inco Realty Contract Extension

CITY OF STANTON

AMENDMENT TO PROFESSIONAL SERVICES CONTRACT FOR BROKERAGE SERVICES WITH INCO REALTY

THIS AMENDMENT TO PROFESSIONAL SERVICES CONTRACT FOR BROKERAGE SERVICES (the "Amendment"), is made and entered into on November 28, 2017 by and between the City of Stanton Housing Authority, a California municipal corporation (the "City") and INCO REALTY, a California company (the "Consultant").

A. RECITALS.

(i) On September 6, 2016, City and Consultant entered into that Contract for Brokerage Services (the "Agreement") for the services of Consultant in connection with the advertisement, negotiation, and sale of the Housing Authority asset located at 7455 Katella Ave.; and,

(ii) City and Consultant agree that it is in the best interests of both to amend the Agreement to extend the term of the Agreement.

B. AMENDMENT.

In consideration of the mutual covenants and conditions set forth herein, the City and Consultant agree as follows:

1. TERM

City intends to contract Consultant for professional services, which shall commence on November 28, 2017, and shall remain and continue in effect until November 28, 2018, with the option to extend services for an additional period as agreed upon by both parties, unless sooner terminated pursuant to the provisions of this Amendment.

2. SERVICES

Consultant shall provide contract planning services including entitlement processing, assistance with public inquiries, and other similar duties for the City as enumerated on **Exhibit A**, attached hereto and incorporated herein as though set forth in full.

3. PERFORMANCE

Consultant shall at all times faithfully, competently and to the best of his/her ability, experience, and talent, perform all tasks described herein. Consultant shall employ, at a minimum, generally accepted standards and practices utilized by persons engaged in providing similar services as are

required of Consultant hereunder in meeting its obligations under this Agreement.

4. **CITY MANAGEMENT**

The City of Stanton's City Manager shall represent City in all matters pertaining to the administration of this Agreement, review and approval of all products submitted by Consultant. The City Manager shall be authorized to act on City's behalf and to execute all necessary documents that enlarge the Scope of Services or change Consultant's compensation, subject to Section 5 hereof.

5. **PAYMENT**

(a) The City agrees to pay Consultant in accordance with the payment rates and terms as set forth within **Exhibit A**, attached hereto and incorporated herein by this reference as though set forth in full, at 6% brokerage fee based on the final sales price of the subject property.

(b) Consultant shall not be compensated for any services rendered in connection with its performance of this Agreement that are in addition to those set forth herein, unless such additional services are authorized in advance and in writing by the City Manager. Consultant shall be compensated for any additional services in the amounts and in the manner as agreed to by City Manager and Consultant at the time City's written authorization is given to Consultant for the performance of said services.

(c) Consultant will submit an invoice for actual services performed. Invoices shall be submitted on or about the first business day of each month, or as soon thereafter as practical, for services provided in the previous month. Payment shall be made within thirty (30) days of receipt of each invoice as to all non-disputed fees. If the City disputes any of Consultant's fees it shall give written notice to Consultant within thirty (30) days of receipt of an invoice of any disputed fees set forth on the invoice.

6. **SUSPENSION OR TERMINATION OF AGREEMENT WITHOUT CAUSE**

(a) The City may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portion hereof, by serving upon the Consultant at least ten (10) days prior written notice. Upon receipt of said notice, the Consultant shall immediately cease all work under this Agreement, unless the notice provides otherwise. If the City suspends or terminates a portion of this Agreement such suspension or termination shall not make void or invalidate the remainder of this Agreement.

(b) In the event this Agreement is terminated pursuant to this Section, the City shall pay to Consultant the actual value of the work performed up to

the time of termination, provided that the work performed is of value to the City. Upon termination of the Agreement pursuant to this Section, the Consultant will submit an invoice to the City pursuant to Section 3.

7. **DEFAULT OF CONSULTANT**

(a) The Consultant's failure to comply with the provisions of this Agreement shall constitute a default. In the event that Consultant is in default for cause under the terms of this Agreement, City shall have no obligation or duty to continue compensating Consultant for any work performed after the date of default and can terminate this Agreement immediately by written notice to the Consultant. If such failure by the Consultant to make progress in the performance of work hereunder arises out of causes beyond the Consultant's control, and without fault or negligence of the Consultant, it shall not be considered a default.

(b) If the City Manager or his/her delegate determines that the Consultant is in default in the performance of any of the terms or conditions of this Agreement, he/she shall cause to be served upon the Consultant a written notice of the default. The Consultant shall have ten (10) days after service of said notice in which to cure the default by rendering a satisfactory performance. In the event that the Consultant fails to cure its default within such period of time, the City shall have the right, notwithstanding any other provision of this Agreement, to terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

8. **OWNERSHIP OF DOCUMENTS**

(a) Consultant shall maintain complete and accurate records with respect to sales, costs, expenses, receipts, and other such information required by City that relate to the performance of services under this Agreement. Consultant shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to the representatives of City or its designees at reasonable times to such books and records; shall give City the right to examine and audit said books and records; shall permit City to make transcripts there from as necessary; and shall allow inspection of all work, data, documents, proceedings, and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

(b) Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared in the course of providing the services to be performed pursuant to this

Agreement shall become the sole property of the City and may be used, reused, or otherwise disposed of by the City without the permission of the Consultant. However, use of data by City for other than the project that is the subject of this agreement shall be at City's sole risk without legal liability or exposure to Consultant. With respect to computer files, Consultant shall make available to the City, at the Consultant's office and upon reasonable written request by the City, the necessary computer software and hardware for purposes of accessing, compiling, transferring, and printing computer files.

9. **INDEMNIFICATION**

(a) Indemnification for Professional Liability. Where the law establishes a professional standard of care for Consultant's Services, to the fullest extent permitted by law, Consultant shall indemnify, protect, defend and hold harmless City, and any and all of its officials, employees and agents (collectively "Indemnified Parties"), from and against any and all claims, charges, complaints, liabilities, obligations, promises, benefits, agreements, controversies, costs, losses, debts, expenses, damages, actions, causes of action, suits, rights, and demands of any nature whatsoever, including but not limited to the extent same are caused or contributed to in whole or in part which relate to or arise out of any negligent, intentional or willful act, omission, occurrence, condition, event, transaction, or thing which was done, occurred, or omitted to be done (collectively "Claims"), by Consultant, its officers, agents, employees or subcontractors (or any entity or individual that Consultant shall bear the legal liability thereof) in the performance of professional services under this Agreement without regard to whether such Claims arise under the federal, state, or local constitutions, statutes, rules or regulations, or the common law. With respect to the design of public improvements, the Consultant shall not be liable for any injuries or property damage resulting from the reuse of the design at a location other than that specified in Exhibit A without the written consent of the Consultant.

(b) Indemnification for Other than Professional Liability. In addition to indemnification related to the performance of professional services and to the full extent permitted by law, Consultant shall further indemnify, protect, defend and hold harmless the City and Indemnified Parties from and against any liability (including Claims) where the same arise out of, are a consequence of, or are in any way attributable to, in whole or in part, the performance of this Agreement by Consultant or by any individual or entity for which Consultant is legally liable, including but not limited to officers, agents, employees or subcontractors of Consultant.

(c) General Indemnification Provisions. Consultant agrees to obtain executed indemnity agreements which indemnify, protect, defend and hold harmless the City from liability, with provisions identical to those set forth here in this Section 9 from each and every subcontractor or any other person or entity involved by, for, with or on behalf of Consultant in

the performance of this Agreement. In the event Consultant fails to obtain such indemnity obligations from others as required, this failure shall be a material breach of this Agreement, and Consultant agrees to be fully responsible according to the terms of this entire Section 9. City has no obligation to ensure compliance with this Section by Consultant and failure to do so will in no way act as a waiver. This obligation to indemnify and defend City is binding on the successors, assigns or heirs of Consultant, and shall survive the termination of this Agreement or this section.

(d) Obligation to Defend. It shall be the sole responsibility and duty of Consultant to fully pay for and indemnify the City for the costs of defense, including but not limited to reasonable attorney's fees and costs, for all Claims against the City and the Indemnified Parties, whether covered or uncovered by Consultant's insurance, against the City and the Indemnified Parties which arise out of any type of omission or error, negligent or wrongful act, of Consultant, its officers, agents, employees, or subcontractors. City shall have the right to select defense counsel.

10. **INSURANCE**

Consultant shall maintain prior to the beginning of and for the duration of this Agreement insurance coverage as specified in **Exhibit B** attached to and part of this Agreement.

11. **INDEPENDENT CONSULTANT**

(a) Consultant is and shall at all times remain as to the City a wholly independent Consultant. The personnel performing the services under this Agreement on behalf of Consultant shall at all times be under Consultant's exclusive direction and control. Neither City nor any of its officers, employees, or agents shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents, except as set forth in this Agreement. Consultant shall not at any time or in any manner represent that it or any of its officers, employees, or agents are in any manner officers, employees, or agents of the City. Consultant shall not incur or have the power to incur any debt, obligation, or liability whatever against City, or bind City in any manner.

(b) No employee benefits shall be available to Consultant in connection with the performance of this Agreement. Except for the fees paid to Consultant as provided in the Agreement, City shall not pay salaries, wages, or other compensation to Consultant for performing services hereunder for City. City shall not be liable for compensation or indemnification to Consultant for injury or sickness arising out of performing services hereunder.

12. **LEGAL RESPONSIBILITIES**

The Consultant shall keep itself informed of State and Federal laws and regulations, which in any manner affect those employed by it or in any way, affect the performance of its service pursuant to this Agreement. The Consultant shall at all times observe and comply with all such laws and regulations. The City, and its officers and employees, shall not be liable at law or in equity occasioned by failure of the Consultant to comply with this Section.

13. **UNDUE INFLUENCE**

Consultant declares and warrants that no undue influence or pressure is used against or in concert with any officer or employee of the City of Stanton in connection with the award, terms or implementation of this Agreement, including any method of coercion, confidential financial arrangement, or financial inducement. No officer or employee of the City of Stanton will receive compensation, directly or indirectly, from Consultant, or from any officer, employee or agent of Consultant, in connection with the award of this Agreement or any work to be conducted as a result of this Agreement. Violation of this Section shall be a material breach of this Agreement entitling the City to any and all remedies at law or in equity.

14. **NO BENEFIT TO ARISE TO LOCAL EMPLOYEES**

No member, officer, or employee of City, or their designees or agents, and no public official who exercises authority over or responsibilities with respect to the Project during his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in any agreement or sub-agreement, or the proceeds thereof, for work to be performed in connection with the Project performed under this Agreement.

15. **RELEASE OF INFORMATION/CONFLICTS OF INTEREST**

(a) All information gained by Consultant in performance of this Agreement shall be considered confidential and shall not be released by Consultant without City's prior written authorization. Consultant, its officers, employees, agents, or sub consultants, shall not without written authorization from the City Manager or unless requested by the City Attorney, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories, or other information concerning the work performed under this Agreement or relating to any project or property located within the City. Response to a subpoena or court order shall not be considered "voluntary" provided Consultant gives City notice of such court order or subpoena.

(b) Consultant shall promptly notify City should Consultant, its officers, employees, agents, or sub consultants be served with any summons,

complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions, or other discovery request, court order, or subpoena from any person or party regarding this Agreement and the work performed there under or with respect to any project or property located within the City. City retains the right, but has no obligation, to represent Consultant and/or be present at any deposition, hearing, or similar proceeding. Consultant agrees to cooperate fully with City and to provide the opportunity to review any response to discovery requests provided by Consultant. However, City's right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

16. **NOTICES**

Any notices which either party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by a reputable document delivery service, such as but not limited to, Federal Express, which provides a receipt showing date and time of delivery, or (iii) mailing in the United States Mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below or at any other address as that party may later designate by notice:

To City: City of Stanton
 7800 Katella Avenue
 Stanton, California 90680
 Attention: City Clerk

To Consultant: INCO Commercial
 6621 E. Pacific Coast Hwy, Suite 280
 Long Beach, CA 90803

17. **ASSIGNMENT**

The Consultant shall not assign the performance of this Agreement, nor any part thereof, nor any monies due hereunder, without prior written consent of the City. Because of the personal nature of the services to be rendered pursuant to this Agreement, only Jerome Ristrom shall perform the services described in this Agreement.

Jerome Ristrom may use assistants, under her direct supervision, to perform some of the services under this Agreement. Consultant shall provide City fourteen (14) days' notice prior to the departure of Jerome Ristrom from Consultant's employ. Should she leave Consultant's

employ, the Authority shall have the option to immediately terminate this Agreement, within three (3) days of the close of said notice period. Upon termination of this Agreement, Consultant's sole compensation shall be payment for actual services performed up to, and including, the date of termination or as may be otherwise agreed to in writing between the Housing Authority and the Consultant.

18. **LICENSES**

At all times during the term of this Agreement, Consultant shall have in full force and effect, all licenses required of it by law for the performance of the services described in this Agreement.

19. **GOVERNING LAW**

The City and Consultant understand and agree that the laws of the State of California shall govern the rights, obligations, duties, and liabilities of the parties to this Agreement and also govern the interpretation of this Agreement. Any litigation concerning this Agreement shall take place in the municipal, superior, or federal district court with jurisdiction over the City of Stanton.

20. **ENTIRE AGREEMENT**

This Agreement contains the entire understanding that between the parties relating to the obligations of the parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

21. **CONTENTS OF PROPOSAL**

Consultant is bound by the contents of the proposal submitted by the Consultant, Exhibit "A" hereto.

22. **AUTHORITY TO EXECUTE THIS AGREEMENT**

The person or persons executing this Agreement on behalf of Consultant warrants and represents that he/she has the authority to execute this Agreement on behalf of the Consultant and has the authority to bind Consultant to the performance of its obligations hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

CITY OF STANTON:

CONSULTANT:

By: _____
James A. Box
EXECUTIVE DIRECTOR

By: _____
Bill Townsend
PRESIDENT

ATTEST:

By: _____
Patricia A. Vazquez
CITY CLERK

By: _____
(Corporate Officer)

APPROVED AS TO FORM:

By: _____
Matthew E. Richardson
CITY ATTORNEY

NOTARY REQUIRED

EXHIBIT A

TASKS TO BE PERFORMED

Per Consultant Proposal dated February 9, 2016



T: (562) 498-3395
F: (562) 494-0154

**AMENDMENT TO THE CITY OF STANTON HOUSING AUTHORITY
AGREEMENT FOR BROKERAGE SERVICES DATED SEPTEMBER 6, 2016 BETWEEN
THE CITY OF STANTON HOUSING AUTHORITY, A MUNICIPAL CORPORATION ("AUTHORITY")
AND INCO COMMERCIAL REALTY INC, A CALIFORNIA COMPANY ("CONSULTANT")**

This Amendment is made and entered into as of November 21, 2017. Whereas the above mentioned parties desire to amend said Agreement as noted below:

1. TERM:

The Agreement shall be extended for one year and remain in effect until September 6, 2018.

5. PAYMENT:

Commission shall be six (6%) percent of the total purchase consideration.

All other terms and conditions of the Agreement shall remain unchanged and shall continue in full force and effect except as specifically amended herein.

EXECUTED ON THE _____ day of _____, 20____

CITY OF STANTON

CONSULTANT

By: _____

James A. Box, Executive Director

By: _____

Name Printed: _____

Title: _____

Attest:

Patricia A. Vazquez, City Clerk

Approved As To Form:

Matthew E. Richardson, City Attorney



INCO COMMERCIAL REALTY, INC.

ABOUT US

OUR COMPANY

INCO Commercial Realty, Inc. is a full-service Commercial Real Estate firm that specializes in Long Beach/South Bay, Orange County and Inland Empire markets. With 35 years of real estate experience, knowledgeable staff and three locations in Southern California, INCO Commercial provides comprehensive Commercial Real Estate services to the local and regional marketplace. INCO Commercial is committed to working with its clients in the strategic marketing of their property.

OUR GOALS

- Understanding the needs and priorities of our clients
- Implementation of property search or property marketing strategies for our clients
- Completion of the final real estate transaction in the timeliest manner possible
- Development of long-term business relationships with clients and assisting them with all their future commercial real estate ventures

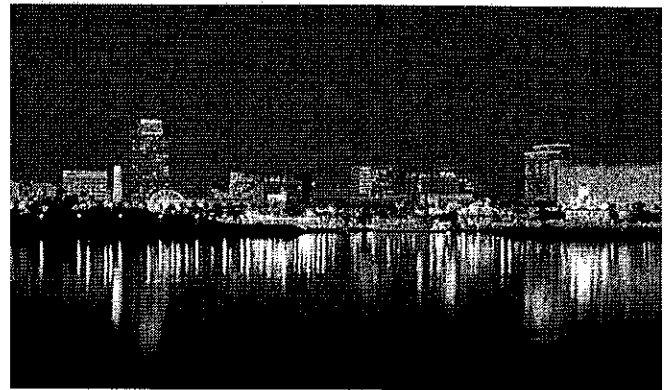
OUR SERVICES

INCO Commercial Realty, Inc. offers a unique mix of comprehensive services to its clients. INCO's strengths lay in the combination of expertise and service. INCO's sound local presence provides ease and flexibility to be more available to the clients, than its larger counterparts.

- Sell
- Buy
- 1031 Exchange
- Lease
- Landlord Representation

OUR PROCESS

- Write offers
- Negotiations
- Finalize purchase agreement
- Establish an escrow
- Manage due diligence process and timeline
- Ensure contractual obligations are met



Your Entrepreneurial Real Estate Partner.
Building Wealth Together.

6621 E. Pacific Coast Hwy., Suite 280, Long Beach, CA 90803 | 562.498.3395 | www.incocommercial.com

This information contained herein was obtained from third parties, and has not been independently verified by real estate brokers. Buyers and tenants should have experts of their choice inspect the property and verify all information. Real Estate Brokers are not qualified to act as or select experts with respect to legal, tax, environmental, building construction, soil drainage or other such matters.

BUYING PROPERTY

- Client needs assessment
- Analyze financial impact of buy vs. lease
- Analyze financial impact of move vs. stay in an existing location
- Review available properties on multiple listing services (AIR, Smith Guide, MLS)
- Analyze property that meets client's needs
- Analyze market value of property
 - Analyze property condition
 - Research recent comparable property sales
 - Review market trends
 - Deliver opinion of value

LEASING PROPERTY

- Client needs assessment
- Analyze financial impact of buy vs. lease
- Analyze financial impact of move vs. stay in existing location
- Review available properties on multiple listing services (AIR, Smith Guide, MLS)
- Analyze property that meets client's needs
- Prepare property availability
- Prepare Letters of Intent or Offers To Lease for selected properties
- Negotiate lease terms
- Prepare and review lease for conformance with lease terms
- Analyze conformance of lease terms with market
- Prepare and review final lease document for conformance with lease terms



SELLING PROPERTY

- Client needs assessment
- Analyze market value of property
 - Analyze condition of property
 - Research recent comparable property sales
 - Review market trends
 - Deliver opinion of value
- Analyze financial impact of sell vs. lease
- Prepare marketing plan
- Market property
 - List property on multiple listing services (AIR, Smith Guide, MLS)
 - Send direct mail to targeted buyers
 - Prepare Request for Proposals
 - Follow up with phone calls
 - Set appointments to show property
 - Draft progress reports for client
- Review offers
- Analyze competing offers
- Respond to offers based on client input
- Finalize purchase agreement
- Establish an escrow
- Manage the due diligence process and timeline
- Ensure contractual obligations are met

**Your Entrepreneurial Real Estate Partner.
Building Wealth Together.**

6621 E. Pacific Coast Hwy., Suite 280, Long Beach, CA 90803 | 562.498.3395 | www.entrepreneurrealestate.com

This information contained herein was obtained from third parties, and has not been independently verified by real estate brokers. Buyers and tenants should have experts of their choice inspect the property and verify all information. Real Estate Brokers are not qualified to act as or select experts with respect to legal, tax, environmental, building construction, soil drainage or other such matters.

EXHIBIT B

INSURANCE REQUIREMENTS

Prior to the beginning of and throughout the duration of the Work, Consultant will maintain insurance in conformance with the requirements set forth below. Consultant will use existing coverage to comply with these requirements. If that existing coverage does not meet the requirements set forth here, Consultant agrees to amend, supplement or endorse the existing coverage to do so. Consultant acknowledges that the insurance coverage and policy limits set forth in this section constitute the minimum amount of coverage required. Any insurance proceeds available to City in excess of the limits and coverage required in this Agreement and which is applicable to a given loss, will be available to City.

Consultant shall provide the following types and amounts of insurance:

1. **Commercial General Liability Insurance** using Insurance Services Office "Commercial General Liability" policy form CG 00 01 or the exact equivalent. Defense costs must be paid in addition to limits. There shall be no cross liability exclusion for claims or suits by one insured against another. Limits are subject to review but in no event less than \$1,000,000 per occurrence.
2. **Business Auto Coverage** on ISO Business Auto Coverage form CA 00 01 including symbol 1 (Any Auto) or the exact equivalent. Limits are subject to review, but in no event to be less than \$1,000,000 per accident. If Consultant owns no vehicles, this requirement may be satisfied by a non-owned auto endorsement to the general liability policy described above. If Consultant or Consultant's employees will use personal autos in any way on this project, Consultant shall provide evidence of personal auto liability coverage for each such person.
3. **Workers Compensation** on a state-approved policy form providing statutory benefits as required by law with employer's liability limits no less than \$1,000,000 per accident or disease.
4. **Professional Liability or Errors and Omissions Insurance** as appropriate shall be written on a policy form coverage specifically designed to protect against acts, errors or omissions of the consultant and "Covered Professional Services" as designated in the policy must specifically include work performed under this Agreement. The policy limit shall be no less than \$1,000,000 per claim and in the aggregate. The policy must "pay on behalf of" the insured and must include a provision

establishing the insurer's duty to defend. The policy retroactive date shall be on or before the effective date of this Agreement.

Insurance procured pursuant to these requirements shall be written by insurers that are admitted carriers in the state of California and with an A.M. Bests rating of A or better and a minimum financial size VII.

General conditions pertaining to provision of insurance coverage by Consultant. Consultant and City agree to the following with respect to insurance provided by Consultant:

1. Consultant agrees to have its insurer endorse the third party general liability coverage required herein to include as additional insureds City, its officials, employees and agents, using standard ISO endorsement No. CG 2010 with an edition prior to 1992. Consultant also agrees to require all contractors, and subcontractors to do likewise.
2. No liability insurance coverage provided to comply with this Agreement shall prohibit Consultant, or Consultant's employees, or agents, from waiving the right of subrogation prior to a loss. Consultant agrees to waive subrogation rights against City regardless of the applicability of any insurance proceeds, and to require all contractors and subcontractors to do likewise.
3. All insurance coverage and limits provided by Contractor and available or applicable to this Agreement are intended to apply to the full extent of the policies. Nothing contained in this Agreement or any other agreement relating to the City or its operations limits the application of such insurance coverage.
4. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to City and approved of in writing.
5. No liability policy shall contain any provision or definition that would serve to eliminate so-called "third party action over" claims, including any exclusion for bodily injury to an employee of the insured or of any contractor or subcontractor.
6. All coverage types and limits required are subject to approval, modification and additional requirements by the City, as the need arises. Consultant shall not make any reductions in scope of coverage (e.g. elimination of contractual liability or reduction of discovery period) that may affect City's protection without City's prior written consent.
7. Proof of compliance with these insurance requirements, consisting of certificates of insurance evidencing all of the coverages required and an additional insured endorsement to Consultant's general liability policy,

shall be delivered to City at or prior to the execution of this Agreement. In the event such proof of any insurance is not delivered as required, or in the event such insurance is canceled at any time and no replacement coverage is provided, City has the right, but not the duty, to obtain any insurance it deems necessary to protect its interests under this or any other agreement and to pay the premium. Any premium so paid by City shall be charged to and promptly paid by Consultant or deducted from sums due Consultant, at City option.

8. Certificate(s) are to reflect that the insurer will provide 30 days notice to City of any cancellation of coverage. Consultant agrees to require its insurer to modify such certificates to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, or that any party will "endeavor" (as opposed to being required) to comply with the requirements of the certificate.
9. It is acknowledged by the parties of this Agreement that all insurance coverage required to be provided by Consultant or any subcontractor, is intended to apply first and on a primary, non-contributing basis in relation to any other insurance or self insurance available to City.
10. Consultant agrees to ensure that subcontractors, and any other party involved with the project who is brought onto or involved in the project by Consultant, provide the same minimum insurance coverage required of Consultant. Consultant agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Consultant agrees that upon request, all agreements with subcontractors and others engaged in the project will be submitted to City for review.
11. Consultant agrees not to self-insure or to use any self-insured retentions or deductibles on any portion of the insurance required herein and further agrees that it will not allow any contractor, subcontractor, Architect, Engineer or other entity or person in any way involved in the performance of work on the project contemplated by this Agreement to self-insure its obligations to City. If Consultant's existing coverage includes a deductible or self-insured retention, the deductible or self-insured retention must be declared to the City. At that time the City shall review options with the Consultant, which may include reduction or elimination of the deductible or self-insured retention, substitution of other coverage, or other solutions.
12. The City reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving the Consultant ninety (90) days advance written notice of such change. If such change results in substantial additional cost to the Consultant, the City will negotiate additional compensation proportional to the increased benefit to City.

13. For purposes of applying insurance coverage only, this Agreement will be deemed to have been executed immediately upon any party hereto taking any steps that can be deemed to be in furtherance of or towards performance of this Agreement.
14. Consultant acknowledges and agrees that any actual or alleged failure on the part of City to inform Consultant of non-compliance with any insurance requirement in no way imposes any additional obligations on City nor does it waive any rights hereunder in this or any other regard.
15. Consultant will renew the required coverage annually as long as City, or its employees or agents face an exposure from operations of any type pursuant to this Agreement. This obligation applies whether or not the Agreement is canceled or terminated for any reason. Termination of this obligation is not effective until City executes a written statement to that effect.
16. Consultant shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Proof that such coverage has been ordered shall be submitted prior to expiration. A coverage binder or letter from Consultant's insurance agent to this effect is acceptable. A certificate of insurance and/or additional insured endorsement as required in these specifications applicable to the renewing or new coverage must be provided to City within five days of the expiration of the coverages.
17. The provisions of any workers' compensation or similar act will not limit the obligations of Consultant under this Agreement. Consultant expressly agrees not to use any statutory immunity defenses under such laws with respect to City, its employees, officials and agents.
18. Requirements of specific coverage features or limits contained in this section are not intended as limitations on coverage, limits or other requirements nor as a waiver of any coverage normally provided by any given policy. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue, and is not intended by any party or insured to be limiting or all-inclusive.
19. These insurance requirements are intended to be separate and distinct from any other provision in this Agreement and are intended by the parties here to be interpreted as such.
20. The requirements in this Section supersede all other sections and provisions of this Agreement to the extent that any other section or provision conflicts with or impairs the provisions of this Section.

21. Consultant agrees to be responsible for ensuring that no contract used by any party involved in any way with the project reserves the right to charge City or Consultant for the cost of additional insurance coverage required by this Agreement. Any such provisions are to be deleted with reference to City. It is not the intent of City to reimburse any third party for the cost of complying with these requirements. There shall be no recourse against City for payment of premiums or other amounts with respect thereto.
22. Consultant agrees to provide immediate notice to City of any claim or loss against Consultant arising out of the work performed under this Agreement. City assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve City.

CITY OF STANTON

REPORT TO THE CITY COUNCIL

TO: Honorable Mayor and Members of the City Council

DATE: November 28, 2017

SUBJECT: ANNUAL AUDIT REPORTS FOR FISCAL YEAR 2016-17

REPORT IN BRIEF:

Attached is the Comprehensive Annual Financial Report (CAFR) for the City of Stanton for the fiscal year ended June 30, 2017. This report includes all funds and entities that are within the control of the City. The independent firm of White Nelson Diehl Evans LLP, Certified Public Accountants and Consultants (WNDE), has conducted an independent audit of the financial statements of the City included in the CAFR and has issued an "unqualified" opinion thereon.

Three additional reports and letters required by governmental auditing standards were issued by the auditors and are submitted herewith. All three cite no significant instances of noncompliance or other exceptions.

RECOMMENDED ACTION:

1. City Council find that these items are not subject to the California Environmental Quality Act ("CEQA") pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378(b)(4) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly).
2. Receive and file the Comprehensive Annual Financial Report for fiscal year ended June 30, 2017, the Report on Internal Controls Over Financial Reporting and On Compliance and Other Matters, the Auditor's Communication With Those Charged With Governance, and the Report on Agreed-Upon Procedures Applied to Appropriation Limit Worksheet for the Year Ended June 30, 2017.

BACKGROUND:

The CAFR has been prepared by the staff of the Administrative Services Department in conformity with generally accepted accounting principles. This report includes all funds and entities that are within the control of the City. The activity of the Successor Agency to the Stanton Redevelopment Agency is included in the report within a private-purpose trust fund.

The report is organized in three sections: 1) the Introductory Section, which includes the letter of transmittal, the City's organizational chart and a list of principal officials for the fiscal year ended June 30, 2017; 2) the Financial Section, which includes the independent auditor's report, management's discussion and analysis, the basic financial statements, and supplementary information; and 3) the Statistical Section, which includes information on financial trends, revenue and debt capacity, and demographic, economic and operating information for multiple years. To gain an initial understanding of the report, the reader is directed to the letter of transmittal and management's discussion and analysis.

The firm of White Nelson Diehl Evans LLP, Certified Public Accountants and Consultants (WNDE), has conducted an independent audit of the financial statements of the City of Stanton for the fiscal year ended June 30, 2017 and has issued an "unqualified" opinion thereon. An "unqualified" opinion is the highest rating possible and means that the auditors believe the financial statements of the City fairly present, in all material respects, the financial position and the changes in financial position and cash flows for the City for the year ended June 30, 2017, in conformance with generally accepted accounting principles.

In addition to their reports on the City's financial statements, the independent auditors have also issued three other required reports and letters to the City Council: a Report on Internal Controls Over Financial Reporting and On Compliance and Other Matters, an auditor communication letter and a report on agreed-upon procedures relating to the calculation of the City's appropriations limit for the year ended June 30, 2017. The first report indicates that they discovered no deficiencies in internal controls that they considered to be material weaknesses.

The second letter is a direct communication between the auditors and the governing body and advises the City Council of certain significant matters related to the audit, such as the most sensitive estimates and disclosures included in the financial statements, as well as whether they encountered any difficulties in dealing with management or had any disagreements with management. The auditors noted no such difficulties or disagreements during the course of their audit.

The third additional item is the Report on Agreed-Upon Procedures Applied to Appropriation Limit Worksheet for the Year Ended June 30, 2017. The auditors noted no issues in reviewing staff's calculation of the appropriations limit for fiscal year 2016/17.

The reports and statements described above are hereby presented for City Council review and consideration.

ANALYSIS/JUSTIFICATION:

None

FISCAL IMPACT:

None

ENVIRONMENTAL IMPACT:

None

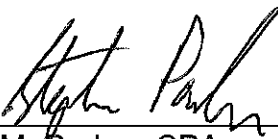
PUBLIC NOTIFICATION:

Through the regular agenda process.

STRATEGIC PLAN OBJECTIVE ADDRESSED:

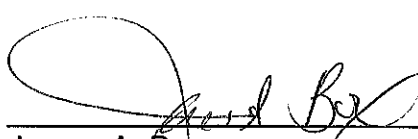
4. Ensure Fiscal Stability and Efficiency in Government

Prepared by:



Stephen M. Parker, CPA
Administrative Services Director

Approved by:



James A. Box
City Manager

Attachments:

- A. Comprehensive Annual Financial Report for the Year Ended June 30, 2017
- B. Report on Internal Controls Over Financial Reporting and On Compliance and Other Matters
- C. Auditor's Communication With Those Charged With Governance
- D. Report on Agreed-Upon Procedures Applied to Appropriation Limit Worksheet for the Year Ended June 30, 2017

City of **Stanton**

Community Pride and Forward Vision



COMPREHENSIVE ANNUAL FINANCIAL REPORT



Year ended June 30, 2017

City of Stanton, CA
7800 Katella Avenue

www.ci.stanton.ca.us

CITY OF STANTON, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
For the Year Ended June 30, 2017

Prepared by the Administrative Services Department

City of Stanton
Comprehensive Annual Financial Report
For the Year Ended June 30, 2017

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Comprehensive Annual Financial Report
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November 16, 2017

City of Stanton
Stanton, California

Carol Warren
Mayor

David J. Shawver
Mayor Pro Tem

Alexander A. Ethans
Council Member

Rigoberto A. Ramirez
Council Member

Brian Donahue
Council Member

James A. Box
City Manager

Honorable Mayor and Members of the City Council:

City Staff are pleased to present to you the Comprehensive Annual Financial Report (CAFR) for the City of Stanton (City) for the fiscal year ended June 30, 2017. This report is intended to update the City Council and the residents of Stanton on the status of the City's financial position and results of operations for the past fiscal year and has been prepared in compliance with all requirements of the Governmental Accounting Standards Board (GASB).

Management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, the City of Stanton has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally-accepted accounting principles ("GAAP"). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects, and is reported in a manner designed to present fairly the financial position, and results of operations of the various activities of the City of Stanton. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report represents the culmination of all budgeting and accounting activities of the City during the fiscal year 2016-17. The report is presented in three sections: Introductory, Financial and Statistical. There has been no significant change in the City's fiscal policies that impact the current year financial statements.

Each year, the City's financial statements are audited by an independent, certified public accounting firm. White Nelson Diehl Evans, Inc, Certified Public Accountants performed the audit for the fiscal year ended June 30, 2017. Their audit included a review of the City's accounting systems, internal controls and other audit procedures sufficient to enable them to render an opinion on the City's financial statements. For the fiscal year ended June 30, 2017, the City's financial statements received an unqualified opinion. Their report is included on page 1 of this CAFR.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

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Stanton, CA 90680
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PROFILE OF THE CITY OF STANTON

The City of Stanton was incorporated in June, 1956 under the general laws of the State of California, and operates under a Council-Manager form of government. The City Council is comprised of five members elected at large on a staggered basis for a term of four years. The City Manager is appointed by the City Council and has the responsibility of administering municipal services in accordance with the policies and annual budget adopted by the City Council.

The City comprises 3.1 square miles in area and has 39,611 residents. Stanton is located in central Orange County, just 23 miles southeast of downtown Los Angeles. It has easy freeway access and is within 12 miles of Disneyland, Anaheim Stadium, Knott's Berry Farm, Huntington Beach and the John Wayne and Long Beach Airports. State Highway 39, Beach Boulevard, runs through the center of the City.

Stanton provides a broad range of municipal services to its citizens, including planning, zoning and building safety, code enforcement, parking control, recreation and community services, engineering, public works, streets and park maintenance, street sweeping, graffiti abatement and general administration. Police and fire services are provided by contracts with the Orange County Sheriff's Department and Orange County Fire Authority, respectively. The public library located in Stanton is a part of the Orange County Library System.

This report combines the financial activities of the City of Stanton, the primary government and the Housing Authority of the City of Stanton, a blended component unit. The resources and activities of the Successor Agency to the City of Stanton Redevelopment Agency are reported in a separate Private-Purpose Trust Fund, which is also included in these financial statements. Additional information on all three of these legally separate entities can be found in Note 1 to the basic financial statements and additional information on the dissolution of the Redevelopment Agency can be found in Note 15.

During the fiscal year under audit, the City implemented Governmental Accounting Standards Board (GASB) Statements No. 73, 74, 77, 78, 79 and 80, although their implementation did not affect the City.

The City adopts an annual budget prepared on the modified accrual basis for all of its governmental funds. The City Manager is required, under City Code Section 2.08.50, to prepare and submit to the City Council the annual budget and administer it after adoption. Legally, expenditures cannot exceed total appropriations at the fund level. Any revisions between funds must be approved by the City Council. The City also maintains an encumbrance system. As purchase orders are issued, corresponding amounts of appropriations are reserved so budgets may not be overspent. Unexpended and unencumbered appropriations lapse at fiscal year end. Encumbrances outstanding at the fiscal year end are carried into the following budgetary year for continued funding.

ECONOMIC OUTLOOK AND CONDITION

Current Economic Condition

The U.S. economy (GDP) grew at a 3.0% real (after inflation) annual rate during 2017's initial third quarter report. That rate reflects a faster growth than forecasted and the growth in GDP mainly reflects the increase in consumer spending. The American economy remains more or less on the same trajectory since the recovery began more than eight years ago: modest but consistent growth. During that time, yearly growth has been remarkably steady – in the range of 1.75% to 3.50%. This same slow but steady growth is expected for the coming year, though new economic policies could cause changes from expectations.

The Labor Department reported that employers in the U.S. added 261,000 jobs in October 2017, the best pace of monthly hiring in more than a year. In addition, the reported unemployment rate for the country was 4.1%, which has decreased by .08% in the last year and is the lowest reading since December 2000. For California, the seasonally adjusted unemployment rate for September 2017 was 4.7%. This indicates a decrease of 0.8% from the rate in September 2016. For Orange County, the September unemployment rate was 3.6%, down half a percent from last September's 4.1%.

The U.S. Census Bureau stated that Stanton's median household income was \$46,801 in 2017. The Orange County median housing price in September 2017, based on the California Association of Realtors data, was \$799,000, which is up 8.1% above last year's price and exceeds the previous peak price of \$749,697 in April 2006. On a year-over-year basis, the median housing price has been increasing since October 2011.

According to the Conference Board, confidence among U.S. consumers measured by the Consumer Confidence Index is at 125.9 as of October 2017. This reflects a significant increase from October 2016's 98.6, and is at its highest level in almost 17 years. The Present Situation Index is 151.1 currently, also well higher than October 2015's 120.6. The Expectations Index currently stands at 109.1, which is another considerable increase from September 2016's 87.2. Consumers are currently very optimistic about the economy. Their optimism about the short-term outlook also rose, however consumers' outlook for the job market was somewhat less favorable than the previous month.

Consumer spending in the U.S. increased by 1.0% in September 2017, its biggest increase in more than eight years, likely as households in Texas and Florida replaced flood-damaged motor vehicles. The personal consumption expenditures price index (PCE) increased 0.1% after an increase of 0.1% in the previous four months. In the 12 months through September the core PCE rose 1.3%. While personal income increased 0.4% in September, spending outpaced income, and savings fell to \$441.9 billion in September. That is the lowest level since August 2008, and a decrease from \$521.4 billion in the prior month, (-15.2%). The savings rate dropped 0.5% to 3.1%, the lowest level since December 2007.

However, wages are only slightly increasing. Real average hourly earnings rose 0.7% in September 2017 from the same time last year, according to the Labor Department, a decrease from 1.0% over the prior year-over-year comparison.

Stanton's economy is expected to show continued steady growth in 2017. Home prices should continue a slight rise, as current median prices are still rising from their peak price in 2006. Sales tax revenues are expected to rise 2.6% in FY 17/18 and 2.1% in FY 18/19. The City's sales tax revenue climbed to 39.9% of General Fund revenues in FY 16/17.

The City's staff continued to utilize the City's financial and human resources in the most efficient manner possible, and allocated these resources toward projects and programs designed to accomplish the goals and objectives identified in the Strategic Plan and in the budget document. Both of these documents were prepared with the input and guidance of the City Council and subsequently adopted by the same body.

Outlook for the Future

When the 2017-18 budget was approved, it marked Stanton's third consecutive budget with a structurally balanced budget. In recent years, with some additions coming from funds other than the General Fund, the City has added 3 Orange County Sheriff's Department deputies (a 15% increase), 1 Code Enforcement Officer, 1 part-time Parking Control/Code Enforcement Specialist, 1 Public Safety Director, 1 part-time Administrative Clerk for the Public Safety Department and funding for school crossing guards. Public safety is one of our resident's top priorities, and notable improvements in that regard can be seen throughout the City.

With these additions, however, come additional costs. This document shows how public safety spending in the General Fund increased by \$1.2 million in FY 16/17, while overall General Fund spending was only up \$1.3 million. Public safety made up over 72% of all of the General Fund's spending in FY 16/17. The FY 17/18 budget anticipates public safety spending to increase by more than \$1 million again, while overall General Fund revenues are budgeted at just \$0.5 million higher than actual FY 16/17 costs. Public safety costs including costs from the City's safety partners and higher pension costs for the City's previous safety employees are increasing at a faster rate than the City's revenues. The City is currently projecting the FY 18/19 budget to not be structurally balanced budget, which means that tough decisions will need to be made.

However, the City is continuing to see improvements throughout the City. To highlight recent successes including the opening of a premier regional park - Stanton Central Park - additional projects are coming forward this fiscal year. They include a pocket park on Beach Blvd and Orangewood Ave that will help improve the City's image, a City Hall plaza improvement project to improve Americans with Disabilities Act compliance safety and the appearance of the plaza in front of City Hall, and the Beach Boulevard undergrounding project, where the most utilities on Beach Boulevard between the southern entrance of the City and the storm drain between Lampson and Chapman will be placed underground. This will significantly upgrade the look and feel of the street, and complement the recent improvements to the medians in the Beach Boulevard Beautification Project.

All along Beach Boulevard, the main corridor of the City, development is moving forward. Stanton Plaza, the largest project approved in 2016 is under construction, with businesses anticipated to open in April 2018. The Village Center, a largely vacant shopping center at the southern gateway to the City is currently under escrow with two developers, and public hearings on the project are scheduled for January 2018. The City has also seen construction of a new medical office building on a lot that stood vacant for over 16 years. A new Del Taco completed construction and began operations in August of this year, redeveloping three underutilized commercial properties at a major intersection of the City. In total, there are ten properties currently under some form of negotiation, permitting, or development along the Beach Blvd. corridor. The redevelopment efforts on Beach Blvd. have also spurred development throughout the city, with four housing developments, along with a number of commercial and industrial businesses investing in improving their properties.

Stanton is safer, cleaner and looking better than it ever has. The City is improving in many ways, and there is even more progress to look forward to in the future.

SPENDING LIMITATION

The voters of California, during a special election in 1979, approved Proposition 4 (the "Gann Initiative") which was incorporated into Article XIII-B of the California State Constitution. It restricted, in any given fiscal year, the total amount of appropriations allowed from the "proceeds of taxes." Each year, the governing body of local jurisdictions must establish, by resolution, an Appropriations Limit for the following year. If a city ends the fiscal year having more appropriations from the proceeds of taxes than the Limit allows, it must return the excess to the taxpayers within two years (either by reducing taxes levied or fees charged). The City's 2016-17 Appropriations Limit was \$52,981,770 and the City's actual appropriations subject to the limit were well within the legal requirement.

AWARDS

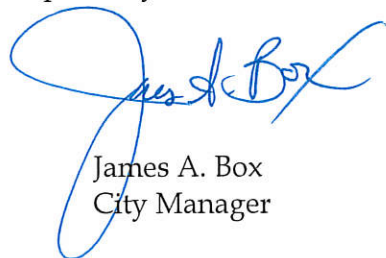
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Stanton for its comprehensive annual financial report for the fiscal year ended June 30, 2016. In order to be awarded a Certificate of Achievement, a city must publish an easily readable and efficiently organized comprehensive annual report, which also satisfies both generally accepted accounting principles and all applicable legal requirements.

A Certificate of Achievement is valid for only one year. We believe this comprehensive annual financial report (CAFR) continues to meet the high award program standards. We are submitting it to the GFOA to determine its eligibility for 2016-17.

ACKNOWLEDGEMENTS

The preparation of this comprehensive annual financial report was made possible by the dedicated staff of the Administrative Services Department and the City Manager's Office, and the cooperation and assistance of the City's auditors, White Nelson Diehl Evans, Inc., Certified Public Accountants. Each member of this team has our sincere appreciation. We also extend our thanks and appreciation to the members of the Stanton City Council for their encouragement and support in conducting the financial operations of the City in a responsible manner.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "James A. Box".

James A. Box
City Manager

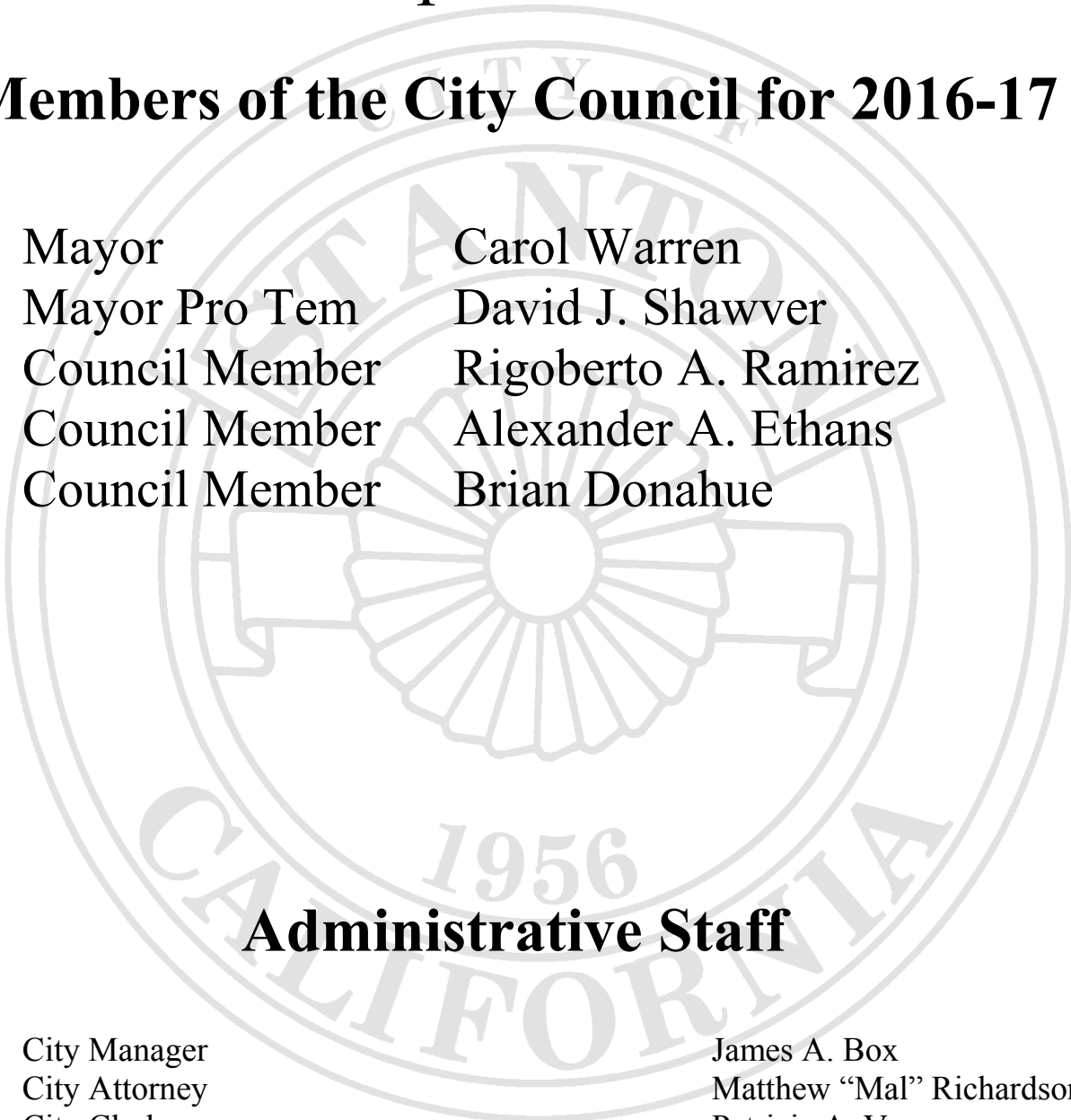
A handwritten signature in blue ink, appearing to read "Stephen M. Parker".

Stephen M. Parker, CPA
Administrative Services Director

City of Stanton

Principal Officials

Members of the City Council for 2016-17



Mayor	Carol Warren
Mayor Pro Tem	David J. Shawver
Council Member	Rigoberto A. Ramirez
Council Member	Alexander A. Ethans
Council Member	Brian Donahue

Administrative Staff

City Manager	James A. Box
City Attorney	Matthew “Mal” Richardson
City Clerk	Patricia A. Vazquez
Administrative Services Director/City Treasurer	Stephen M. Parker, CPA
Community Development Director	Kelly Hart
Public Works Director/City Engineer	Allan Rigg
Community Services Director	Julie S. Roman
O.C. Fire Authority Division Chief	David Steffen
O.C. Sheriff Department Lieutenant	Sean Howell



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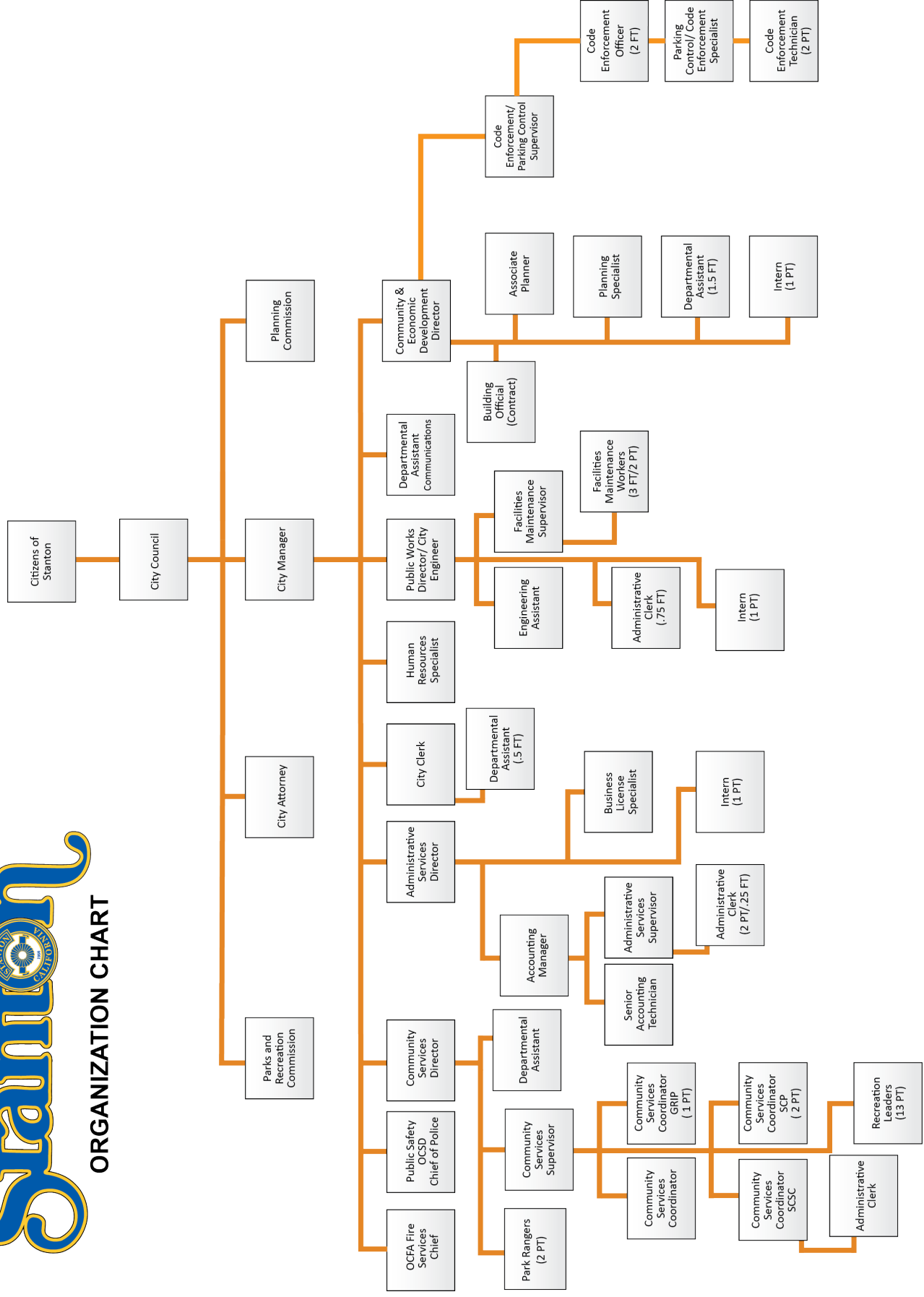
**City of Stanton
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

Stanton ORGANIZATION CHART



INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the City Council
of the City of Stanton
Stanton, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Stanton (the City), as of and for the year ended June 30, 2017, and the related notes to the basic 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Stanton, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of proportionate share of the net pension liability and the schedules of contributions for the CalPERS miscellaneous and safety pension plans, the schedule of funding progress - other post-employment benefits plan, and the budgetary comparison schedules for the General Fund and Housing Authority Special Revenue Fund, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI 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 an opinion on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual fund financial statements and schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules (supplementary information), as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Matters (Continued)

Other Information (Continued)

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2017, 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 the 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.

White Nelson Diehl Evans LLP

Irvine, California
November 16, 2017

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City of Stanton

Management's Discussion and Analysis

June 30, 2017

This discussion and analysis of the City of Stanton's (City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

USING THIS ANNUAL REPORT

This Comprehensive Annual Financial Report consists of three parts:

1. The Introductory Section, which includes the Transmittal Letter and general information,
2. The Financial Section, which includes Management's Discussion and Analysis as well as:
 - The Basic Financial Statements, which include the Government-wide and the fund financial statements
 - Notes to these financial statements
 - Required supplementary information
 - Combining statements and budgetary comparison schedules
3. Statistical Section.

FINANCIAL HIGHLIGHTS

- The total assets and deferred outflows of the City exceeded its total liabilities and deferred inflows at the end of FY 16/17 by \$131.4 million. Of this amount, \$16.4 million represents unrestricted net position and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net position decreased by \$0.2 million during the past year. The most significant change in current year activity was primarily not receiving a \$2.4 million Proposition 84 Grant for Stanton Central Park, which the City received in the prior year. Governmental activities expenses exceeding revenues on a government-wide basis by \$0.5 million. A gain of \$0.3 million in business-type activities helped to restrict the overall decrease.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$43.2 million, an increase of \$2.1 million as compared to the prior year. The largest component of the increase is a gain of \$0.9 million in the General Fund and \$0.6 million in the Housing Authority Fund. Those gains are supplemented by another \$0.6 million gain for all remaining Other Governmental Funds.
- \$4.3 million, or 10% of the combined governmental fund balances at year-end is unassigned and available for spending at the City's discretion. In addition, \$0.7 million is assigned, \$11.2 million is committed, and \$23.1 million is restricted for particular purposes. The remaining \$4.0 million of the fund balances is nonspendable.
- At the end of the fiscal year, the unassigned fund balance of the General Fund was \$4.6 million, or 23.1% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Stanton and the Stanton Housing Authority, using the integrated approach as prescribed by GASB Statement No. 34. The Successor Agency to the City of Stanton Redevelopment Agency is reported as a Private Purpose Trust Fund within these financial statements since the Redevelopment Agency's dissolution on February 1, 2012.

Government-wide Financial Statements

The government-wide financial statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the City (including infrastructure) and deferred outflows of resources, as well as all liabilities (including long-term debt) and deferred inflows of resources. Additionally, certain eliminations have occurred as prescribed by GASB Statement No. 34 in regards to inter-fund activity, payables and receivables.

The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities. These statements include *all* assets, deferred outflows of resources, liabilities and deferred inflows of resources of the City using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. Net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, which is one way to measure the City's financial health, or *financial position*. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of the City's roads.

In the Statement of Net Position and Statement of Activities, we distinguish the City's functions that are principally supported by taxes and intergovernmental revenues (governmental activities), from other functions that are intended to recover all or a portion of their costs through user fees and charges for business-type activities. The activities of these two distinctions are as follows:

Governmental activities – Most of the City's basic services are reported in this category, including the General Government, Public Safety, Urban Development, Highways and Streets and Culture and Recreation. Property sales and transactions and use taxes, utility and other user fees, vehicle license fees, franchise fees, interest income, and state and federal grants finance these activities.

Business-type activities – The City charges a fee to customers to cover all, or most of the cost, of certain services it provides. The City's Sewer system is reported in this category.

Fund Financial Statements

Fund financial statements include statements for each of the three categories of activities; governmental, business-type and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting. The fiduciary activities are agency funds, which only report a balance sheet and do not have a measurement focus, and a private purpose trust fund, which is prepared using the economic resources measurement focus and the accrual basis of accounting is used to account for the activities of the Successor Agency to the Stanton Redevelopment Agency. Reconciliations of the fund financial statements to the government-wide financial statements are provided to explain the differences created by the integrated approach.

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and bond covenants. However, management establishes many other funds, to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other funding sources.

Governmental Funds – Most of the City’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City’s general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation schedule following each governmental fund financial statement.

Proprietary Funds – When the City charges customers for the service it provides, whether to outside customers or to other units of the City, these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position. In fact, the City’s Enterprise Fund is the same as the business-type activities reported in the government-wide statements but provides more detail and additional information, such as cash flows. The City uses internal service funds (the other component of Proprietary Funds) to report activities that provide supplies and services for the City’s other programs and activities such as the City’s self insurance, fleet maintenance and equipment replacement funds. The Internal Service Funds are reported with governmental activities in the government-wide financial statements.

Fiduciary Funds – the City is the trustee, or *fiduciary*, for certain funds held on behalf of other agencies. The City’s fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the City’s other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in this fund are used for their intended purposes.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the Government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City’s progress in funding its obligation to provide pension benefits to its employees, and a budgetary comparison schedule for the General Fund, the Housing Authority Special Revenue Fund, the Stanton Central Park Special Revenue Fund and the CalGRIP Special Revenue Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, the net position for the City totaled \$131.4 million at June 30, 2017. Approximately \$92.0 million (70%) reflects the investment in capital assets such as land, buildings, machinery and equipment. These assets are used to provide services to the citizens of the City of Stanton; therefore, they are not available for future spending. It should be noted that the City's investment in capital assets are not reported net of related debt, as the City has no outstanding debt. All bonds related to the City are actually in the name of the Successor Agency to the Stanton Redevelopment Agency and are reported on the Statement of Fiduciary Net Position in the Private-Purpose Trust Fund. There were no major increases in the Net Investment in Capital Assets category from the prior year amount of \$93.3 million, and overall depreciation expense was \$1.3 million.

An additional portion of the City's net position totaling approximately \$23.1 million (18%) represents resources subject to external restrictions on how they may be used. Restricted net position increased by \$3.9 million during FY 16/17, primarily due to a \$3.1 million increase in the restriction for pension benefits, which was the result of City Council approving a new reserve policy in March 2017 and funding a Section 115 Trust for pensions with \$3.0 million (plus \$0.1 million in appreciation of the trust) in the April 2017. The remaining balance of unrestricted net position (\$16.4 million, 12%) may be used to meet the City's ongoing obligations to citizens and creditors.

The City is able to report positive balances in all three categories of net position, for both the government as a whole, as well as for its separate governmental and business-type activities.

City of Stanton Net Position						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 46,391,936	\$ 45,694,436	\$ 3,859,728	\$ 3,348,178	\$ 50,251,664	\$ 49,042,614
Capital assets	87,079,003	88,342,750	4,877,897	5,003,312	91,956,900	93,346,062
Total assets	133,470,939	134,037,186	8,737,625	8,351,490	142,208,564	142,388,676
Total deferred outflows of resources	1,363,252	466,808	27,135	9,772	1,390,387	476,580
Long-term liabilities outstanding	9,403,508	7,292,054	142,459	105,836	9,545,967	7,397,890
Other liabilities	1,419,944	2,354,949	57,931	6,248	1,477,875	2,361,197
Total liabilities	10,823,452	9,647,003	200,390	112,084	11,023,842	9,759,087
Total deferred inflows of resources	1,149,812	1,486,521	20,121	28,982	1,169,933	1,515,503
Investment in capital assets	87,079,003	88,342,750	4,877,897	5,003,312	91,956,900	93,346,062
Restricted	23,062,147	19,166,303	-	-	23,062,147	19,166,303
Unrestricted	12,719,777	15,861,417	3,666,352	3,216,884	16,386,129	19,078,301
Total net position	\$ 122,860,927	\$ 123,370,470	\$ 8,544,249	\$ 8,220,196	\$ 131,405,176	\$ 131,590,666

The table above illustrates the changes in the City's net position at June 30, 2017 compared to June 30, 2016.

Governmental activities capital assets decreased by \$1.2 million. This is due to no materially new assets and depreciation expense of \$1.2 million. Governmental activities long-term liabilities outstanding increased by \$2.1 million due to a rise in miscellaneous pension costs of \$1.1 million and safety pension costs of \$1.0 million. The pension increases were due to CalPERS assumption changes and investment returns not meeting expectations.

Governmental activities other liabilities decreased by \$1.0 million, due primarily to Accounts Payable decreases of \$0.5 million in Park and Recreation Facilities Capital Project Fund and \$0.3 in Stanton Central Park Grant as the remaining payments relating to Stanton Central Park were made in the current year.

Deferred outflows of resources increased by \$0.9 million primarily due to \$0.9 million in increased deferred outflows due to CalPERS investment returns not meeting expectations. Deferred inflows of resources decreased by \$0.3 million in the current year due to changes in assumptions, differences between actual and expected experiences and changes in proportion and differences between Stanton's contributions and our proportionate share of contributions all relating to the CalPERS pension plan.

There were no significant changes in Business-type activities between FY 15/16 and FY 16/17.

GOVERNMENTAL ACTIVITIES

The City's net position from governmental activities totaled \$122.9 million, as can be seen in the chart on the following page. For the year, revenues exceeded expenses in the Fund Financial Statements by \$2.0 million. However, net position includes the net effect of capital assets (decrease of \$1.3 million primarily relating to depreciation expense) the net effect of pension expense for deferred outflows and inflows of resources (a net decrease of \$0.8 million) and others. After considering those expenditures, there was a \$0.5 million decrease in net position for governmental activities due to governmental revenues exceeding expenditures.

Revenues for governmental activities were \$1.3 million lower in FY 16/17 than in FY 15/16. In program revenues, capital grants and contributions were down \$2.4 million as there were no capital grants or contributions, while in the previous year a Proposition 84 Grant that helped build Stanton Central Park was recognized. Transactions and use taxes increased by \$0.5 million as the one-cent voter-approved tax that took effect in April 2015 is now fully implemented. Also other revenue increased by \$0.6 million due primarily to the Housing Authority receiving \$0.5 million in proceeds of the former Redevelopment Agency's Taxable Tax Allocation Bonds, 2011 Series B, permitted as a result of the State Legislatures adoption of as SB 107 in 2015. SB 107 allowed 5% of the 2011 bonds to be drawn down for uses authorized in the bonds, which includes the Housing Authority's Tina/Pacific project.

Governmental activities expenses increased in FY 16/17 by \$1.8 million, or 7% over FY 16/17. The increases were small and spread evenly over many categories, with culture and recreation and highways and streets each increasing by \$0.4 million, and public safety, urban development and general government each increasing \$0.3 million. At least \$0.1 million of every functional area listed above related to a share of increased CalPERS pension expenses, primarily due to actual earnings falling short of projected earnings. Culture and recreation increased by an additional \$0.2 million due to the first full year of staffing Stanton Central Park and maintaining that park and other neighborhood parks. Highways and streets increased by an additional \$0.2 million due to more robust street maintenance spending in the Measure M and Gas Tax Funds and \$0.1 million due to additional work performed by the Engineering Division including plan checking and inspection services. Public safety increased \$1.0 million and \$0.2 million for the respective increases in the Orange County Sheriff's Department and Orange County Fire Authority contracts, but was offset by a decrease of \$0.8 million for a 2016 monument signage project in the Lighting and Median Maintenance Fund. Urban development increased by an additional \$0.2 million due primarily to increased costs in the Housing Authority Fund for professional services costs relating to the Tina/Pacific project and relocation assistance costs. General government's costs actually decreased on the year, but its allocation of depreciation expense and increased pension expense is what caused it to reflect as \$0.3 million higher.

BUSINESS TYPE ACTIVITIES

The City has one business type activity, the Sewer Maintenance Fund. The City's net position from business type activities totaled \$8.5 million. Net position for business type activities increased by \$324,000 in FY 16/17, compared to an increase of \$480,000 in FY 15/16. The less significant increase in the current year corresponds with an increase in expenditures of \$150,000 due to increased costs for sewer cleaning maintenance and catch basin cleaning expenses.

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 3,244,189	\$ 2,967,768	\$ 892,789	\$ 917,453	\$ 4,136,978	\$ 3,885,221
Operating grants and contributions	2,876,853	2,961,296	-	-	2,876,853	2,961,296
Capital grants and contributions	-	2,350,764	-	-	-	2,350,764
General revenues:						
Property taxes	5,435,415	5,507,417	99,852	90,532	5,535,267	5,597,949
Sales taxes	4,152,378	4,169,215	-	-	4,152,378	4,169,215
Transactions and use taxes	4,105,593	3,591,594	-	-	4,105,593	3,591,594
Transient occupancy taxes	512,550	437,676	-	-	512,550	437,676
Franchise taxes	992,798	1,011,630	-	-	992,798	1,011,630
Other taxes	2,442,599	2,503,541	-	-	2,442,599	2,503,541
Investment earnings	119,772	227,705	26,342	16,558	146,114	244,263
Other	1,277,115	714,613	-	-	1,277,115	714,613
Total Revenues	25,159,262	26,443,219	1,018,983	1,024,543	26,178,245	27,467,762
Expenses:						
General government	3,726,949	3,468,099	-	-	3,726,949	3,468,099
Public safety	16,162,642	15,831,683	-	-	16,162,642	15,831,683
Urban development	2,083,114	1,747,416	-	-	2,083,114	1,747,416
Health and welfare	67,305	3,512	-	-	67,305	3,512
Highways and streets	1,598,743	1,235,617	-	-	1,598,743	1,235,617
Culture and recreation	2,030,052	1,592,769	-	-	2,030,052	1,592,769
Transfer of land to successor agency	-	-	-	-	-	-
Sewer	-	-	694,930	544,829	694,930	544,829
Total Expenses	25,668,805	23,879,096	694,930	544,829	26,363,735	24,423,925
Increase in net position before transfers	(509,543)	2,564,123	324,053	479,714	(185,490)	3,043,837
Special/extraordinary item	-	6,501,399	-	-	-	6,501,399
Increase/Decrease in net position	(509,543)	9,065,522	324,053	479,714	(185,490)	9,545,236
Net position - beginning of year	123,370,470	114,304,948	8,220,196	7,740,482	131,590,666	122,045,430
Net position - end of year	\$ 122,860,927	\$ 123,370,470	\$ 8,544,249	\$ 8,220,196	\$ 131,405,176	\$ 131,590,666

Note: Special/extraordinary item is a payment of bond proceeds to the City from the Successor Agency in 2016.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental funds. The focus of the City of Stanton'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 of Stanton's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary spending at the end of the fiscal year. Approximately \$4.3 million of the total \$43.2 million governmental funds fund balance constitutes fund balance that is available for spending at the government's discretion. The remainder of fund balances (\$38.9 million) is either nonspendable, or restricted, committed, or assigned for a variety of purposes. From the previous fiscal year to the current year there was an increase of \$2.1 million in total governmental fund balance.

The General Fund is the chief operating fund of the City of Stanton. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4.6 million and total fund balance stood at \$22.8 million. This has decreased dramatically in the current fiscal year as City Council created a Fund Balance Reserves Policy that established five commitments of fund balance and called for contributing the balance of one of reserves to a Section 115 Pension Trust. As a measure of the General Fund's fiscal strength, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. At June 30, 2017, unassigned fund balance of the General Fund represents 23% of total General Fund expenditures, while total fund balance represents 114% of that same amount.

The total General Fund balance increased by \$0.9 million during the past year. The fund balance moved from \$21.9 million at June 30, 2016 to \$22.8 million as of June 30, 2017. The \$0.9 million increase was mainly due to revenues exceeding expenditures by \$0.4 million plus a net gain in transfers into the General Fund of \$0.4 million. Last year, expenditures exceeded revenues by \$0.9 million and there was a net gain in transfers of \$0.5 million for a total net gain of \$1.5 million. General Fund revenues were up \$0.9 million this year over the prior year, while expenditures increased \$1.3 million.

The major differences in the General Fund revenues from 2016-17 are as follows:

- Taxes and assessments increased by \$0.8 million, relating to a \$0.5 million increase in the amount received from transactions and use tax as the one-cent voter-approved tax that took effect in April 2015 is now fully implemented, and \$0.3 million from a 6% increase in property taxes, which have still not reached their pre-recession high.

The major differences in the General Fund expenditures from 2016-17 are as follows:

- Public safety increased by \$1.2 million primarily due to the Orange County Sheriff's Department contract increasing by \$1.0 million as a result of labor negotiated pay increases and higher pension costs and the Orange County Fire Authority contract went up \$0.1 million.
- Culture and recreation increased by \$0.1 million due to higher expenses for maintaining Stanton Central Park and other neighborhood parks.
- Highways and streets increased by \$0.1 million due to additional work performed by the Engineering Division including plan checking and inspection services.

The Housing Authority fund balance increased by \$0.6 million, or 4.4% to \$14.5 million. The Housing Authority received \$0.5 million in proceeds of the former Redevelopment Agency's Taxable Tax Allocation Bonds, 2011 Series B, permitted as a result of the State Legislatures adoption of as SB 107 in 2015. SB 107 allowed 5% of the 2011 bonds to be drawn down for uses authorized in the bonds, which includes the Housing Authority's Tina/Pacific project. In addition, rental income from property acquired for low and moderate housing developments exceeded the costs of maintaining those developments by \$0.1 million.

Proprietary Funds. The City of Stanton's Proprietary Funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Sewer Enterprise Fund at the end of the year amounted to \$3.7 million. The unrestricted net position increased by \$449,000 compared to the prior year. Charges for services decreased by \$25,000, investment earnings increased by \$10,000 and property taxes increased by 9,000. Sewer expenses increased by \$150,000 due to increased costs for sewer cleaning maintenance and catch basin cleaning expenses.

Unrestricted net position in the Internal Service Funds at the end of the year amounted to \$1.4 million. The unrestricted net position increased by \$26,000 compared to the prior year, which is down from \$47,000 the prior year. There was a \$45,000 increase in administrative and personnel services expenses along with an increase in insurance premiums of \$12,000. Those increased expenses were partially offset by an increase in charges for services of \$27,000, which resulted in the overall net position increase of \$26,000.

GENERAL FUND BUDGETARY HIGHLIGHTS

Overall, the General Fund came in \$0.6 million better than budget for the year. Actual revenues for the year were \$0.4 million greater than the final budget estimates. The major variances in revenue are accounted for in the following accounts:

- Taxes and assessments revenue came in over budget by \$242,000. \$183,000 of this can be attributed to transactions and use tax coming in higher than estimated by the City's consultants. Another \$54,000 relates to business license revenues coming in stronger than anticipated.
- Charges for services came in over budget by \$164,000 as expense reimbursement and indirect cost reimbursement exceeded budgeted expectations.

Actual expenditures were \$204,000 under final budget. General government was overbudget by \$100,000 due to an unbudgeted final payment of \$100,000 to the County of Orange to close the City's animal control services account. Urban development was under budget by \$157,000 due primarily to code enforcement legal expenditures and business relations program expenditures not reaching expectations. Public safety was underbudget by \$116,000 due to vacancy credits that exceeded the amount budgeted.

CAPITAL ASSETS

The capital assets of the City are those longer-life assets used in the performance of the City's functions and include: land, buildings and improvements, machinery and equipment, park facilities, and roads and highways.

Governmental Accounting Standards Board (GASB) Statement No. 34 allows for governmental agencies to either depreciate their infrastructure assets or to use a modified approach to maintain an inventory of such assets. The City has elected the depreciation method, and utilizes straight-line depreciation. Estimated useful lives for capital assets range from 5 to 50 years, depending on type of asset. Depreciation on capital assets is recognized in the government-wide financial statements and proprietary funds.

At June 30, 2017, net capital assets of the governmental activities totaled \$87.1 million, and the net capital assets of the business-type activities totaled \$4.9 million. Capital assets related to governmental activities decreased by a net of \$1.2 million during FY 16/17 and capital assets related to business-type activities decreased by \$0.1 million.

There were no major capital asset events during FY 16/17. Depreciation for the year totaled \$2.2 million.

Additional information on the City's capital assets can be found in note 4 on pages 62-63 of this report.

DEBT ADMINISTRATION

Long-term liabilities of the City at June 30, 2017 totaled \$9.4 million and consists of the net pension liability, claims payable and compensated absences. All remaining debt issuances were Redevelopment Agency-related and were transferred to the Successor Agency in FY 2011-12.

The liabilities associated with the net pension liability are recorded as a book entry and are allocated to both governmental activities and business-type activities in the government-wide statement of net position. During the current fiscal year net pension liability increased by \$2.1 million (29%). The total liability of \$9.3 million consists of:

- \$4.4 million for the Miscellaneous Plan
- \$4.9 million for the Safety Plan which is closed as no safety employee has been employed by Stanton since the 1980's.

Additional information on the net pension liability can be found in note 11 on pages 69-77.

The liabilities associated with estimated claims payable are recorded in the Liability/Risk Management Internal Service Fund and the Workers' Compensation Internal Service Fund, and accrued long-term employee vacation and compensation leaves are recorded in the Employee Benefits Internal Service Fund. Both of these have been allocated to governmental activities in the government-wide statement of net position, with a small component of compensation leaves allocated to business-type activities. During the current fiscal year estimated claims liability increased \$12,000 (376%), due to the establishment of a small claim. As the claims balance is only \$17,000, any small claims liability appears as a large percentage. Accrued long-term leave balances increased \$42,000 (23%) as no long-term employees left the City.

Additional information on the City's long-term liabilities can be found in note 7 on page 69 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET, TAX RATES AND FEE LEVELS

The 2017-18 budget was adopted in June 2017.

General Fund revenues for FY 17/18 are currently expected to be \$20.8 million, 4.3% more than the FY 16/17 final budget. The key assumptions in the General Fund revenue forecast for FY 17/18 are:

1. Economic conditions have been gradually improving in California. Dramatic increases aren't to be expected, but consistent gradual improvement looks likely.
2. Property Tax revenue is expected to increase by \$0.5 million in FY 17/18 compared the final FY 16/17 budget. This large increase is due to an anticipated increase of \$388,000 in residual property tax distribution after recognized obligations are paid to the Successor Agency and a projected \$191,000 increase in Property Tax-In-Lieu revenue.
3. Sales Tax revenue is expected to increase 4% and Transactions and Use Tax revenue increase 5% compared to the final FY 16/17 budget according to estimates from HdL, the City's sales and transaction tax consultants.
4. The City is expected to receive \$3.96 million from the transactions and use tax in the third full fiscal year since Stanton residents approved the Stanton 9-1-1 Public Safety and Essential City Services Protection Measure in November 2014.

5. The City will received its fourth repayment of the loan it made to the former Redevelopment Agency on the ROPS. This \$1,023,000 payment will result in \$818,400 in one-time money going into the General Fund, and \$204,600 being received by the Stanton Housing Authority.

General Fund expenditure appropriations for FY 17/18 total \$21.1 million. This represents an increase of 5% from the final FY 16/17 budget. The causes of the expenditure increase are primarily a \$1.2 million increase in the Law Enforcement budget due to increasing Orange County Sheriff's Department and Orange County Fire Authority contracts (\$0.6 million and \$0.3 million, respectively) along with an increase in required contribution to CalPERS for unfunded liability costs for safety employees (\$0.2 million) and the addition of a Public Safety Director (\$0.2 million). Net transfers into the General Fund are budgeted at \$0.5 million for FY 17/18, which combines with the previously described loan repayment of \$0.8 million and appropriations exceeding revenues by \$0.3 million and a contribution to CIP Reserve of \$0.2 million to result in an expected increase in the fund balance of the General Fund of \$0.6 million.

Detailed information about the economic analysis, revenue assumptions, and other budgetary processes utilized in the annual budget preparation, can be obtained from the 2017-18 City Budget document available through the Administrative Services Department or on the City's website at www.ci.stanton.ca.us.

CONTACTING CITY MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, or need any additional financial information, contact the City's Administrative Services Department at 7800 Katella Avenue, Stanton, California, 90680.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Stanton
Statement of Net Position
June 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activity	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Cash and investments	\$ 31,556,035	\$ 3,846,102	\$ 35,402,137
Receivables	2,144,909	13,626	2,158,535
Due from other governments	329,725	-	329,725
Prepaid items	1,058	-	1,058
Notes and loans receivable	1,315,097	-	1,315,097
Land held for resale	3,000,000	-	3,000,000
Advance to successor agency	4,868,371	-	4,868,371
Other post-employment benefits (OPEB) asset	111,555	-	111,555
Restricted assets:			
Cash held by fiscal agent	3,065,186	-	3,065,186
Capital assets:			
Not being depreciated	39,574,226	36,703	39,610,929
Being depreciated (net of accumulated depreciation)	47,504,777	4,841,194	52,345,971
Total assets	133,470,939	8,737,625	142,208,564
Deferred amount from pension plans	1,363,252	27,135	1,390,387
Total deferred outflows of resources	1,363,252	27,135	1,390,387
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Accounts payable	1,237,851	56,041	1,293,892
Accrued liabilities	77,573	1,890	79,463
Unearned revenue	104,520	-	104,520
Long-term liabilities:			
Due within one year	101,041	831	101,872
Due in more than one year	9,302,467	141,628	9,444,095
Total liabilities	10,823,452	200,390	11,023,842
Deferred amounts from pension plans	1,149,812	20,121	1,169,933
Total deferred inflows of resources	1,149,812	20,121	1,169,933
NET POSITION			
Net investment in capital assets	87,079,003	4,877,897	91,956,900
Restricted for:			
Low and moderate income housing	14,466,663	-	14,466,663
Street maintenance	3,471,623	-	3,471,623
Community development	25,767	-	25,767
Public safety program	71,444	-	71,444
Lighting and landscape maintenance	1,823,176	-	1,823,176
Pollution remediation	138,288	-	138,288
Pension benefits	3,065,186	-	3,065,186
Unrestricted	12,719,777	3,666,352	16,386,129
Total net position	\$ 122,860,927	\$ 8,544,249	\$ 131,405,176

See accompanying notes to basic financial statements.

City of Stanton
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 3,726,949	\$ 527,561	\$ 53,545	\$ -
Public safety	16,162,642	1,375,973	691,323	-
Urban development	2,083,114	1,244,909	-	-
Highways and streets	1,598,743	-	1,721,634	-
Culture and recreation	2,030,052	95,746	359,589	-
Health and welfare	67,305	-	50,762	-
Total governmental activities	25,668,805	3,244,189	2,876,853	-
Business-type activity:				
Sewer enterprise	694,930	892,789	-	-
Total	\$ 26,363,735	\$ 4,136,978	\$ 2,876,853	\$ -

General revenues:

Taxes:

Property taxes

Sales taxes

Transactions and use taxes

Transient occupancy taxes

Franchise taxes

Utility user taxes

Other taxes

Investment earnings

Miscellaneous

Total general revenues

Changes in net position

Net position - Beginning of Year

Net position - End of Year

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activity	Total
\$ (3,145,843)	\$ -	\$ (3,145,843)
(14,095,346)	-	(14,095,346)
(838,205)	-	(838,205)
122,891	-	122,891
(1,574,717)	-	(1,574,717)
(16,543)	-	(16,543)
(19,547,763)	-	(19,547,763)
-	197,859	197,859
(19,547,763)	197,859	(19,349,904)
5,435,415	99,852	5,535,267
4,152,378	-	4,152,378
4,105,593	-	4,105,593
512,550	-	512,550
992,798	-	992,798
1,980,854	-	1,980,854
461,745	-	461,745
119,772	26,342	146,114
1,277,115	-	1,277,115
19,038,220	126,194	19,164,414
(509,543)	324,053	(185,490)
123,370,470	8,220,196	131,590,666
<u>\$ 122,860,927</u>	<u>\$ 8,544,249</u>	<u>\$ 131,405,176</u>

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FUND FINANCIAL STATEMENTS

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City of Stanton
Balance Sheet
Governmental Funds
June 30, 2017

	General	Special Revenue Fund Housing Authority	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 15,035,794	\$ 9,279,575	\$ 5,964,249	\$ 30,279,618
Cash held by fiscal agent	3,065,186	-	-	3,065,186
Receivable:				
Accounts	137,524	57	106,450	244,031
Interest	17,606	23,235	6,198	47,039
Taxes	1,645,486	-	82,542	1,728,028
Grants	6,172	-	118,212	124,384
Prepaid items	1,058	-	-	1,058
Due from other funds	-	-	243,959	243,959
Notes and loans receivable	97,097	1,218,000	-	1,315,097
Advance to successor agency	3,894,697	973,674	-	4,868,371
Land held for resale	-	3,000,000	-	3,000,000
Total assets	\$ 23,900,620	\$ 14,494,541	\$ 6,521,610	\$ 44,916,771
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,065,601	\$ 24,507	\$ 146,877	\$ 1,236,985
Accrued liabilities	60,062	3,371	13,556	76,989
Unearned revenue	-	-	104,520	104,520
Due to other funds	-	-	243,959	243,959
Total liabilities	1,125,663	27,878	508,912	1,662,453
Deferred Inflows of Resources:				
Unavailable revenues	-	-	103,887	103,887
Total liabilities and deferred inflows of resources	1,125,663	27,878	612,799	1,766,340
Fund Balances:				
Nonspendable	3,992,852	-	-	3,992,852
Restricted	3,065,186	14,466,663	5,530,298	23,062,147
Committed for:				
Emergency condition or uncertainty reserve	6,150,000	-	-	6,150,000
Capital improvement reserve	5,000,000	-	-	5,000,000
Assigned	-	-	682,470	682,470
Unassigned	4,566,919	-	(303,957)	4,262,962
Total fund balances	22,774,957	14,466,663	5,908,811	43,150,431
Total liabilities, deferred inflows of resources and fund balances	\$ 23,900,620	\$ 14,494,541	\$ 6,521,610	\$ 44,916,771

See accompanying notes to basic financial statements.

City of Stanton
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2017

Fund balances - total governmental funds		\$ 43,150,431
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		
Capital assets	\$ 117,964,404	
Accumulated depreciation	<u>(30,885,401)</u>	87,079,003
Pension related debt applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the Statement of Net Position as the changes in these amounts effects only the government-wide statements for governmental activities.		
Deferred outflows of resources	1,363,252	
Deferred inflows of resources	(1,149,812)	
Pension liability	<u>(9,165,988)</u>	(8,952,548)
Governmental funds report contributions to OPEB as expenditures when paid. Pre-funding is capitalized and expensed when due in the Statement of Net Position.		
Other post-employment benefits asset		111,555
Internal service funds are used by management to charge the costs of activities involved in rendering services to departments within the City. The assets and liabilities of the internal service funds are included in the Statement of Net Position.		
		1,368,599
Certain revenues in the governmental funds are deferred inflows of resources because they are not collected within the prescribed time period after year-end. However, these revenues are included in the government-wide statements.		
Deferred inflows of resources		<u>103,887</u>
Net position of governmental activities		<u>\$ 122,860,927</u>

See accompanying notes to basic financial statements.

City of Stanton
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	General	Special Revenue Fund Housing Authority	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes and assessments	\$ 17,616,900	\$ -	\$ 1,080,569	\$ 18,697,469
Licenses and permits	321,935	-	-	321,935
Intergovernmental	206,954	-	2,565,535	2,772,489
Charges for services	1,572,754	-	618,015	2,190,769
Fines and forfeitures	360,662	-	-	360,662
Interest income	29,708	46,399	43,664	119,771
Rental income	104,547	500,830	-	605,377
Miscellaneous	94,979	539,732	50,000	684,711
Total revenues	<u>20,308,439</u>	<u>1,086,961</u>	<u>4,357,783</u>	<u>25,753,183</u>
EXPENDITURES:				
Current:				
General government	2,879,492	-	-	2,879,492
Public safety	14,353,923	-	1,243,750	15,597,673
Urban development	1,044,304	473,841	-	1,518,145
Highways and streets	497,613	-	677,404	1,175,017
Culture and recreation	1,091,287	-	515,039	1,606,326
Health and welfare	-	-	67,305	67,305
Capital outlay	7,200	-	812,020	819,220
Total expenditures	<u>19,873,819</u>	<u>473,841</u>	<u>3,315,518</u>	<u>23,663,178</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>434,620</u>	<u>613,120</u>	<u>1,042,265</u>	<u>2,090,005</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	540,000	-	93,550	633,550
Transfers out	(93,550)	-	(540,000)	(633,550)
Total other financing sources (uses)	<u>446,450</u>	<u>-</u>	<u>(446,450)</u>	<u>-</u>
Net change in fund balances	881,070	613,120	595,815	2,090,005
FUND BALANCES:				
Beginning of year	<u>21,893,887</u>	<u>13,853,543</u>	<u>5,312,996</u>	<u>41,060,426</u>
End of year	<u>\$ 22,774,957</u>	<u>\$ 14,466,663</u>	<u>\$ 5,908,811</u>	<u>\$ 43,150,431</u>

See accompanying notes to basic financial statements.

City of Stanton
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes
in Fund Balances to the Government-wide Statement of Activities
For the Year Ended June 30, 2017

Net change in fund balances - total governmental funds	\$	2,090,005
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation and retirements in the current period.		
Capital asset purchases	\$	819,220
Depreciation expense		<u>(2,082,967)</u>
		(1,263,747)
Pension expense reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension expense includes the change in the net pension liability, and related change in pension amounts for deferred outflows of resources and deferred inflows of resources		
		(824,528)
Some expenses reported in the Statement of Activities utilize current financial resources, but are not expensed in the Statement of Activities until due.		
OPEB expense		56,397
Internal service funds are used by management to charge the costs of activities involved in rendering services to departments within the City. The net income is reported with Governmental Activities. The assets and liabilities of the internal service funds are included in the Statement of Net Position.		
		26,251
Certain revenues in the governmental funds are unavailable revenues because they are not collected within the prescribed time period after year-end. However, the revenues are included in the government-wide statements.		
		<u>(593,921)</u>
Change in net position of governmental activities	\$	<u>(509,543)</u>

See accompanying notes to basic financial statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

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City of Stanton
Statement of Net Position
Proprietary Funds
June 30, 2017

	Business-type Activity Sewer Enterprise Fund	Governmental Activities Internal Service Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current assets:		
Cash and investments	\$ 3,846,102	\$ 1,276,417
Receivables:		
Interest	3,689	1,427
Taxes	9,937	-
Due from other governments	-	329,725
Total current assets	<u>3,859,728</u>	<u>1,607,569</u>
Noncurrent assets:		
Capital assets:		
Not being depreciated	36,703	-
Being depreciated, net	4,841,194	-
Total noncurrent assets	<u>4,877,897</u>	<u>-</u>
Total assets	<u>8,737,625</u>	<u>1,607,569</u>
Deferred Outflows of Resources:		
Deferred amount from pension plans	<u>27,135</u>	<u>-</u>
Total deferred outflows of resources	<u>27,135</u>	<u>-</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current liabilities:		
Accounts payable	56,041	866
Accrued liabilities	1,890	584
Claims and judgments payable	-	16,630
Compensated absences payable	831	84,411
Total current liabilities	<u>58,762</u>	<u>102,491</u>
Noncurrent liabilities:		
Compensated absences payable	831	136,479
Net pension liability	140,797	-
Total noncurrent liabilities	<u>141,628</u>	<u>136,479</u>
Total liabilities	<u>200,390</u>	<u>238,970</u>
Deferred Inflows of Resources:		
Deferred amounts from pension plans	<u>20,121</u>	<u>-</u>
Total deferred inflows of resources	<u>20,121</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	4,877,897	-
Unrestricted	3,666,352	1,368,599
Total net position	<u>\$ 8,544,249</u>	<u>\$ 1,368,599</u>

See accompanying notes to basic financial statements.

City of Stanton
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	Business-type Activity	Governmental Activities
	Sewer Enterprise Fund	Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 892,789	\$ 656,744
Total operating revenue	892,789	656,744
OPERATING EXPENSES:		
Equipment maintenance and operation	22,994	49,905
Depreciation	132,055	-
Administrative and personnel services	283,841	407,019
Provision for estimated claims	-	(49,216)
Insurance premiums	2,260	223,955
Contractual services	253,780	8,845
Total operating expenses	694,930	640,508
OPERATING INCOME	197,859	16,236
NONOPERATING REVENUES:		
Property taxes	99,852	-
Interest income	26,342	10,015
Total nonoperating revenues	126,194	10,015
CHANGES IN NET POSITION	324,053	26,251
NET POSITION:		
Beginning of the year	8,220,196	1,342,348
End of the year	<u>\$ 8,544,249</u>	<u>\$ 1,368,599</u>

See accompanying notes to basic financial statements.

City of Stanton
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

	Business-type Activity Sewer Enterprise Fund	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 892,789	\$ 595,327
Cash paid to other suppliers of goods or services	(227,680)	(240,722)
Cash paid to employees for salaries and wages	(273,113)	(365,444)
Net cash provided by (used for) operating activities	391,996	(10,839)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from property taxes	104,255	-
Net cash provided by noncapital financing activities	104,255	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income received	24,688	9,503
Acquisition of capital assets	(6,640)	-
Net cash provided by investing activities	18,048	9,503
Net increase (decrease) in cash and cash equivalents	514,299	(1,336)
CASH AND CASH EQUIVALENTS:		
Beginning of the year	3,331,803	1,277,753
End of the year	<u>\$ 3,846,102</u>	<u>\$ 1,276,417</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Operating income	\$ 197,859	\$ 16,236
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation expense	132,055	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
(Increase) decrease in due from other governments	-	(61,417)
(Increase) decrease in deferred outflows of resources from pension plans	(17,363)	-
Increase (decrease) in accounts payable	51,354	(19,435)
Increase (decrease) in accrued liabilities	329	4
Increase (decrease) in claims and judgments payable	-	12,202
Increase (decrease) in compensated absences payable	767	41,571
Increase (decrease) in net pension liability	35,856	-
Increase (decrease) in deferred inflows of resources from pension plans	(8,861)	-
Net cash provided by operating activities	\$ 391,996	\$ (10,839)

See accompanying notes to basic financial statements.

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FIDUCIARY FUND FINANCIAL STATEMENTS

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City of Stanton
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Successor Agency to the Stanton Redevelopment Agency Private-Purpose Trust Fund	City Trust Agency Fund
ASSETS AND DEFERRED OUTFLOW OF RESOURCES		
Current assets:		
Cash and investments	\$ 10,286,205	\$ 246,681
Interest receivable	11,103	-
Restricted assets:		
Cash held by fiscal agent	2,079,186	-
Total current assets	<u>12,376,494</u>	<u>246,681</u>
Noncurrent assets:		
Capital assets, not being depreciated	3,453,728	-
Total noncurrent assets	<u>3,453,728</u>	<u>-</u>
Total assets	<u>15,830,222</u>	<u>\$ 246,681</u>
Deferred outflow of resources:		
Deferred amount on refunding	10,080,758	
Total deferred outflow of resources	<u>10,080,758</u>	
LIABILITIES		
Current liabilities:		
Accounts payable	370	\$ -
Accrued liabilities	1,866	-
Interest payable	205,484	-
Deposits payable	-	246,681
Bonds payable - current portion	2,495,000	-
Total current liabilities	<u>2,702,720</u>	<u>246,681</u>
Long-term liabilities:		
Advance from the City of Stanton	4,868,371	-
Bonds payable	66,988,811	-
Total long-term liabilities	<u>71,857,182</u>	<u>-</u>
Total liabilities	<u>74,559,902</u>	<u>\$ 246,681</u>
NET POSITION		
Restricted for private purpose	<u>\$ (48,648,922)</u>	

See accompanying notes to basic financial statements.

City of Stanton
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

	Successor Agency to the Stanton Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS:	
Taxes	\$ 8,425,966
Investment income	51,128
Total additions	<u>8,477,094</u>
DEDUCTIONS:	
Urban development	231,806
Contractual services	31,401
Contribution to the City	533,565
Interest and fiscal charges	<u>4,246,990</u>
Total deductions	<u>5,043,762</u>
Change in net position	3,433,332
NET POSITION:	
Beginning of Year	<u>(52,082,254)</u>
End of Year	<u><u>\$ (48,648,922)</u></u>

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The basic financial statements of the City of Stanton, California (the City), have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Description of Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information about the reporting government as a whole, except for its fiduciary activities. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from discretely presented component units for which the primary government is financially accountable.

B. Description of Reporting Entity:

The City was incorporated under the general laws of the State of California and enjoys all rights and privileges pertaining to such "general law" cities.

The Housing Authority of the City of Stanton (Housing Authority), a blended component unit, was formed on March 22, 2011, to facilitate the retention and use of transferred properties from the former Redevelopment Agency consistent with the redevelopment plan and for the purposes of ongoing maintenance of completed development projects.

Although the Housing Authority is legally separate from the City, its financial operations are the responsibility of the City. In addition, City Council has a continuing accountability for fiscal matters of the Housing Authority. Since the Stanton City Council acts as the Board of Directors and is able to impose its will on the Housing Authority, the City is considered to be the primary government and the Housing Authority is a component unit of the City. Additionally, since the governing bodies of the City and the Housing Authority are the same, the financial statements of the City and the component unit are blended. For presentation within the financial statements of the governmental reporting entity, the transactions between the Housing Authority and the City are reported as interfund transactions. The Housing Authority's financial data and activity are presented as a Special Revenue Fund. The Housing Authority does not issue separate financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. Basis of Presentation:

Government-wide Financial Statements:

While separate government-wide financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds and internal service funds, while the business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the government's sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements:

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate financial statements for the government's governmental, proprietary, and fiduciary funds are presented after the Government-wide Financial Statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. Fiduciary statements, even though excluded from the government-wide financial statements represent private-purpose trust funds and agency funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law, or contractual agreement to some other fund, are accounted for in this fund. General operating expenses not paid through other funds are paid from this fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. Basis of Presentation (Continued):

Fund Financial Statements (Continued):

City's Major Governmental Funds (Continued):

The Housing Authority Special Revenue Fund is used to account for the accumulated resources received from the former Redevelopment Agency's Low and Moderate Income Housing Special Revenue Fund, rental income, and expenses related to low and moderate income housing.

The City reports the following major enterprise fund:

The Sewer Fund is used to account for the operations of the City's sewer system.

Additionally, the City reports the following fund types:

Governmental Funds:

The Special Revenue Funds are used to account for the revenues derived from specific revenue sources, which are usually required by law or administrative regulation, to be accounted for in separate funds.

The Capital Projects Funds are used to account for financial resources segregated for the development, construction, and improvement of City facilities.

Proprietary Funds:

The Internal Service Funds are used to account for the financing of services provided by the following departments, to other departments of the City, on a cost reimbursement basis:

- Workers' Compensation
- Liability/Risk Management
- Employee Benefits
- Fleet Maintenance

Fiduciary Funds:

The Private-Purpose Trust Fund is used to account for the activities of the Successor Agency to the Stanton Redevelopment Agency. Separate financial statements of the Successor Agency are available at City Hall, 7800 Katella Avenue, Stanton, California 90680.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. Basis of Presentation (Continued):

Fund Financial Statements (Continued):

City's Fund Types (Continued):

Fiduciary Funds (Continued):

The City Trust Agency Fund is used to account for assets held by the City as an agent for individuals, private businesses and other governmental agencies. These assets include refundable and expendable cash deposits and retentions withheld pending satisfactory project completion.

Interfund Transactions:

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/due to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in the governmental activities are eliminated so that only the net amount included as internal balances in the governmental activities column. Similarly, balances between funds included in business-type activities are eliminated so that only the net amount is included in internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amount as transfer in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in the governmental activities column are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement Focus and Basis of Accounting:

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

D. Measurement Focus and Basis of Accounting (Continued):

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and private-purpose trust fund financial statements. Under the economic resources measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with their activity are included on their statement of net position. Operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenue from property taxes is recognized in the fiscal year which the taxes are levied and collected within 60 days from the end of the fiscal year. Grants and similar items are recognized as revenues as soon as the eligibility requirements imposed by the provider have been satisfied. Unbilled receivables are recorded as revenues when services are provided.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets, current liabilities and deferred inflows of resources are generally included on their balance sheets. The reported fund balance is considered to be a measure of “available spendable resources”.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period. Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Revenues are recognized as soon as they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, except for principal and interest on general long-term liabilities, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisition of capital leases are reported as other financing sources.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

D. Measurement Focus and Basis of Accounting (Continued):

Property taxes, sales tax, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue (within 60 days of year-end). Amounts owed to the City, which are not available, are recorded as receivables and deferred inflows of resources. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City's Fiduciary Funds consists of a private-purpose trust fund which is reported using the economic resources measurement focus and an agency fund which has no measurement focus, but utilizes the accrual basis for reporting its assets and liabilities.

E. New Accounting Pronouncements:

Current Year Standards:

GASB 73 - Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, contains provisions that address employer and governmental nonemployer contributing entities for pensions that are not within the scope of GASB 68, effective for periods beginning after June 15, 2016, and did not impact the City.

GASB 74 - Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, effective for periods beginning after June 15, 2016, and did not impact the City.

GASB 77 - Tax Abatement Disclosure, effective for periods beginning after December 15, 2015, and did not impact the City.

GASB 78 - Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans, effective for periods beginning after December 15, 2015, and did not impact the City.

GASB 79 - Certain External Investment Pools and Pool Participants, contains certain provisions on portfolio quality, custodial credit risk, and shadow pricing, effective for periods beginning after December 15, 2015, and did not impact the City.

GASB 80 - Blending Requirements for Certain Component Units, effective for periods beginning after June 15, 2016, and did not impact the City.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

E. New Accounting Pronouncements (Continued):

Pending Accounting Standards:

GASB has issued the following statements, which may impact the City's financial reporting requirements in the future:

- GASB 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for periods beginning after June 15, 2017.
- GASB 81 - *Irrevocable Split-Interest Agreements*, effective for periods beginning after December 15, 2016.
- GASB 82 - *Pension Issues*, effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.
- GASB 83 - *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018.
- GASB 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.
- GASB 85 - *Omnibus 2017*, effective for periods beginning after June 15, 2017.
- GASB 86 - *Certain Debt Extinguishment Issues*, effective for periods beginning after June 15, 2017.
- GASB 87 - *Leases*, effective for periods beginning after December 15, 2019.

F. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has the following items that qualify for reporting in this category:

- Deferred outflow related to pensions equal to employer contributions made after the measurement date of the net pension liability.
- Deferred outflow related to pensions resulting from the difference in projected and actual earnings on investments of the pension plans fiduciary net position. These amounts are amortized over five years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

F. Deferred Outflows/Inflows of Resources (Continued):

- Deferred outflow related to pensions for differences between actual and expected experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred loss on refunding reported in the Statement of Fiduciary Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding debt, which range from 14 to 24 years.

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Deferred inflow from unavailable revenues, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, which is grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflow related to pensions for differences between actual and expected experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred inflow from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expecting remaining service lives of all employees that are provided with pensions through the plans.
- Deferred inflow related to pension plans for the changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

G. Net Position Flow Assumptions:

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's practice to consider restricted - net position to have been depleted before unrestricted - net position is applied.

H. Assets, Liabilities, and Net Position or Equity:

Cash and Investments:

The City considers all highly liquid investments, with a maturity of three months or less when purchased, to be cash equivalents. In addition, cash invested in the City's cash management pool is considered to be cash equivalents. For purposes of the statement of cash flows of the proprietary fund types, cash and cash equivalents include all investments, as the City operates an internal cash management pool which maintains the general characteristics of a demand deposit account.

Investments are reported in the accompanying financial statements at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value represented by the external pool.

Receivables and Payables:

Property, sales, use, and utility user taxes related to the current fiscal year are accrued as revenue and accounts receivable and considered available if received within 60 days of year-end. Federal and state grants are considered receivable and accrued as revenue, when reimbursable costs are incurred under the accrual basis of accounting in the government-wide statement of net position. The amount recognized as revenue, under the modified accrual basis of accounting, is limited to the amount that is deemed measurable and collectible. Loans extended from other funds are recorded as loans receivable.

Activity between funds, that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year, is referred to as either "due to/from other funds" or "advances to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

H. Assets, Liabilities, and Net Position or Equity (Continued):

Receivables and Payables (Continued):

Advances between funds, if any, are offset by nonspendable fund balance for noncurrent assets, as applicable in governmental funds to indicate that they do not constitute resources available for appropriation.

Land Held for Resale:

The land held for resale is recorded in the Housing Authority Special Revenue Fund at the lower of acquisition cost or net realizable value. At June 30, 2017, the net realizable value of property held for resale for various housing properties in Stanton totaled \$3,000,000.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Acquired assets are recorded at historical cost or estimated historical cost. Donated assets are valued at the acquisition value of the assets on the date on which they were contributed. The costs of normal maintenance and repairs that do not add value to the assets or materially extend the life are not capitalized. Capital assets are defined as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year with the exception of land, structures and improvements, and infrastructure which have a threshold of \$50,000.

Depreciation is charged to operations using the straight-line method of depreciation over the estimated useful lives of the assets as follows:

Structures and improvements	20 - 50 years
Equipment and vehicles	5 - 20 years
Infrastructure	20 - 50 years

Compensated Absences Payable:

Employees can carry forward up to 360 hours of earned, but unused, vacation leave. Upon termination, the City is obligated to compensate employees the earned, but unused, vacation time.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

H. Assets, Liabilities, and Net Position or Equity (Continued):

Claims and Judgments:

The City records a liability for claims, judgments and litigation when it is probable that a liability has been incurred at year-end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. City management believes that the aggregate accrual is adequate to cover such losses, including amounts for incurred but not reported claims. Estimated claims payables are recorded in the Workers' Compensation and Liability/Risk Management Internal Service Funds as appropriate.

Property Taxes:

The assessment, levy and collection of property taxes are the responsibility of the County of Orange (the County). The City receives property taxes pursuant to an arrangement with the County known as the "Teeter Plan", whereby the County assumes responsibility for the collection of delinquent taxes and pays the full allocation to the City. The City records property taxes as revenue when received from the County, except at year-end, when property taxes received within 60 days are accrued as revenue.

Property taxes are assessed and collected according to the following property tax calendar:

Lien Date:	January 1
Levy Date:	July 1 to June 30
Due Dates:	November 1 - 1 st installment March 1 - 2 nd installment
Collection Dates:	December 10 - 1 st installment April 10 - 2 nd installment

Net Position:

The governmental and business-type activities in the government-wide financial statements and proprietary funds utilize a net position presentation. Net position is classified in the following categories:

Net investment in capital assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets. The City has no debt related to capital assets.

Restricted net position - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position - This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

H. Assets, Liabilities, and Net Position or Equity (Continued):

Fund Balances:

The fund balances reported on the fund statements consist of the following categories:

Nonspendable - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted - This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers or through enabling legislation.

Committed - This classification includes amounts, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body, and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City and the adoption of a formal resolution prior to the end of the fiscal year is required to establish a fund balance commitment. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of resolution) to remove or revise the limitation.

An economic emergency reserve has been established through a resolution approved by the City Council. This reserve is calculated as 16.67% (rounded to the next \$100,000) of the General Fund operating expenditures. The reserve may be used to mitigate annual budget revenue shortfalls as a protection from a fluctuating economy, including financial hardship or downturns in the economy. If used or if the City's annual operating budget grows, this reserve will be replenished with future year-end operating surpluses. This economic emergency reserve has a balance of \$3,400,000 as of June 30, 2017.

An emergency equipment and maintenance reserve has been established through a resolution approved by the City Council. The reserve is calculated at \$250,000. The reserve may be used to provide funding for non-scheduled capital asset repair and replacement. If used, this reserve will be replenished with future year-end operating surpluses. This emergency equipment and maintenance reserve has a balance of \$250,000 as of June 30, 2017.

An emergency disaster contingency reserve has been established through a resolution approved by the City Council. The reserve is calculated at \$2,500,000. The reserve may be used to mitigate costs of unforeseeable emergencies, such as natural disasters, catastrophic events, or any situation requiring the declaration of an emergency as defined by Stanton Municipal Code Section 2.56.050.C. If used, this reserve will be replenished with future year-end operating surpluses. This emergency disaster contingency reserve has a balance of \$2,500,000 as of June 30, 2017.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

H. Assets, Liabilities, and Net Position or Equity (Continued):

Fund Balances (Continued):

Committed (Continued)

A capital improvement reserve has been established through a resolution approved by the City Council. This reserve may be used for key infrastructure and capital improvement projects and to provide capital repair and replacement funding. This capital improvement reserve has a balance of \$5,000,000 as of June 30, 2017.

Assigned - This classification includes amounts to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has authorized the Administrative Services Director for that purpose. The Administrative Services Director determines the assigned amount based on encumbrances and any future budget deficits.

Unassigned - This classification includes the residual balance for the government's general fund and includes all spendable amounts not contained in other classifications. In other funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted.

Spending Policy:

When expenditures are incurred for purposes for which all restricted, committed, assigned and unassigned fund balances are available, the City's policy is to apply in the following order, except for instances wherein an ordinance specifies the fund balance:

- Restricted
- Committed
- Assigned
- Unassigned

I. Program Revenues:

Amounts reported as 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 revenues are reported instead as general revenues.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

J. Proprietary Funds Operating and Nonoperating Revenues and Expenses:

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer fund and internal service funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

K. Pensions:

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

L. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the statement of net position date, and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, the allowance for doubtful accounts, the Other Post-Employment Benefits asset, net pension liability and corresponding deferred outflows of resources and deferred inflows of resources, and certain liabilities. Actual results may differ from those estimates.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Deficit Fund Balances:

The following funds had deficit fund balances at June 30, 2017:

Other Governmental Funds:

FaCT Park and Recreation Grant Special Revenue Fund	\$ (45,966)
CalGRIP Grant Special Revenue Fund	(84,451)
Stanton Central Park Maintenance Special Revenue Fund	(17,008)
Park and Recreation Facilities Capital Projects Fund	(156,532)

City of Stanton
Notes to Basic Financial Statements, Continued
June 30, 2017

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED):

A. Deficit Fund Balances (Continued):

The CalGRIP Grant Special Revenue Fund deficit is expected to be eliminated with future revenues and reimbursements from state agencies. The FaCT Park and Recreation Grant Special Revenue Fund and Stanton Central Park Maintenance Special Revenue Fund will be eliminated with a future transfer from the General Fund. The Park and Recreation Facilities Capital Project Fund will be eliminated with revenues from future developments.

B. Excess of Expenditures over Appropriations:

The following funds reported expenditures exceeding appropriations at June 30, 2017:

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Major Fund:			
Housing Authority Special Revenue Fund	\$ 471,971	\$ 473,841	\$ (1,870)
Other Governmental Funds:			
FaCT Park and Recreation Grant			
Special Revenue Fund	325,989	346,329	(20,340)
Park and Recreation Facilities			
Capital Projects Fund	75,000	131,892	(56,892)

3. CASH AND INVESTMENTS:

Cash and Investments:

Cash and investments as of June 30, 2017, were classified in the accompanying financial statements as follows:

	<u>Government Wide Statement of Net Position</u>	<u>Fiduciary Funds Statement of Net Position</u>	<u>Total</u>
Cash and investments	\$ 35,402,137	\$ 10,532,886	\$ 45,935,023
Cash held by fiscal agent	3,065,186	2,079,186	5,144,372
Total cash and investments	<u>\$ 38,467,323</u>	<u>\$ 12,612,072</u>	<u>\$ 51,079,395</u>

Cash and investments at June 30, 2017, consisted of the following:

Cash in hand	\$ 1,100
Deposits with financial institutions	2,136,731
Cash and cash equivalents with fiscal agent	945,388
Investments	43,797,192
Investments with fiscal agent	4,198,984
Total cash and investments	<u>\$ 51,079,395</u>

City of Stanton
Notes to Basic Financial Statements, Continued
June 30, 2017

3. CASH AND INVESTMENTS (CONTINUED):

Investments Authorized by the City's Investment Policy:

The City's Investment Policy is reviewed and adopted by the City Council each year. Regarding allowable investment types, the investment policy is more conservative and restrictive than the investment vehicles authorized by Section 53600.5 of the California Government Code. Investment vehicles not specifically mentioned in the City's investment policy, are not authorized unless the policy is amended by the City Council or is approved as part of the provisions of the bond indentures. This table does not address investments of debt proceeds held by bond trustees that are governed by provisions of the debt agreements. Investments are limited to:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment in One Issuer</u>
United States Treasury Notes	5 years	100%	None
United States Government Sponsored Agency Securities:			
Federal Home Loan Banks (FHLB)	5 years	100%	25%
Fannie Mae (FNMA)	5 years	100%	25%
Federal Home Loan Mortgage Corp (FHLMC)	5 years	100%	25%
Federal Farm Credit Banks (FFCB)	5 years	100%	25%
All Other	5 years	100%	25%
Local Agency Securities	5 years	100%	5%
Certificates of Deposit	5 years	20%	None
Banker's Acceptances	180 days	40%	5%
Commercial Paper	270 days	25%	5%
Medium Term Corporate Notes	5 years	30%	5%
Local Agency Investment Fund (LAIF)	N/A	100%	None
Negotiable Certificates of Deposit:			
Certificate of Deposit Placement Service	5 years	30%	30%
Negotiable Certificates of Deposit	5 years	30%	5%
Money Market Mutual Funds	N/A	20%	None
Asset-backed and Mortgage-backed Securities	5 years	20%	5%
Supranational	5 years	30%	10%

N/A - Not Applicable

* - Excluding amounts held by bond trustees that are not subject to California Government Code restrictions.

City of Stanton
Notes to Basic Financial Statements, Continued
June 30, 2017

3. CASH AND INVESTMENTS (CONTINUED):

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. The City manages its exposure to interest rate risk is by purchasing a combination of shorter term 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 (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity as of June 30, 2017:

Investment Type	Remaining Maturity (in Years)					Total
	1 Year or Less	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years	
LAIF	\$26,578,498	\$ -	\$ -	\$ -	\$ -	\$ 26,578,498
Medium Term Notes	410,964	480,178	181,141	627,957	463,117	2,163,357
Negotiable Certificates of Deposit	841,782	249,158	995,650	2,240,222	2,140,696	6,467,508
Commercial Paper	199,682	-	-	-	-	199,682
United States Treasury Notes	-	159,606	593,650	790,558	578,398	2,122,212
United States Government						
Sponsored Agency Securities:						
FHLB	-	185,228	204,210	779,911	785,495	1,954,844
FNMA	-	388,701	199,512	773,931	199,372	1,561,516
FHLMC	-	-	188,955	-	443,476	632,431
FFCB	-	198,342	-	-	-	198,342
Money Market Mutual Funds	188,249	-	-	-	-	188,249
Municipal Bonds	-	-	-	498,725	899,159	1,397,884
Asset-backed and Mortgage-backed						
Securities	25,719	226,976	79,974	-	-	332,669
Investments with fiscal agent:						
LAIF	1,133,798	-	-	-	-	1,133,798
Pension Trust	<u>3,065,186</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,065,186</u>
Total	<u>\$32,443,878</u>	<u>\$ 1,888,189</u>	<u>\$ 2,443,092</u>	<u>\$ 5,711,304</u>	<u>\$ 5,509,713</u>	<u>\$ 47,996,176</u>

City of Stanton
Notes to Basic Financial Statements, Continued
June 30, 2017

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. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating, by Standard & Poor's or Moody's, as of year-end for each investment type:

Investment Type	Total as of June 30, 2017	Minimum Legal Rating	Aaa	Other	Not Rated	Not Required to be Rated
LAIF	\$26,578,498	N/A	\$ -	\$ -	\$26,578,498	\$ -
Medium Term Notes	2,163,357	A/A2	83,167	2,080,190	-	-
Negotiable Certificates of Deposit	6,467,508	A/A2	-	-	6,467,508	-
Commercial Paper	199,682	N/A	-	199,682	-	-
United States Treasury Notes	2,122,212	N/A	-	-	-	2,122,212
United States Government Sponsored Agency Securities:						
FHLB	1,954,844	N/A	1,954,844	-	-	-
FNMA	1,561,516	N/A	1,561,516	-	-	-
FHLMC	632,431	N/A	632,431	-	-	-
FFCB	198,342	N/A	198,342	-	-	-
Money Market Mutual Funds	188,249	AAA/Aaa	188,249	-	-	-
Municipal Bonds	1,397,884	A	-	1,397,884	-	-
Asset-backed and Mortgage-backed Securities	332,669	AA/Aa2	332,669	-	-	-
Investments with fiscal agent:						
LAIF	1,133,798	N/A	-	-	1,133,798	-
Pension Trust	3,065,186	N/A	-	-	3,065,186	-
Total	\$47,996,176		\$ 4,951,218	\$ 3,677,756	\$37,244,990	\$ 2,122,212

N/A - Not Applicable

The actual ratings for the "Other" category above are as follows:

Investment Type	AA+	AA	AA-	A+	A	Total
Medium Term Notes	\$ 241,136	\$ 155,369	\$ 250,784	\$ 660,734	\$ 772,167	\$ 2,080,190
Commercial Paper	-	-	-	199,682	-	199,682
Municipal Bonds	-	1,397,884	-	-	-	1,397,884
Total	\$ 241,136	\$ 1,553,253	\$ 250,784	\$ 860,416	\$ 772,167	\$ 3,677,756

3. CASH AND INVESTMENTS (CONTINUED):

Concentration of Credit Risk:

The investment policy of the City contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one nongovernment sponsored issuer (other than external investment pools and United States Treasury Notes) that represent 5 % or more of total City investments.

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 trust deed mortgage notes having a value of 150% of the secured public deposits. Any deposits in excess of depository insurance limits at the end of the year are collateralized by securities held at the depository financial institution's trust department, with the exception of cash held by fiscal agent. Of the \$945,388 of cash and cash equivalents held by fiscal agent, \$500,000 is insured by the Federal Deposit Insurance Corporation (FDIC) (\$250,000 for the City per accounts with financial institution, for which there are two) and the remaining \$445,388 was neither insured by the FDIC nor collateralized as required under California Law.

Investment in State Investment Pool:

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 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.

3. CASH AND INVESTMENTS (CONTINUED):

Cash and Investments - Pension Trust

The City established a trust account with Public Agency Retirement Services (PARS) to hold assets that are legally restricted for use in funding future contributions to the City's pension plan. The Pension Trust's specific cash and investments are managed by a third-party portfolio manager under guidelines approved by the City.

Those guidelines are as follows:

Risk Tolerance:	Moderate High
Risk Management:	The portfolio is constructed to control risk through four layers of diversification - asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process help to drive return potential while reducing portfolio risk.
Investment Objective:	To provide growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important.
Strategic Ranges:	0% - 20% Cash 40% - 60% Fixed Income 40% - 60% Equity

City of Stanton
Notes to Basic Financial Statements, Continued
June 30, 2017

3. CASH AND INVESTMENTS (CONTINUED):

Fair Value Measurements:

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2017:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Medium Term Notes	\$ -	\$ 2,163,357	\$ -	\$ 2,163,357
Negotiable Certificates of Deposit	-	6,467,508	-	6,467,508
Commercial Paper	-	199,682	-	199,682
United States Treasury Notes	-	2,122,212	-	2,122,212
United States Government Sponsored Agency Securities:				
FHLB	-	1,954,844	-	1,954,844
FNMA	-	1,561,516	-	1,561,516
FHLMC	-	632,431	-	632,431
FFCB	-	198,342	-	198,342
Asset-backed and Mortgage-backed Securities	-	332,669	-	332,669
Municipal Bonds	-	1,397,884	-	1,397,884
 Total Leveled Investments	 \$ -	 \$ 17,030,445	 \$ -	 17,030,445
 Investments not Subject to Fair Value Hierarchy:				
LAIF				26,578,498
Money Market Mutual Funds				188,249
Investments with fiscal agent:				
LAIF				1,133,798
Pension Trust				3,065,186
 Total Investment Portfolio				 \$ 47,996,176

City of Stanton
Notes to Basic Financial Statements, Continued
June 30, 2017

4. CAPITAL ASSETS:

A summary of changes in the Governmental Activities capital assets at June 30, 2017, is as follows:

Governmental Activities:

	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017
Capital assets, not being depreciated:				
Land	\$ 39,321,637	\$ -	\$ -	\$ 39,321,637
Construction in progress	270,149	70,635	(88,195)	252,589
Total capital assets, not being depreciated	39,591,786	70,635	(88,195)	39,574,226
Capital assets, being depreciated:				
Buildings and improvements	38,924,969	190,545	-	39,115,514
Equipment	1,203,884	33,349	-	1,237,233
Vehicles	781,763	-	-	781,763
Infrastructure	36,955,891	612,886	-	37,568,777
Total capital assets, being depreciated	77,866,507	836,780	-	78,703,287
Less accumulated depreciation for:				
Buildings and improvements	(5,896,760)	(799,514)	-	(6,696,274)
Equipment	(972,282)	(49,946)	-	(1,022,228)
Vehicles	(632,305)	(47,089)	-	(679,394)
Infrastructure	(21,614,196)	(1,186,418)	-	(22,800,614)
Total accumulated depreciation	(29,115,543)	(2,082,967)	-	(31,198,510)
Total capital assets, being depreciated, net	48,750,964	(1,246,187)	-	47,504,777
Total governmental activities capital assets, net	\$ 88,342,750	\$ (1,175,552)	\$ (88,195)	\$ 87,079,003

City of Stanton
Notes to Basic Financial Statements, Continued
June 30, 2017

4. CAPITAL ASSETS (CONTINUED):

Governmental Activities (Continued):

Depreciation expense was charged to functions/programs of the governmental activities as follows:

General government	\$ 624,891
Public safety	416,593
Urban development	416,593
Highways and streets	312,445
Culture and recreation	<u>312,445</u>
Total depreciation expense - governmental activities	<u>\$ 2,082,967</u>

Business-type Activity:

A summary of changes in the Business-type Activity capital assets at June 30, 2017, is as follows:

	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017
Capital assets, not being depreciated:				
Construction in progress	<u>\$ 30,063</u>	<u>\$ 6,640</u>	<u>\$ -</u>	<u>\$ 36,703</u>
Capital assets, being depreciated:				
Sanitary plant	6,058,601	-	-	6,058,601
General plant	654,840	-	-	654,840
Vehicles	<u>162,099</u>	<u>-</u>	<u>-</u>	<u>162,099</u>
Total capital assets, being depreciated	<u>6,875,540</u>	<u>-</u>	<u>-</u>	<u>6,875,540</u>
Less accumulated depreciation for:				
Sanitary plant	(1,609,222)	(118,958)	-	(1,728,180)
General plant	(130,970)	(13,097)	-	(144,067)
Vehicles	<u>(162,099)</u>	<u>-</u>	<u>-</u>	<u>(162,099)</u>
Total accumulated depreciation	<u>(1,902,291)</u>	<u>(132,055)</u>	<u>-</u>	<u>(2,034,346)</u>
Total capital assets, being depreciated, net	<u>4,973,249</u>	<u>(132,055)</u>	<u>-</u>	<u>4,841,194</u>
Business-type activity capital assets, net	<u>\$ 5,003,312</u>	<u>\$ (125,415)</u>	<u>\$ -</u>	<u>\$ 4,877,897</u>

Depreciation expense of \$132,055 was charged to the Sewer function/program.

City of Stanton
Notes to Basic Financial Statements, Continued
June 30, 2017

5. INTERFUND TRANSACTIONS:

Due To and Due From:

The composition of interfund balances as of June 30, 2017 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other Governmental Funds:	Other Governmental Funds:	
Capital Improvements	FaCT Park and Recreation Grant	
Capital Projects Fund	Special Revenue Fund	\$ 31,495
	CalGRIP Grant	
	Special Revenue Fund	54,120
	Stanton Central Park Maintenance	
	Special Revenue Fund	7,460
	Parks and Recreation Facilities	
	Capital Projects Fund	150,884
		<u>\$ 243,959</u>

The outstanding balances between funds result mainly from interfund borrowings to cover operating deficits.

Interfund Transfers:

The composition of interfund transfers for the year ended June 30, 2017 is as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds (1)	\$ 540,000
Other Governmental Funds	General Fund (2)	93,550
		<u>\$ 633,550</u>

Transfers are used to (1) transfer reimbursements of allowable expenditures and administrative costs in accordance with budgetary authorization, (2) transfer funds to cover grant funding deficiency in Stanton Central Park Maintenance and FaCT Park and Recreation Grant Special Revenue Funds.

6. NOTES AND LOANS RECEIVABLE:

The notes and loans receivable balance at June 30, 2017, was as follows:

Stanton Accessible Apartments Construction	\$ 352,445
Housing	95,215
First Time Home Buyer	40,000
Housing Rehabilitation	1,178,000
Employee Computer	1,882
Allowance for doubtful accounts	(352,445)
	<u>\$ 1,315,097</u>

6. NOTES AND LOANS RECEIVABLE (CONTINUED):

In November 2004, the former Redevelopment Agency entered into a Residual Receipts Promissory Note with Stanton Accessible Apartments Construction. Under the terms of the agreement, the former Redevelopment Agency loaned \$258,261 to Stanton Accessible Apartments Construction. The note commenced on May 5, 2005 and bears interest at 3% per year. The note was transferred to the Housing Authority on February 1, 2012. The total amount outstanding, including accrued interest at June 30, 2017, was \$352,445, with an allowance for the forgivable amount of \$352,445.

Housing loans receivable of \$95,215 consists of various low interest home loans made to low income families and funded from small cities housing monies.

The First Time Home Buyer Assistance Program, or HOMES, was created by the former Redevelopment Agency in order to help existing and new residents purchase their first home. The HOMES program provides up to \$40,000 in down payment assistance for eligible first time home buyers of low to moderate income. Assistance is in the form of a forty-five year loan with interest and payments deferred for the first ten years of the loan. The HOMES Loan is secured by a second trust deed in conjunction with a first mortgage offered by a participating lender. The loan was transferred to the Housing Authority on February 1, 2012. The total amount outstanding at June 30, 2017, was \$40,000.

The Housing Rehabilitation Loan Program offers loans of up to \$50,000 for newer homes and up to \$75,000 for pre 1960 homes to low and moderate income households. The purpose of the program is to assist Stanton's homeowners with addressing code violations and eliminating blighted, unsafe, unsanitary, and deteriorating living conditions. The loans are interest free with deferred payments until the property is sold, refinanced, or a change in title occurs. The loans were transferred to the Housing Authority on February 1, 2012. The total amount outstanding at June 30, 2017, was \$1,178,000.

Employees have the opportunity to purchase a personal computer with an interest free two year loan from the City. Full-time employees, who have completed the one year probationary period, or part-time employees, who have been employed with the City for over one year, are eligible to participate in this program. The total amount outstanding at June 30, 2017, was \$1,882.

City of Stanton
Notes to Basic Financial Statements, Continued
June 30, 2017

7. LONG-TERM LIABILITIES:

The following is a summary of long-term liability transactions for the year ended June 30, 2017:

Governmental Activities:

	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017	Due Within One Year	Due in More Than One Year
Claims payable	\$ 4,428	\$ 54,389	\$ (42,187)	\$ 16,630	\$ 16,630	\$ -
Compensated absences	179,319	130,598	(89,027)	220,890	84,411	136,479
Net pension liability (Note 11)	<u>7,108,307</u>	<u>2,525,014</u>	<u>(467,333)</u>	<u>9,165,988</u>	<u>-</u>	<u>9,165,988</u>
Total governmental activities long-term liabilities	<u>\$ 7,292,054</u>	<u>\$ 2,710,001</u>	<u>\$ (598,547)</u>	<u>\$ 9,403,508</u>	<u>\$ 101,041</u>	<u>\$ 9,302,467</u>

Claims Payable

The amount of claims payable for governmental activities at June 30, 2017, was \$16,630. This liability is being liquidated in the workers' compensation and liability/risk management internal service funds.

Compensated Absences

The City's liability for vested and unpaid compensated absences (accrued vacation and compensation time pay) in the governmental activities has been accrued and amounted to \$220,890 at June 30, 2017. This liability is being liquidated in the internal service funds.

Business-type Activity:

The following is a summary of long-term debt transactions of the business-type activity for the year ended June 30, 2017:

	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017	Due Within One Year	Due in More Than One Year
Compensated absences	\$ 895	\$ 1,005	\$ (238)	\$ 1,662	\$ 831	\$ 831
Net pension liability (Note 11)	<u>104,941</u>	<u>45,102</u>	<u>(9,246)</u>	<u>140,797</u>	<u>-</u>	<u>140,797</u>
Total business-type activities long-term liabilities	<u>\$ 105,836</u>	<u>\$ 46,107</u>	<u>\$ (9,484)</u>	<u>\$ 142,459</u>	<u>\$ 831</u>	<u>\$ 141,628</u>

In proprietary funds, the liability for vested and unpaid compensated absences (accrued vacation and compensation time pay) is reported in the sewer enterprise fund as the benefits are vested and earned. The compensated absences accrued in the sewer enterprise fund amounted to \$1,662 at June 30, 2017.

City of Stanton
Notes to Basic Financial Statements, Continued
June 30, 2017

8. RISK MANAGEMENT:

Coverage:

The City retains a level of risk for both general liability and workers' compensation.

General Liability - The City is self-insured for the first \$25,000 on each general liability claim against the City. Insurance coverage in excess of the self-insured amount is provided by the Public Entity Risk Management Authority (PERMA), a public entity risk pool consisting of cities and other public agencies in Southern California established under the provisions of California Government Code Section 65000 et seq.

Effective December 10, 1986, the City became a member of PERMA. PERMA is governed by a Board consisting of one councilor board member appointed by each of the 31 member agencies. The Board meets three times per year and elects an Executive Committee to supervise and conduct PERMA affairs. PERMA maintains a staff headed by a General Manager to implement the policies of the Board.

PERMA provides risk coverage for its members through the pooling of risks and purchased insurance. The City pays an annual premium to the pool for its excess general liability insurance coverage. The coverage extends to workers' compensation and employer's liability, employment practices liability, property and auto physical damage. PERMA has published its own financial report for the year ended June 30, 2017, the most recent available, which can be obtained from PERMA, 36-951 Cook Street, Suite 100, Palm Desert, California 92211.

As a member of PERMA, any losses in excess of PERMA's self-insured amount up to \$50,000,000 are shared by all participating members.

Listed below is the allocation of risk coverage for the City:

Area of Risk	City Self-Insurance	PERMA
General Liability	\$0 - \$25,000	\$25,000 - \$50,000,000 per claim
Workers' Compensation	\$0 - \$250,000	\$250,000 - Statutory limits
Employment Practices Liability	\$0 - \$25,000	\$25,000 - \$1,000,000 per claim
Property	\$0 - \$5,000	\$5,000 - \$100,000,000 per claim
Auto Physical Damage	\$0 - \$2,500	\$2,500 - \$100,000,000 per claim
Crime	\$0 - \$2,500	\$2,500 - \$1,000,000 per claim
Cyber Liability	\$0 - \$50,000	\$50,000 - \$2,000,000 per claim

Workers' Compensation - The City is self-insured for the first \$250,000 on workers' compensation. The insurance coverage in excess of the self-insured amount is provided by PERMA. As a member of PERMA, all participating members share any losses in excess of the City's self-insured amount up to statutory limits.

City of Stanton
Notes to Basic Financial Statements, Continued
June 30, 2017

8. RISK MANAGEMENT (CONTINUED):

Claims Activity:

Claim expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. At June 30, 2017, the amount of these liabilities was \$16,630. This liability is the City's best estimate based on available information.

During the past three fiscal (claims) years, none of the above programs for protection have experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2016-2017.

A summary of the changes in claims liabilities for the past three fiscal years follows:

Year Ended June 30,	Claims Payable July 1	Fiscal Year Claims and Changes in Estimates	Claims Payments	Claims Payable June 30,
2015	\$ 23,589	\$ -	\$ (23,589)	\$ -
2016	-	4,428	-	4,428
2017	4,428	54,389	(42,187)	16,630

9. COMMITMENTS:

On September 15, 1994, the former Redevelopment Agency entered into a Revenue Sharing Agreement with the City of Anaheim related to the development and operation of an automobile recycling facility by Pick Your Part. The location of the project is equally split between the cities of Stanton and Anaheim. All sales tax revenue for the project is collected in Stanton. Additionally, the City receives a recycling fee equal to \$5 per automobile recycled by Pick Your Part at the project site. Under the terms of the agreement, the City of Anaheim will be compensated so as to mitigate the environmental impacts under CEQA associated with the project. Sales tax revenue generated by the project has been determined to be an appropriate measure of the impacts associated with the project. The City will pay to the City of Anaheim a portion of the recycling fee revenue equal to one-half of the sales tax revenue received by the City for the project, on a calendar year basis. In accordance with the agreement, the City has made payments totaling \$29,203 to the City of Anaheim for the fiscal year ended June 30, 2017.

10. ORANGE COUNTY FIRE AUTHORITY - JOINT VENTURE:

In January 1995, the City entered into a joint powers agreement with eighteen other cities and the County of Orange (County) to create the Orange County Fire Authority (Fire Authority). The purpose of the Fire Authority is to provide for mutual fire protection, prevention and suppression services and related and incidental services including, but not limited to, emergency medical and transport services, as well as providing facilities and personnel for such services. The Fire Authority's governing board consists of one representative from each member city and two from the County. The operations of the Fire Authority are funded with structural fire fees collected by the County through either the property tax roll or with cash contributions based on the Fire Authority's annual budget. The County pays all structural fire fees it collects to the Fire Authority.

10. ORANGE COUNTY FIRE AUTHORITY - JOINT VENTURE (CONTINUED):

No determination has been made as to each participant's proportionate share of fund equity as of June 30, 2017. Upon dissolution of the Fire Authority, all surplus money and property of the Fire Authority will be conveyed or distributed to each member in proportion to all funds provided to the Fire Authority by that member or by the County on behalf of that member during its membership. Complete financial statements may be obtained from the Orange County Fire Authority, 1 Fire Authority Road, Irvine, CA 92602.

11. RETIREMENT PLANS:

A. General Information about the Pension Plans:

Plan Descriptions:

All qualified permanent and probationary employees are eligible to participate in the City's separate Safety and Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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 to 62 with statutorily reduced benefits. For employees hired into a plan with the 1.5% at 65 formula, eligibility for service retirement is age 55 with at least 5 years of services. PEPR miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service. All members are eligible for non-duty disability benefits after 5 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. Safety members can receive a special death benefit if the member dies while actively employed and the death is job-related. Fire members may receive the alternate death benefit in lieu of the Basic Death Benefit or the 1957 Survivor Benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

City of Stanton
Notes to Basic Financial Statements, Continued
June 30, 2017

11. RETIREMENT PLANS (CONTINUED):

A. General Information about the Pension Plans (Continued):

Benefits Provided (Continued):

The Plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous		
	Tier I	Tier II	Tier III - PEPR
	On or Prior to	After	On or After
Hire date	August 27, 2011	August 27, 2011	January 1, 2013
Benefit formula	2%@55	2%@60	2%@62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 67	50 - 67	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.377%	7.159%	6.492%
Required employer contribution rates:			
Normal cost rate	8.880%	7.159%	6.555%
Payment of unfunded liability	\$ 154,471	\$ -	\$ 486

	Safety
	Closed
Hire date	
Benefit formula	1/2%@55
Benefit vesting schedule	5 years of service
Benefit payments	monthly for life
Retirement age	50 - 65
Monthly benefits, as a % of eligible compensation	1.783% to 2.5%
Required employee contribution rates (1)	0%
Required employer contribution	\$ 226,818

(1) The City currently outsources the safety function to the County. There are no members of the safety plan that are active employees of the City. Therefore, there are no required employee contribution rates. Instead, the required employer contribution is a dollar amount provided by CalPERS.

11. RETIREMENT PLANS (CONTINUED):

A. General Information about the Pension Plans (Continued):

Contributions:

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are 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. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. City contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions:

As of June 30, 2017, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 4,386,167
Safety	4,920,618
Total Net Pension Liability	<u>\$ 9,306,785</u>

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 each of the Plans is measured as of June 30, 2016, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The City's proportionate share 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.

City of Stanton
Notes to Basic Financial Statements, Continued
June 30, 2017

11. RETIREMENT PLANS (CONTINUED):

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

The City's proportionate share of the net pension liability for each Plan as of the measurement date ended June 30, 2015 and 2016 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2015	0.11916%	0.09572%
Proportion - June 30, 2016	0.12626%	0.09501%
Change - Increase (Decrease)	0.00710%	-0.00071%

For the year ended June 30, 2017, the City recognized pension expense of \$1,388,561. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 327,584	\$ -
Differences between actual and expected experience	10,305	(2,361)
Change in assumptions	-	(97,498)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	(526,962)
Net differences between projected and actual earnings on plan investments	507,443	-
Total	<u>\$ 845,332</u>	<u>\$ (626,821)</u>

City of Stanton
Notes to Basic Financial Statements, Continued
June 30, 2017

11. RETIREMENT PLANS (CONTINUED):

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 226,818	\$ -
Differences between actual and expected experience	-	(14,857)
Change in assumptions	-	(64,775)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	(463,480)
Net differences between projected and actual earnings on plan investments	318,237	-
Total	<u>\$ 545,055</u>	<u>\$ (543,112)</u>

\$327,584 in the Miscellaneous Plans and \$226,818 in the Safety Plans 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 ending June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Miscellaneous	Safety
2018	\$ (256,522)	\$ (228,505)
2019	(185,153)	(181,075)
2020	201,169	101,860
2021	131,433	82,845
2022	-	-
Thereafter	-	-

City of Stanton
Notes to Basic Financial Statements, Continued
June 30, 2017

11. RETIREMENT PLANS (CONTINUED):

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

Actuarial Assumptions:

For the measurement period ended June 30, 2016 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2015 total pension liability determined in the June 30, 2015 actuarial accounting valuation. The June 30, 2016 total pension liability was based on the following actuarial methods and assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2015	June 30, 2015
Measurement Date	June 30, 2016	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.65%	7.65%
Inflation	2.75%	2.75%
Salary Increase	(1)	(4)
Mortality Rate Table	(2)	(2)
Post Retirement Benefit Increase	(3)	(3)

- (1) Varies by entry age and service.
- (2) 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 more details on this table, please refer to the April 2014 experience study report (based on CalPERS demographic data from 1997 to 2011) available on the CalPERS website.
- (3) Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.
- (4) The plan has no active members; therefore, there is no salary increase.

All other actuarial assumptions used in the June 30, 2015, 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 the CalPERS website under Forms and Publications.

Change of Assumptions:

There were no changes of assumptions during the measurement period June 30, 2016. Deferred inflows of resources for changes of assumptions presented in the financial statements represent the unamortized portion of the changes of assumptions related to prior measurement periods.

11. RETIREMENT PLANS (CONTINUED):

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

Discount Rate:

The discount rate used to measure the total pension liability was 7.65% for each 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 of the Plans, the tests revealed the assets would not run out. Therefore, the current 7.65% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

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

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 (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), 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 PERF 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 Stanton
Notes to Basic Financial Statements, Continued
June 30, 2017

11. RETIREMENT PLANS (CONTINUED):

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

Discount Rate (Continued):

The table below reflects the 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. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2015.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%
Total	100.00%		

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

11. RETIREMENT PLANS (CONTINUED):

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

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 for each Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	6.65%	6.65%
Net Pension Liability	\$ 6,997,487	\$ 7,288,581
Current Discount Rate	7.65%	7.65%
Net Pension Liability	\$ 4,386,167	\$ 4,920,618
1% Increase	8.65%	8.65%
Net Pension Liability	\$ 2,228,038	\$ 2,976,763

Pension Plans Fiduciary Net Position:

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Subsequent Events:

In December 2016, CalPERS' Board of Directors voted to lower the discount rate used in its actuarial valuations from 7.5% to 7.0% over three fiscal years, beginning in fiscal year 2018. The change in the discount rate will affect the contribution rates for employers beginning in fiscal year 2019, and result in increases to employers' normal costs and unfunded actuarial liabilities. For the GASB Statement 68 accounting valuations, the discount rate will move straight to 7% starting with the June 30, 2017 measurement date reports and will result in an increase to employer's total pension liabilities.

C. Payable to the Pension Plans:

At June 30, 2017, the City had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2017.

12. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN:

On July 10, 1972, the City Council first adopted a resolution to provide health care insurance benefits for retired City employees. The City pays the greater of \$215 per month or the PEMHCA minimum of \$128 for fiscal year 2016-2017. To be eligible for post-retirement health benefits, employees must complete at least 5 years of continuous service, and be a minimum of 50 years of age.

The cost of retiree health care insurance benefits is recognized as expenditures, as insurance premiums are paid on a monthly basis. For the fiscal year ended June 30, 2017, those costs totaled \$52,812. Twenty retired employees were covered by the provisions of these benefits during the fiscal year.

Annual OPEB Cost and Net OPEB Asset:

The City's annual Other Post-employment Benefit (OPEB) cost (expense) is calculated based on the *Annual Required Contribution of the Employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excesses) over a period not to exceed thirty years. The City has an agreement with CalPERS to prefund its OPEB. The prefunding plan, also known as California Employer's Retiree Benefit Trust Program (CERBT) is an agent multiple-employer plan. The plan does not provide a publicly available financial report.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB asset to the Plan:

Annual required contribution	\$ -
Interest on net OPEB asset	(3,585)
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	(3,585)
Contributions made	(52,812)
Increase in net OPEB asset	(56,397)
Net OPEB asset - beginning of year	(55,158)
Net OPEB asset - end of year	<u><u>\$ (111,555)</u></u>

City of Stanton
Notes to Basic Financial Statements, Continued
June 30, 2017

12. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED):

Annual OPEB Cost and Net OPEB Asset (Continued):

At June 30, 2017, the City's annual OPEB cost was \$(3,585). The City's annual OPEB cost, annual contribution, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for 2017 and the two preceding years were as follows:

Fiscal Year	Annual OPEB Cost	Actual Annual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
6/30/2015	\$ 23,000	\$ 23,000	100.0%	\$ -
6/30/2016	-	55,158	n/a	(55,158)
6/30/2017	-	56,397	n/a	(111,555)

Funded Status and Funding Progress:

As of June 30, 2015, the most recent actuarial valuation date, the plan was 119.54% funded. The actuarial accrued liability for benefits was \$654,601, and the actuarial value of assets was \$782,488, resulting in an unfunded actuarial accrued liability (UAAL) of \$(127,887). The covered payroll (annual payroll of active employees covered by the plan) was \$1,968,200 and the ratio of the UAAL to the covered payroll was -6.50%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about rates of employee turnover, retirement, mortality, as well as economic assumptions regarding claim costs per retiree, healthcare inflation and interest rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members), and include the types of benefits provided at the time of each valuation, and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, and are consistent with the long-term perspective of the calculations.

City of Stanton
Notes to Basic Financial Statements, Continued
June 30, 2017

12. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED):

Actuarial Methods and Assumptions (Continued):

In the June 30, 2015 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include a 6.50% investment rate of return which is based on the expected return on funds invested by CalPERS, and an annual healthcare cost trend rates 4% per year. The actuarial assumption for inflation was 2.75%, and an aggregate payroll increase of 2.75% was used in the actuarial valuation. The initial UAAL is being amortized as level percentage of projected payroll over a 15 year fixed (closed) period. The residual UAAL is being amortized as a level percentage of projected payroll over a 13 year open period. The actuarial assumptions for the value of assets includes a 5-year smoothing formula with a 20% corridor around the market value of assets using not less than 80% or more than 120% of market value.

13. CLASSIFICATION OF FUND BALANCES:

The City has adopted the provisions of GASB Statement No. 54 *Fund Balance and Governmental Fund Type Definitions*. GASB 54 established fund balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The governmental funds statements conform to this classification. The various fund balance classifications established as of June 30, 2017, were as follows:

	General Fund	Housing Authority Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid items	\$ 1,058	\$ -	\$ -	\$ 1,058
Notes & loans receivable	97,097	-	-	97,097
Advance to Successor Agency	3,894,697	-	-	3,894,697
Total nonspendable	<u>3,992,852</u>	<u>-</u>	<u>-</u>	<u>3,992,852</u>
Restricted:				
Pension benefits	3,065,186	-	-	3,065,186
Low and moderate income housing	-	14,466,663	-	14,466,663
Street maintenance	-	-	3,471,623	3,471,623
Community development	-	-	25,767	25,767
Public safety program	-	-	71,444	71,444
Lighting and landscape maintenance	-	-	1,823,176	1,823,176
Pollution remediation	-	-	138,288	138,288
Total restricted	<u>3,065,186</u>	<u>14,466,663</u>	<u>5,530,298</u>	<u>23,062,147</u>

City of Stanton
Notes to Basic Financial Statements, Continued
June 30, 2017

13. CLASSIFICATION OF FUND BALANCES (CONTINUED):

	General Fund	Housing Authority Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Committed:				
Economic emergency	\$ 3,400,000	\$ -	\$ -	\$ 3,400,000
Emergency equipment and maintenance	250,000	-	-	250,000
Emergency disaster Contingency	2,500,000	-	-	2,500,000
Capital improvement	<u>5,000,000</u>	<u>-</u>	<u>-</u>	<u>5,000,000</u>
Total committed	<u>11,150,000</u>	<u>-</u>	<u>-</u>	<u>11,150,000</u>
Assigned:				
Capital improvement projects	<u>-</u>	<u>-</u>	<u>682,470</u>	<u>682,470</u>
Unassigned	<u>4,566,919</u>	<u>-</u>	<u>(303,957)</u>	<u>4,262,962</u>
Total fund balances	<u>\$ 22,774,957</u>	<u>\$ 14,466,663</u>	<u>\$ 5,908,811</u>	<u>\$ 43,150,431</u>

14. SUCCESSOR AGENCY DISCLOSURES:

The assets and liabilities of the former Redevelopment Agency (Agency) were transferred to the Successor Agency to the City of Stanton Redevelopment Agency on February 1, 2012, as a result of the dissolution of the former Redevelopment Agency. The City is acting in a fiduciary capacity for the assets and liabilities. Disclosure related to notes receivable and long-term liabilities are as follows:

City of Stanton
Notes to Basic Financial Statements, Continued
June 30, 2017

14. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

Long-Term Liabilities:

Long-term liability transactions for the year ended June 30, 2017, were as follows:

	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017	Due Within One Year	Due in More Than One Year
Bonds payable:						
Tax allocation bonds, (TAB)						
2010 Series A	\$ 23,235,000	\$ -	\$ (10,710,000)	\$ 12,525,000	\$ 605,000	\$ 11,920,000
Add: Bond premium	3,016	-	(1,428)	1,588	-	1,588
TAB, 2011 Series A	14,850,000	-	(14,850,000)	-	-	-
TAB, 2011 Series B	12,230,000	-	(12,230,000)	-	-	-
Less: Issuance discounts	(737,399)	-	737,399	-	-	-
TAB, 2016 Series A	7,115,000	-	(85,000)	7,030,000	200,000	6,830,000
Add: Bond premium	550,131	-	(30,563)	519,568	-	519,568
TAB, 2016 Series B	13,220,000	-	(140,000)	13,080,000	400,000	12,680,000
Less: Issuance discounts	(94,286)	-	5,238	(89,048)	-	(89,048)
TAB, 2016 Series C	-	10,030,000	-	10,030,000	335,000	9,695,000
Add: Bond premium	-	859,522	(35,813)	823,709	-	823,709
TAB, 2016 Series D	-	26,080,000	-	26,080,000	955,000	25,125,000
Less: Issuance discounts	-	(539,484)	22,478	(517,006)	-	(517,006)
Total bonds payable	<u>\$ 70,371,462</u>	<u>\$ 36,430,038</u>	<u>\$ (37,317,689)</u>	<u>\$ 69,483,811</u>	<u>\$ 2,495,000</u>	<u>\$ 66,988,811</u>

Tax Allocation Bonds, 2010 Series A

On October 28, 2010, the Agency issued Tax Allocation Bonds, 2010 Series A, in the amount of \$25,280,000. The purpose of the Bonds was to refinance certain outstanding obligations of the Agency, finance public facilities, capitalize a portion of interest with respect to the Bonds, satisfy the reserve requirement of the Bonds, and provide for the costs of issuing the Bonds. In fiscal year 2016-2017, a portion, \$9,830,000, of these Bonds was refinanced on an advanced basis with the Tax Allocation Refunding Bonds, 2016 Series C.

The Bonds bear interest rates between 2.00% to 5.00% due June 1 and December 1 of each year and mature December 1, 2040. The Bonds maturing on or after December 1, 2021, are subject to optional redemption prior to maturity at the option of the Agency on any date on or after December 1, 2020, as a whole or in part at a redemption price equal to the principal amount of Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium. The Bonds are subject to mandatory sinking account redemption in amounts ranging from \$565,000 to \$2,095,000 as outlined in the official statements.

City of Stanton
Notes to Basic Financial Statements, Continued
June 30, 2017

14. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

Long-Term Liabilities (Continued):

Tax Allocation Bonds, 2010 Series A (Continued)

Tax revenues are pledged for the payment of principal and interest on the Bonds until the Bonds and any Parity Debt have been paid, or until monies have been set-aside irrevocably for that purpose. A reserve account has been established to be held by the Trustee to further secure the timely payment of principal and interest on the Bonds. The amount required to be maintained by the Trustee for the Bonds is \$1,118,419. At June 30, 2017, this reserve was fully funded with a balance of \$1,133,827.

The outstanding balance of the Bonds was \$12,525,000 at June 30, 2017.

The annual debt service requirements on these Bonds are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 605,000	\$ 513,419	\$ 1,118,419
2019	410,000	493,119	903,119
2020	425,000	476,419	901,419
2021	440,000	459,119	899,119
2022	450,000	442,163	892,163
2023 - 2027	3,505,000	1,853,475	5,358,475
2028 - 2032	4,130,000	1,019,847	5,149,847
2033 - 2036	2,560,000	243,738	2,803,738
Totals	<u>\$ 12,525,000</u>	<u>\$ 5,501,299</u>	<u>\$ 18,026,299</u>

Taxable Housing Tax Allocation Bonds, 2011 Series A

On March 1, 2011, the Agency issued Taxable Housing Tax Allocation Bonds, 2011 Series A, in the amount of \$15,330,000. The purpose of the Bonds was to finance low-and moderate-income housing activities of the Agency, satisfy the reserve requirement for the Bonds, and provide for the costs of issuing the Bonds. In fiscal year 2016-2017, these Bonds were refunded with the Tax Allocation Refunding Bonds, 2016 Series D.

Taxable Tax Allocation Bonds, 2011 Series B

On March 1, 2011, the Agency issued Taxable Tax Allocation Bonds, 2011 Series B, in the amount of \$12,480,000. The purpose of the Bonds was to finance redevelopment activities of the Agency within, or of benefit to, the Agency's Stanton Consolidated Redevelopment Project Area, repay the outstanding loan from the City, together with accrued interest thereon, satisfy the reserve requirement for the Bonds, and provide for the costs of issuing the Bonds. In fiscal year 2016-2017, these Bonds were refunded with the Tax Allocation Refunding Bonds, 2016 Series D.

City of Stanton
Notes to Basic Financial Statements, Continued
June 30, 2017

14. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

Long-Term Liabilities (Continued):

Tax Allocation Refunding Bonds, 2016 Series A

On February 2, 2016, the Agency issued Tax Allocation Refunding Bonds, 2016 Series A, in the amount of \$7,115,000. The purpose of the Bonds was to refinance certain outstanding obligations of the Agency, and provide for the costs of issuing the Bonds.

The Bonds bear interest rates between 2.00% to 5.00% due June 1 and December 1 of each year and mature December 1, 2035. The Bonds maturing on or after December 1, 2027, are subject to optional redemption prior to maturity at the option of the Agency on any date on or after December 1, 2027, as a whole or in part at a redemption price equal to the principal amount of Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Tax revenues are pledged for the payment of principal and interest on the Bonds until the Bonds and any Parity Debt have been paid, or until monies have been set-aside irrevocably for that purpose. With the issuance of the Bonds, a municipal bond insurance policy was issued, which guarantees the scheduled payment of principal and interest on the Bonds when due. This insurance policy serves as the reserve account.

The outstanding balance of the Bonds was \$7,030,000 at June 30, 2017.

The annual debt service requirements on these Bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 200,000	\$ 247,575	\$ 447,575
2019	330,000	240,625	570,625
2020	340,000	228,875	568,875
2021	355,000	218,525	573,525
2022	365,000	207,675	572,675
2023 - 2027	1,660,000	843,425	2,503,425
2028 - 2032	1,970,000	440,794	2,410,794
2033 - 2036	1,810,000	112,456	1,922,456
Totals	<u>\$ 7,030,000</u>	<u>\$ 2,539,950</u>	<u>\$ 9,569,950</u>

Taxable Tax Allocation Refunding Bonds, 2016 Series B

On February 2, 2016, the Agency issued Taxable Tax Allocation Refunding Bonds, 2016 Series B, in the amount of \$13,220,000. The purpose of the Bonds was to refinance certain outstanding obligations of the Agency, and provide for the costs of issuing the Bonds.

City of Stanton
Notes to Basic Financial Statements, Continued
June 30, 2017

14. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

Long-Term Liabilities (Continued):

Taxable Tax Allocation Refunding Bonds, 2016 Series B (Continued):

The Bonds bear interest rates between 1.00% to 3.50% due June 1 and December 1 of each year and mature December 1, 2035. The Bonds maturing on or after December 1, 2027, are subject to optional redemption prior to maturity at the option of the Agency on any date on or after December 1, 2027, as a whole or in part at a redemption price equal to the principal amount of Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium. The Bonds are subject to mandatory sinking account redemption in amounts ranging from \$655,000 to \$900,000 as outlined in the official statements.

Tax revenues are pledged for the payment of principal and interest on the Bonds until the Bonds and any Parity Debt have been paid, or until monies have been set-aside irrevocably for that purpose. With the issuance of the Bonds, a municipal bond insurance policy was issued, which guarantees the scheduled payment of principal and interest on the Bonds when due. This insurance policy serves as the reserve account.

The outstanding balance of the Bonds was \$13,080,000 at June 30, 2017.

The annual debt service requirements on these Bonds are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 400,000	\$ 438,050	\$ 838,050
2019	640,000	429,450	1,069,450
2020	645,000	417,400	1,062,400
2021	660,000	403,525	1,063,525
2022	680,000	387,600	1,067,600
2023 - 2027	3,105,000	1,662,247	4,767,247
2028 - 2032	3,555,000	1,067,319	4,622,319
2033 - 2036	<u>3,395,000</u>	<u>286,997</u>	<u>3,681,997</u>
Totals	<u>\$ 13,080,000</u>	<u>\$ 5,092,588</u>	<u>\$ 18,172,588</u>

Tax Allocation Refunding Bonds, 2016 Series C

On December 15, 2016, the Agency issued Tax Allocation Refunding Bonds, 2016 Series C, in the amount of \$10,030,000. The purpose of the Bonds was to refinance a portion of the Taxable Tax Allocation Bonds, 2010 Series A and provide for the costs of issuing the Bonds. The 2010 Series A have been partially paid off as of June 30, 2017. As a result of the refinancing, the Agency had an economic loss of \$635,185 (difference between the present value of the debt service payments on the old and new debt less existing reserve fund applied toward the refunding) and an aggregate increase in debt service of \$368,688.

14. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

Long-Term Liabilities (Continued):

Taxable Tax Allocation Refunding Bonds, 2016 Series C (Continued):

The Bonds bear interest rates between 2.00% to 5.00% due June 1 and December 1 of each year and mature December 1, 2040. The Bonds maturing on or after December 1, 2026, are subject to optional redemption prior to maturity at the option of the Agency on any date on or after December 1, 2026, as a whole or in part at a redemption price equal to the principal amount of Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Tax revenues are pledged for the payment of principal and interest on the Bonds until the Bonds and any Parity Debt have been paid, or until monies have been set-aside irrevocably for that purpose. With the issuance of the Bonds, a municipal bond insurance policy was issued, which guarantees the scheduled payment of principal and interest on the Bonds when due. This insurance policy serves as the reserve account.

The outstanding balance of the Bonds was \$10,030,000 at June 30, 2017.

The annual debt service requirements on these Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 335,000	\$ 488,100	\$ 823,100
2019	-	484,750	484,750
2020	-	484,750	484,750
2021	-	484,750	484,750
2022	-	484,750	484,750
2023 - 2027	-	2,423,750	2,423,750
2028 - 2032	-	2,423,750	2,423,750
2033 - 2037	1,750,000	2,380,000	4,130,000
2038 - 2041	7,945,000	818,625	8,763,625
Totals	<u>\$ 10,030,000</u>	<u>\$ 10,473,225</u>	<u>\$ 20,503,225</u>

Tax Allocation Refunding Bonds, 2016 Series D

On December 15, 2016, the Agency issued Tax Allocation Refunding Bonds, 2016 Series D, in the amount of \$26,080,000. The purpose of the Bonds was to refinance the Taxable Tax Allocation Bonds, 2011 Series A and B and provide for the costs of issuing the Bonds. The 2011 Series A and B have been fully paid off as of June 30, 2017. As a result of the refinancing, the Agency had an economic gain of \$2,837,478 (difference between the present value of the debt service payments on the old and new debt less existing funds applied toward the refunding) and an aggregate savings in debt service of \$17,274,583.

City of Stanton
Notes to Basic Financial Statements, Continued
June 30, 2017

14. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

Long-Term Liabilities (Continued):

Taxable Tax Allocation Refunding Bonds, 2016 Series D (Continued):

The Bonds bear interest rates between 2.00% to 5.00% due June 1 and December 1 of each year and mature December 1, 2040. The Bonds maturing on or after December 1, 2026, are subject to optional redemption prior to maturity at the option of the Agency on any date on or after December 1, 2026, as a whole or in part at a redemption price equal to the principal amount of Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Tax revenues are pledged for the payment of principal and interest on the Bonds until the Bonds and any Parity Debt have been paid, or until monies have been set-aside irrevocably for that purpose. With the issuance of the Bonds, a municipal bond insurance policy was issued, which guarantees the scheduled payment of principal and interest on the Bonds when due. This insurance policy serves as the reserve account.

The outstanding balance of the Bonds was \$26,080,000 at June 30, 2017.

The annual debt service requirements on these Bonds are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 955,000	\$ 879,788	\$ 1,834,788
2019	1,115,000	864,759	1,979,759
2020	1,135,000	844,350	1,979,350
2021	1,155,000	820,006	1,975,006
2022	1,180,000	792,263	1,972,263
2023 - 2027	6,405,000	3,420,944	9,825,944
2028 - 2032	6,925,000	2,167,175	9,092,175
2033 - 2037	4,380,000	1,016,813	5,396,813
2038 - 2041	<u>2,830,000</u>	<u>242,250</u>	<u>3,072,250</u>
Totals	<u>\$ 26,080,000</u>	<u>\$ 11,048,348</u>	<u>\$ 37,128,348</u>

Issuance Discount

The following is a summary of bond issuance discounts at June 30, 2017:

	<u>Balance at</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2017</u>
2011 Tax Allocation Bonds	\$ (737,399)	\$ -	\$ 737,399	\$ -
2016B Tax Allocation Bonds	(94,286)	-	5,238	(89,048)
2016D Tax Allocation Bonds	-	(539,484)	22,478	(517,006)
Total	<u>\$ (831,685)</u>	<u>\$ (539,484)</u>	<u>\$ 765,115</u>	<u>\$ (606,054)</u>

Amortization expense for the year ended June 30, 2017, was \$27,716.

City of Stanton
Notes to Basic Financial Statements, Continued
June 30, 2017

14. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

Long-Term Liabilities (Continued):

Issuance Premium

The following is a summary of bond issuance premiums at June 30, 2017:

	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017
2010 Tax Allocation Bonds	\$ 3,016	\$ -	\$ (1,428)	\$ 1,588
2016A Tax Allocation Bonds	550,131	-	(30,563)	519,568
2016C Tax Allocation Bonds	-	859,522	(35,813)	823,709
Total	<u>\$ 553,147</u>	<u>\$ 859,522</u>	<u>\$ (67,804)</u>	<u>\$ 1,344,865</u>

Amortization expense for the year ended June 30, 2017, was \$67,804.

Advances:

The composition of advances for the year ended June 30, 2017 is as follows:

<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>	<u>Amount</u>
Successor Agency to the Stanton Redevelopment Agency	General Fund	\$ 3,894,697
	Housing Authority Special Revenue Fund	<u>973,674</u>
		<u>\$ 4,868,371</u>

The General Fund advanced a total of \$8,586,029 to the Successor Agency to the Stanton Redevelopment Agency. A loan of \$4,500,000 was made for purposes of carrying out activities of the Former Redevelopment Project Area. Another loan of \$4,086,029 was made for the purposes of paying the SERAF payment required by the State. The interest portion of the advance was calculated using the LAIF rate effective for the corresponding years through June 30, 2013. The City does not charge interest on the advance after June 30, 2013. Total accrued interest on the advance totals \$63,322 as of June 30, 2017. As required by law, 20% of the loan repayments from the Successor Agency are transferred to the Housing Authority, which serves as the Low and Moderate Income Housing Asset Fund. Accordingly 20% of the principal and interest of the advance is recorded in the Housing Authority Special Revenue Fund.

Capital Assets:

In the fiscal year ended June 30, 2016, the Successor Agency entered into a purchase and sale agreement with a third party for the sale of certain real property for a purchase price of \$2,100,000. The historical cost of these real properties included in the capital asset balance was \$8,839,130. Since the Successor Agency will only receive \$2,100,000 for these properties, the land was considered impaired and written down to the value that will be received. As of June 30, 2017, the sale was still pending and a third amendment to the purchase and sale agreement with the third party was executed subsequent to year-end.

15. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES:

On June 29, 2011, Assembly Bills 1x 26 (the Dissolution Act) and 1x 27 were enacted as part of the fiscal year 2011-12 state budget package, which dissolved the redevelopment agency.

On June 27, 2012, as part of the fiscal year 2012-13 state budget package, the Legislature passed and the Governor signed AB 1484, which made technical and substantive amendments to the Dissolution Act based on experience to-date at the state and local level in implementing the Dissolution Act.

In September 2015, the Legislature passed and the Governor signed SB 107, which made additional changes to the Dissolution Act.

Under the Dissolution Act, each California redevelopment agency (each Dissolved RDA) was dissolved as of February 1, 2012, and the sponsoring community that formed the Dissolved RDA, together with other designated entities, have initiated the process under the Dissolution Act to unwind the affairs of the Dissolved RDA. A Successor Agency was created for each Dissolved RDA which is the sponsoring community of the Dissolved RDA unless it elected not to serve as the Successor Agency. On January 10, 2012, the City elected to serve as the Successor Agency to the Stanton Redevelopment Agency.

The Dissolution Act also created oversight boards which monitor the activities of the successor agencies. The roles of the successor agencies and oversight boards are to administer the wind down of each Dissolved RDA which includes making payments due on enforceable obligations, disposing of the assets (other than housing assets) and remitting the unencumbered balances of the Dissolved RDAs to the County Auditor-Controller for distribution to the affected taxing entities.

The Dissolution Act allowed the sponsoring community that formed the Dissolved RDA to elect to assume the housing functions and take over the certain housing assets of the Dissolved RDA. If the sponsoring community does not elect to become the Successor Housing Agency and assume the Dissolved RDA's housing functions, such housing functions and all related housing assets will be transferred to the local housing authority in the jurisdiction.

AB 1484 modified and provided some clarifications on the treatment of housing assets under the Dissolution Act. The Housing Authority elected on January 10, 2012 to serve as the Housing Successor Agency.

As of the date of dissolution, the housing assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in the Housing Authority Special Revenue Fund in the financial statements of the City. All other assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

In the current and future fiscal years, the Successor Agency will only be allocated revenue from the County of Orange in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the Dissolved RDA until all enforceable obligations of the Dissolved RDA have been paid in full and all assets have been liquidated.

16. CONTINGENT LIABILITIES:

Lawsuits:

The City is a defendant in certain legal actions arising in the normal course of operations. In the opinion of management and legal counsel, any liability resulting from these actions will not result in a material adverse effect on the City's financial position.

Federal and State Grant Programs:

The City has received Federal grants for specific purposes that are subject to review and audit by the Federal government. Although such audits could result in expenditure disallowance under grant terms, any required reimbursements are not expected to be material.

Other Matters:

As of June 30, 2017, in the opinion of City Management, there were no additional outstanding matters that would have a significant effect on the financial position of the funds of the City.

17. SUBSEQUENT EVENTS:

Sale of Housing Authority Land:

On September 12, 2017, the Stanton Housing Authority entered into a real property purchase and sale agreement with a third party for the sale of certain real property for a purchase price of \$9,000,000. The cost of these real properties included in the land held for resale balance as of June 30, 2017 was \$3,000,000.

Sale of Successor Agency Land:

On September 20, 2017, real property owned by the Successor Agency was sold to a third party for a purchase price of \$2,100,000. The net proceeds of the sale were remitted to the County of Orange for distribution to the taxing entities.

Other Events:

The City has evaluated other events and transactions for potential recognition or disclosure through November 16, 2017, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

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City of Stanton
Schedule of Proportionate Share of the Net Pension Liability - CalPERS Miscellaneous Pension Plan
Last Ten Fiscal Years*

Fiscal year ended	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.50690%	0.04763%	0.05854%
Plan's proportionate share of the net pension liability	\$ 4,386,167	\$ 3,269,137	\$ 3,642,924
Plan's covered - employee payroll	\$ 2,097,117	\$ 1,968,200	\$ 1,884,740
Plan's proportionate share of the net pension liability as a percentage of its covered - employee payroll	209.15%	166.10%	193.29%
Plan's fiduciary net position as a percentage of the Plan's total pension liability	74.06%	82.31%	80.06%
Plan's proportionate share of aggregate employer contributions	\$ 558,959	\$ 526,247	\$ 395,410

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions

* - Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

City of Stanton
Schedule of Contributions - CalPERS Miscellaneous Pension Plan
Last Ten Fiscal Years*

Fiscal year ended	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	\$ 327,584	\$ 288,043	\$ 745,208
Contributions in relation to the actuarially determined contributions	<u>(327,584)</u>	<u>(288,043)</u>	<u>(745,208)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ 2,188,343	\$ 2,097,117	\$ 1,968,200
Contributions as a percentage of covered - employee payroll	14.97%	13.74%	37.86%

Notes to Schedule:

Valuation Date 6/30/2014

Methods and Assumptions Used to Determine Contribution Rates:

Cost-sharing employers	Entry age**
Amortization method	Level percentage of payroll, closed**
Asset valuation method	Market Value ***
Inflation	2.75% **
Salary increases	Depending on age, service, and type of employment**
Investment rate of return	7.50%, net of pension plan investment expense, including inflation**
Retirement age	50 for all plans with the exception of 52 for Miscellaneous PEPRA 2% @ 62**
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board**

* - Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

** - The valuation for June 30, 2012 and 2013 (applicable to fiscal year ended June 30, 2015 and 2016, respectively) included the same actuarial assumptions.

*** - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15 Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013 and 2014 valuations (applicable to fiscal years ended June 30, 2016 and 2017, respectively)

City of Stanton
Schedule of Proportionate Share of the Net Pension Liability - CalPERS Safety Pension Plan
Last Ten Fiscal Years*

Fiscal year ended	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.00569%	0.05746%	0.05278%
Plan's proportionate share of the net pension liability	\$ 4,920,618	\$ 3,944,111	\$ 3,284,432
Plan's covered - employee payroll	\$ -	\$ -	\$ -
Plan's proportionate share of the net pension liability as a percentage of its covered - employee payroll	0.00%	0.00%	0.00%
Plan's fiduciary net position as a percentage of the Plan's total pension liability	74.06%	78.40%	81.42%
Plan's proportionate share of aggregate employer contributions	\$ 432,732	\$ 460,716	\$ 407,441

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions

* - Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

City of Stanton
Schedule of Contributions - CalPERS Safety Pension Plan
Last Ten Fiscal Years*

Fiscal year ended	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	\$ 226,818	\$ 188,537	\$ 157,551
Contributions in relation to the actuarially determined contributions	(226,818)	(188,537)	(157,551)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered - employee payroll	\$ -	\$ -	\$ -
Contributions as a percentage of covered - employee payroll	0.00%	0.00%	0.00%

Notes to Schedule:

Valuation Date 6/30/2014

Methods and Assumptions Used to Determine Contribution Rates:

Cost-sharing employers	Entry age**
Amortization method	Level percentage of payroll, closed**
Asset valuation method	Market Value ***
Inflation	2.75% **
Salary increases	Depending on age, service, and type of employment**
Investment rate of return	7.50%, net of pension plan investment expense, including inflation**
Retirement age	50 for all plans with the exception of 52 for Miscellaneous PEPRA 2% @ 62**
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board**

* - Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

** - The valuation for June 30, 2012 and 2013 (applicable to fiscal year ended June 30, 2015 and 2016, respectively) included the same actuarial assumptions.

*** - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15 Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013 and 2014 valuations (applicable to fiscal years ended June 30, 2016 and 2017, respectively)

City of Stanton
Schedule of Funding Progress
For the Year Ended June 30, 2017

OTHER POST-EMPLOYMENT BENEFITS PLAN

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b)-(a)]/c]
06/30/11	\$ 313,000	\$ 809,000	\$ 496,000	38.69%	\$ 2,518,000	19.70%
06/30/13	585,000	771,000	186,000	75.88%	1,870,000	9.95%
06/30/15	782,488	654,601	(127,887)	119.54%	1,968,200	-6.50%

City of Stanton
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Taxes and assessments	\$ 16,921,136	\$ 17,374,886	\$ 17,616,900	\$ 242,014
Licenses and permits	446,525	370,275	321,935	(48,340)
Intergovernmental	191,600	175,600	206,954	31,354
Charges for services	1,390,449	1,412,569	1,572,754	160,185
Fines and forfeitures	282,000	347,000	360,662	13,662
Interest income	62,000	92,000	29,708	(62,292)
Rental income	77,440	88,140	104,547	16,407
Miscellaneous	91,287	95,287	94,979	(308)
Total revenues	<u>19,462,437</u>	<u>19,955,757</u>	<u>20,308,439</u>	<u>352,682</u>
EXPENDITURES:				
Current:				
General government	2,613,813	2,781,588	2,879,492	(97,904)
Public safety	14,313,157	14,510,538	14,353,923	156,615
Urban development	1,256,484	1,205,334	1,044,304	161,030
Highways and streets	497,909	518,359	497,613	20,746
Culture and recreation	1,076,048	1,103,198	1,091,287	11,911
Capital outlay	7,200	7,200	7,200	-
Total expenditures	<u>19,764,611</u>	<u>20,126,217</u>	<u>19,873,819</u>	<u>252,398</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(302,174)</u>	<u>(170,460)</u>	<u>434,620</u>	<u>605,080</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	540,000	540,000	540,000	-
Transfers out	(31,200)	(93,550)	(93,550)	-
Total other financing sources (uses)	<u>508,800</u>	<u>446,450</u>	<u>446,450</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 206,626</u>	<u>\$ 275,990</u>	<u>881,070</u>	<u>\$ 605,080</u>
FUND BALANCE:				
Beginning of year			<u>21,893,887</u>	
End of year			<u>\$ 22,774,957</u>	

City of Stanton
Budgetary Comparison Schedule
Housing Authority Special Revenue Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES:				
Interest income	\$ 4,000	\$ 4,000	\$ 46,399	\$ 42,399
Rental income	520,000	520,000	500,830	(19,170)
Miscellaneous	4,000	4,000	539,732	535,732
Total revenues	<u>528,000</u>	<u>528,000</u>	<u>1,086,961</u>	<u>558,961</u>
EXPENDITURES:				
Current:				
Urban development	<u>454,871</u>	<u>471,971</u>	<u>473,841</u>	<u>(1,870)</u>
Total expenditures	<u>454,871</u>	<u>471,971</u>	<u>473,841</u>	<u>(1,870)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>73,129</u>	<u>56,029</u>	<u>613,120</u>	<u>557,091</u>
NET CHANGE IN FUND BALANCE	<u>\$ 73,129</u>	<u>\$ 56,029</u>	<u>613,120</u>	<u>\$ 557,091</u>
FUND BALANCE:				
Beginning of year			<u>13,853,543</u>	
End of year			<u>\$ 14,466,663</u>	

1. BUDGET AND BUDGETARY ACCOUNTING:

The City adopts a biannual budget prepared on the modified accrual basis for all of its governmental funds. The City Manager is required, under City Code Section 2.08.050, to prepare and submit to the City Council the biannual budget of the City and administer it after adoption. Legally, expenditures may not exceed total appropriations at the fund level. The City Manager is authorized to transfer budgeted amounts within the accounts of any fund; however, any revisions between funds must be approved by the City Council. Prior year appropriations lapse, unless they are encumbered at year-end, and reappropriated through the formal budget process.

The budgetary information shown for revenues and expenditures represent the original adopted budget adjusted for any changes made by the City Council or City Manager.

The City did not adopt a budget for the Asset Forfeiture Special Revenue Fund and the Stanton Central Park Grant Special Revenue Fund.

SUPPLEMENTARY INFORMATION

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DESCRIPTION OF OTHER GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Gas Tax - To account for expenditures financed by money apportioned under the Streets and Highways Code of the State of California.

Supplemental Law Enforcement Program - To account for revenues and expenditures related to funding received under the State Citizens Option for Public Safety (COPS) program.

Protective Services - To account for a special tax approved by the voters in August 1985 for fire protection and prevention services.

Lighting and Median Maintenance - To account for benefit assessments levied under the 1919 Act Stanton Municipal Lighting District, and the Stanton Lighting and Landscaping District No. 1 (Landscaping and Lighting Act of 1972), for street lighting and landscaping maintenance within the City.

Air Quality Improvement Program - To account for the City's share of additional motor vehicle registration fees, imposed by the South Coast Air Quality Management District, to finance the implementation of mobile source emission reduction programs and the provisions of the California Clean Air Act.

FaCT Park and Recreation Grant - To account for revenues and expenditures related to funding received by the County of Orange, through the federal government, for the Family Preservation and Support Program (FaCT).

CalGRIP Grant - To account for revenues and expenditures related to funding received by the Board of State and Community Corrections (BSCC) for the California Gang Reduction, Intervention and Prevention (CalGRIP) Program.

Senior Transportation - To account for the City's share of funds identified as 1% of Renewed Measure M (M2) net sales tax revenue to be allocated to all local jurisdictions based upon the City's respective percentage of senior population for the entire County of Orange.

Measure M - To account for funds received by the City as a result of the voter-approved ballot measure in 1990 and extended by voter approval in 2006 to increase sales tax by ½ percent in Orange County to fund transportation projects.

Asset Forfeiture - To account for monies seized from criminal activities. Revenues are restricted for use in law enforcement.

Development Impact Fees - To account for street, traffic signal, community center, and police services impact fees.

Stanton Central Park Grant - To account for the grant proceeds and the expenses related to the design and construction of Stanton Central Park.

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**DESCRIPTION OF OTHER GOVERNMENTAL FUNDS
(CONTINUED)**

SPECIAL REVENUE FUNDS (CONTINUED)

Stanton Central Park Maintenance - To account for donations received for maintenance of the central park.

Community Development - To account for grants requiring segregated fund accounting, such as the Community Development Block Grant program.

CAPITAL PROJECTS FUNDS

Capital Improvements - To account for financial resources segregated for the acquisition of major general City capital facilities, other than those financed by Proprietary or Special Revenue Funds.

Park and Recreation Facilities - To account for the financial resources segregated for park or recreational purposes, pursuant to Stanton Municipal Code Section 19.42.090.

City of Stanton
Combining Balance Sheet
Other Governmental Funds
June 30, 2017

	Special Revenue Funds	
	Gas Tax	Supplemental Law Enforcement Program
ASSETS		
Cash and investments	\$ 1,661,255	\$ 104,399
Receivables:		
Accounts	-	-
Interest	1,730	121
Taxes	72,175	-
Grants	-	-
Due from other funds	-	-
Total assets	\$ 1,735,160	\$ 104,520
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 11,665	\$ -
Accrued liabilities	5,856	-
Unearned revenue	-	104,520
Due to other funds	-	-
Total liabilities	17,521	104,520
Deferred Inflows of Resources:		
Unavailable revenues	-	-
Total liabilities and deferred inflows of resources	17,521	104,520
Fund Balances (Deficits):		
Restricted	1,717,639	-
Assigned	-	-
Unassigned	-	-
Total fund balances (deficits)	1,717,639	-
Total liabilities and fund balances	\$ 1,735,160	\$ 104,520

Special Revenue Funds (Continued)

Protective Services	Lighting and Median Maintenance	Air Quality Improvement Program	FaCT Park and Recreation Grant	CalGRIP Grant	Senior Transportation
\$ 41,904	\$ 1,851,710	\$ 125,250	\$ 136	\$ 4,686	\$ 29,241
-	-	12,904	-	-	5,951
-	1,943	134	-	-	33
3,730	6,637	-	-	-	-
-	-	-	14,325	84,452	-
-	-	-	-	-	-
<u>\$ 45,634</u>	<u>\$ 1,860,290</u>	<u>\$ 138,288</u>	<u>\$ 14,461</u>	<u>\$ 89,138</u>	<u>\$ 35,225</u>
\$ -	\$ 37,114	\$ -	\$ 25,756	\$ 30,960	\$ -
-	-	-	3,176	4,057	467
-	-	-	-	-	-
-	-	-	31,495	54,120	-
-	37,114	-	60,427	89,137	467
-	-	-	-	84,452	-
-	37,114	-	60,427	173,589	467
45,634	1,823,176	138,288	-	-	34,758
-	-	-	-	-	-
-	-	-	(45,966)	(84,451)	-
<u>45,634</u>	<u>1,823,176</u>	<u>138,288</u>	<u>(45,966)</u>	<u>(84,451)</u>	<u>34,758</u>
<u>\$ 45,634</u>	<u>\$ 1,860,290</u>	<u>\$ 138,288</u>	<u>\$ 14,461</u>	<u>\$ 89,138</u>	<u>\$ 35,225</u>

City of Stanton
Combining Balance Sheet, Continued
Other Governmental Funds
June 30, 2017

		Special Revenue Funds (Continued)		
		Measure M	Asset Forfeiture	Development Impact Fees
ASSETS				
Cash and investments		\$ 1,378,464	\$ 2,485	\$ 94,479
Receivables:				
Accounts		87,595	-	-
Interest		1,334	3	100
Taxes		-	-	-
Grants		-	-	-
Due from other funds		-	-	-
Total assets		\$ 1,467,393	\$ 2,488	\$ 94,579
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable		\$ 17,837	\$ -	\$ -
Accrued liabilities		-	-	-
Unearned revenue		-	-	-
Due to other funds		-	-	-
Total liabilities		17,837	-	-
Deferred Inflows of Resources:				
Unavailable revenues		-	-	-
Total liabilities and deferred inflows of resources		17,837	-	-
Fund Balances (Deficits):				
Restricted		1,449,556	2,488	94,579
Assigned		-	-	-
Unassigned		-	-	-
Total fund balances (deficits)		1,449,556	2,488	94,579
Total liabilities and fund balances		\$ 1,467,393	\$ 2,488	\$ 94,579

Special Revenue Funds (Continued)			Capital Projects Funds		Total Other Governmental Funds
Stanton Central Park Grant	Stanton Central Park Maintenance	Community Development	Capital Improvements	Park and Recreation Facilities	
\$ -	\$ -	\$ 232,271	\$ 437,969	\$ -	\$ 5,964,249
-	-	-	-	-	106,450
-	-	258	542	-	6,198
-	-	-	-	-	82,542
-	-	19,435	-	-	118,212
-	-	-	243,959	-	243,959
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 251,964</u>	<u>\$ 682,470</u>	<u>\$ -</u>	<u>\$ 6,521,610</u>
\$ -	\$ 9,548	\$ 8,349	\$ -	\$ 5,648	\$ 146,877
-	-	-	-	-	13,556
-	-	-	-	-	104,520
-	7,460	-	-	150,884	243,959
-	17,008	8,349	-	156,532	508,912
-	-	19,435	-	-	103,887
-	17,008	27,784	-	156,532	612,799
-	-	224,180	-	-	5,530,298
-	-	-	682,470	-	682,470
-	(17,008)	-	-	(156,532)	(303,957)
-	(17,008)	224,180	682,470	(156,532)	5,908,811
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 251,964</u>	<u>\$ 682,470</u>	<u>\$ -</u>	<u>\$ 6,521,610</u>

City of Stanton
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds	
	Gas Tax	Supplemental Law Enforcement Program
REVENUES:		
Taxes and assessments	\$ 674,122	\$ -
Intergovernmental	100,197	68,837
Charges for services	-	-
Interest income	12,146	851
Miscellaneous	-	-
Total revenues	786,465	69,688
EXPENDITURES:		
Current:		
Public safety	-	69,688
Highways and streets	530,083	-
Culture and recreation	-	-
Health and welfare	-	-
Capital outlay	81,261	-
Total expenditures	611,344	69,688
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	175,121	-
OTHER FINANCING SOURCES (USES):		
Transfers in	-	-
Transfers out	(180,000)	-
Total other financing sources (uses)	(180,000)	-
NET CHANGE IN FUND BALANCES	(4,879)	-
FUND BALANCES (DEFICITS):		
Beginning of year	1,722,518	-
End of year	<u>\$ 1,717,639</u>	<u>\$ -</u>

Special Revenue Funds (Continued)

Protective Services	Lighting and Median Maintenance	Air Quality Improvement Program	FaCT Park and Recreation Grant	CalGRIP Grant	Senior Transportation
\$ -	\$ 406,447	\$ -	\$ -	\$ -	\$ -
-	1,401	50,762	274,325	494,694	35,263
376,683	195,751	-	-	-	-
-	13,791	940	-	-	232
-	-	-	-	-	-
376,683	617,390	51,702	274,325	494,694	35,495
2,500	697,486	-	-	474,076	-
-	-	-	-	-	-
-	-	-	346,329	-	35,910
-	-	67,305	-	-	-
-	-	12,232	-	-	-
2,500	697,486	79,537	346,329	474,076	35,910
374,183	(80,096)	(27,835)	(72,004)	20,618	(415)
-	-	-	48,300	-	-
(360,000)	-	-	-	-	-
(360,000)	-	-	48,300	-	-
14,183	(80,096)	(27,835)	(23,704)	20,618	(415)
31,451	1,903,272	166,123	(22,262)	(105,069)	35,173
\$ 45,634	\$ 1,823,176	\$ 138,288	\$ (45,966)	\$ (84,451)	\$ 34,758

City of Stanton
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
Other Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds (Continued)		
	Measure M	Asset Forfeiture	Development Impact Fees
REVENUES:			
Taxes and assessments	\$ -	\$ -	\$ -
Intergovernmental	490,709	-	-
Charges for services	-	-	-
Interest income	9,364	18	705
Miscellaneous	-	-	-
Total revenues	500,073	18	705
EXPENDITURES:			
Current:			
Public safety	-	-	-
Highways and streets	122,667	-	-
Culture and recreation	-	-	-
Health and welfare	-	-	-
Capital outlay	33,069	-	-
Total expenditures	155,736	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	344,337	18	705
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
NET CHANGE IN FUND BALANCES	344,337	18	705
FUND BALANCES (DEFICITS):			
Beginning of year	1,105,219	2,470	93,874
End of year	<u>\$ 1,449,556</u>	<u>\$ 2,488</u>	<u>\$ 94,579</u>

Special Revenue Funds (Continued)			Capital Projects Funds		Total Other Governmental Funds
Stanton Central Park Grant	Stanton Central Park Maintenance	Community Development	Capital Improvements	Park and Recreation Facilities	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,080,569
592,740	-	-	456,607	-	2,565,535
-	-	-	-	45,581	618,015
-	-	1,809	3,808	-	43,664
-	50,000	-	-	-	50,000
592,740	50,000	1,809	460,415	45,581	4,357,783
-	-	-	-	-	1,243,750
-	-	-	24,654	-	677,404
-	123,112	-	-	9,688	515,039
-	-	-	-	-	67,305
-	-	19,435	543,819	122,204	812,020
-	123,112	19,435	568,473	131,892	3,315,518
592,740	(73,112)	(17,626)	(108,058)	(86,311)	1,042,265
-	45,250	-	-	-	93,550
-	-	-	-	-	(540,000)
-	45,250	-	-	-	(446,450)
592,740	(27,862)	(17,626)	(108,058)	(86,311)	595,815
(592,740)	10,854	241,806	790,528	(70,221)	5,312,996
\$ -	\$ (17,008)	\$ 224,180	\$ 682,470	\$ (156,532)	\$ 5,908,811

City of Stanton
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Gas Tax Special Revenue Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES:				
Taxes and assessments	\$ 715,461	\$ 679,071	\$ 674,122	\$ (4,949)
Intergovernmental	95,113	94,745	100,197	5,452
Interest income	3,000	3,000	12,146	9,146
Total revenues	813,574	776,816	786,465	9,649
EXPENDITURES:				
Current:				
Highway and streets	452,057	769,503	530,083	239,420
Capital outlay	61,827	61,827	81,261	(19,434)
Total expenditures	513,884	831,330	611,344	219,986
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	299,690	(54,514)	175,121	229,635
OTHER FINANCING USES:				
Transfers out	(180,000)	(180,000)	(180,000)	-
Total other financing uses	(180,000)	(180,000)	(180,000)	-
NET CHANGE IN FUND BALANCE	\$ 119,690	\$ (234,514)	(4,879)	\$ 229,635
FUND BALANCE:				
Beginning of year			1,722,518	
End of year			<u>\$ 1,717,639</u>	

City of Stanton
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Supplemental Law Enforcement Program Special Revenue Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 140,000	\$ 140,000	\$ 68,837	\$ (71,163)
Interest income	-	-	851	851
Total revenues	<u>140,000</u>	<u>140,000</u>	<u>69,688</u>	<u>(70,312)</u>
EXPENDITURES:				
Current:				
Public safety	<u>140,000</u>	<u>140,000</u>	<u>69,688</u>	<u>70,312</u>
Total expenditures	<u>140,000</u>	<u>140,000</u>	<u>69,688</u>	<u>70,312</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ -</u>	

City of Stanton
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Protective Services Special Revenue Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES:				
Charges for services	\$ 380,000	\$ 380,000	\$ 376,683	\$ (3,317)
Total revenues	<u>380,000</u>	<u>380,000</u>	<u>376,683</u>	<u>(3,317)</u>
EXPENDITURES:				
Current:				
Public safety	<u>3,750</u>	<u>3,750</u>	<u>2,500</u>	<u>1,250</u>
Total expenditures	<u>3,750</u>	<u>3,750</u>	<u>2,500</u>	<u>1,250</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>376,250</u>	<u>376,250</u>	<u>374,183</u>	<u>(2,067)</u>
OTHER FINANCING USES:				
Transfers out	<u>(360,000)</u>	<u>(360,000)</u>	<u>(360,000)</u>	<u>-</u>
Total other financing uses	<u>(360,000)</u>	<u>(360,000)</u>	<u>(360,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 16,250</u>	<u>\$ 16,250</u>	<u>14,183</u>	<u>\$ (2,067)</u>
FUND BALANCE:				
Beginning of year			<u>31,451</u>	
End of year			<u>\$ 45,634</u>	

City of Stanton
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Lighting and Median Maintenance Special Revenue Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES:				
Taxes and assessments	\$ 378,366	\$ 378,366	\$ 406,447	\$ 28,081
Intergovernmental	1,400	1,400	1,401	1
Charges for services	196,000	196,000	195,751	(249)
Interest income	8,000	8,000	13,791	5,791
Total revenues	<u>583,766</u>	<u>583,766</u>	<u>617,390</u>	<u>33,624</u>
EXPENDITURES:				
Current:				
Public safety	<u>757,230</u>	<u>891,653</u>	<u>697,486</u>	<u>194,167</u>
Total expenditures	<u>757,230</u>	<u>891,653</u>	<u>697,486</u>	<u>194,167</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (173,464)</u>	<u>\$ (307,887)</u>	<u>(80,096)</u>	<u>\$ 227,791</u>
FUND BALANCE:				
Beginning of year			<u>1,903,272</u>	
End of year			<u>\$ 1,823,176</u>	

City of Stanton
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Air Quality Improvement Program Special Revenue Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 48,000	\$ 48,000	\$ 50,762	\$ 2,762
Interest income	-	-	940	940
Total revenues	<u>48,000</u>	<u>48,000</u>	<u>51,702</u>	<u>3,702</u>
EXPENDITURES:				
Current:				
Health and welfare	4,300	4,300	67,305	(63,005)
Capital outlay	-	83,925	12,232	71,693
Total expenditures	<u>4,300</u>	<u>88,225</u>	<u>79,537</u>	<u>8,688</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 43,700</u>	<u>\$ (40,225)</u>	(27,835)	<u>\$ 12,390</u>
FUND BALANCE:				
Beginning of year			<u>166,123</u>	
End of year			<u>\$ 138,288</u>	

City of Stanton
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
FaCT Park and Recreation Grant Special Revenue Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 300,000	\$ 300,000	\$ 274,325	\$ (25,675)
Total revenues	<u>300,000</u>	<u>300,000</u>	<u>274,325</u>	<u>(25,675)</u>
EXPENDITURES:				
Current:				
Culture and recreation	<u>325,989</u>	<u>325,989</u>	<u>346,329</u>	<u>(20,340)</u>
Total expenditures	<u>325,989</u>	<u>325,989</u>	<u>346,329</u>	<u>(20,340)</u>
EXCESS OF REVENUES UNDER EXPENDITURES	<u>(25,989)</u>	<u>(25,989)</u>	<u>(72,004)</u>	<u>(46,015)</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>31,200</u>	<u>48,300</u>	<u>48,300</u>	<u>-</u>
Total other financing sources	<u>31,200</u>	<u>48,300</u>	<u>48,300</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 5,211</u>	<u>\$ 22,311</u>	<u>(23,704)</u>	<u>\$ (46,015)</u>
FUND BALANCE (DEFICIT):				
Beginning of year			<u>(22,262)</u>	
End of year			<u>\$ (45,966)</u>	

City of Stanton
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
CalGRIP Grant Special Revenue Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 500,000	\$ 500,000	\$ 494,694	\$ (5,306)
Total revenues	<u>500,000</u>	<u>500,000</u>	<u>494,694</u>	<u>(5,306)</u>
EXPENDITURES:				
Current:				
Public safety	<u>497,669</u>	<u>497,669</u>	<u>474,076</u>	<u>23,593</u>
Total expenditures	<u>497,669</u>	<u>497,669</u>	<u>474,076</u>	<u>23,593</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 2,331</u>	<u>\$ 2,331</u>	20,618	<u>\$ 18,287</u>
FUND BALANCE (DEFICIT):				
Beginning of year			<u>(105,069)</u>	
End of year			<u>\$ (84,451)</u>	

City of Stanton
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Senior Transportation Special Revenue Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 32,875	\$ 32,875	\$ 35,263	\$ 2,388
Interest income	-	-	232	232
Total revenues	<u>32,875</u>	<u>32,875</u>	<u>35,495</u>	<u>2,620</u>
EXPENDITURES:				
Current:				
Culture and recreation	<u>48,545</u>	<u>48,545</u>	<u>35,910</u>	<u>12,635</u>
Total expenditures	<u>48,545</u>	<u>48,545</u>	<u>35,910</u>	<u>12,635</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (15,670)</u>	<u>\$ (15,670)</u>	(415)	<u>\$ 15,255</u>
FUND BALANCE:				
Beginning of year			<u>35,173</u>	
End of year			<u>\$ 34,758</u>	

City of Stanton
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Measure M Special Revenue Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 540,000	\$ 540,000	\$ 490,709	\$ (49,291)
Interest income	2,700	2,700	9,364	6,664
Total revenues	<u>542,700</u>	<u>542,700</u>	<u>500,073</u>	<u>(42,627)</u>
EXPENDITURES:				
Current:				
Highway and streets	479,072	479,072	122,667	356,405
Capital outlay	20,928	20,928	33,069	(12,141)
Total expenditures	<u>500,000</u>	<u>500,000</u>	<u>155,736</u>	<u>344,264</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 42,700</u>	<u>\$ 42,700</u>	344,337	<u>\$ 301,637</u>
FUND BALANCE:				
Beginning of year			<u>1,105,219</u>	
End of year			<u>\$ 1,449,556</u>	

City of Stanton
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Development Impact Fees Special Revenue Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES:				
Charges for services	\$ 10,490	\$ 10,490	\$ -	\$ (10,490)
Interest income	-	-	705	705
Total revenues	<u>10,490</u>	<u>10,490</u>	<u>705</u>	<u>(9,785)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 10,490</u>	<u>\$ 10,490</u>	705	<u>\$ (9,785)</u>
FUND BALANCE:				
Beginning of year			<u>93,874</u>	
End of year			<u>\$ 94,579</u>	

City of Stanton
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Stanton Central Park Maintenance Special Revenue Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES:				
Miscellaneous	\$ 100,000	\$ 75,000	\$ 50,000	\$ (25,000)
Total revenues	<u>100,000</u>	<u>75,000</u>	<u>50,000</u>	<u>(25,000)</u>
EXPENDITURES				
Current:				
Culture and recreation	<u>96,100</u>	<u>131,100</u>	<u>123,112</u>	<u>7,988</u>
Total expenditures	<u>96,100</u>	<u>131,100</u>	<u>123,112</u>	<u>7,988</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,900</u>	<u>(56,100)</u>	<u>(73,112)</u>	<u>(17,012)</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>-</u>	<u>45,250</u>	<u>45,250</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>45,250</u>	<u>45,250</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 3,900</u>	<u>\$ (10,850)</u>	<u>(27,862)</u>	<u>\$ (17,012)</u>
FUND BALANCE (DEFICIT):				
Beginning of year			<u>10,854</u>	
End of year			<u>\$ (17,008)</u>	

City of Stanton
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Community Development Special Revenue Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 260,000	\$ 212,000	\$ -	\$ (212,000)
Interest income	400	400	1,809	1,409
Total revenues	<u>260,400</u>	<u>212,400</u>	<u>1,809</u>	<u>(210,591)</u>
EXPENDITURES				
Capital outlay	<u>260,000</u>	<u>212,000</u>	<u>19,435</u>	<u>192,565</u>
Total expenditures	<u>260,000</u>	<u>212,000</u>	<u>19,435</u>	<u>192,565</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 400</u>	<u>\$ 400</u>	(17,626)	<u>\$ (18,026)</u>
FUND BALANCE:				
Beginning of year			<u>241,806</u>	
End of year			<u>\$ 224,180</u>	

City of Stanton
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Capital Improvements Capital Projects Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 461,755	\$ 461,755	\$ 456,607	\$ (5,148)
Interest income	3,000	3,000	3,808	808
Miscellaneous	-	23,900	-	(23,900)
Total revenues	<u>464,755</u>	<u>488,655</u>	<u>460,415</u>	<u>(28,240)</u>
EXPENDITURES:				
Current:				
Highways and streets	167,562	194,314	24,654	169,660
Capital outlay	<u>524,193</u>	<u>524,193</u>	<u>543,819</u>	<u>(19,626)</u>
Total expenditures	<u>691,755</u>	<u>718,507</u>	<u>568,473</u>	<u>150,034</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (227,000)</u>	<u>\$ (229,852)</u>	(108,058)	<u>\$ 121,794</u>
FUND BALANCE:				
Beginning of year			<u>790,528</u>	
End of year			<u>\$ 682,470</u>	

City of Stanton
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Park and Recreation Facilities Capital Projects Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES:				
Charges for services	\$ 150,000	\$ 150,000	\$ 45,581	\$ (104,419)
Interest income	2,000	2,000	-	(2,000)
Total revenues	<u>152,000</u>	<u>152,000</u>	<u>45,581</u>	<u>(106,419)</u>
EXPENDITURES:				
Current:				
Culture and recreation	-	-	9,688	(9,688)
Capital outlay	-	75,000	122,204	(47,204)
Total expenditures	<u>-</u>	<u>75,000</u>	<u>131,892</u>	<u>(56,892)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 152,000</u>	<u>\$ 77,000</u>	(86,311)	<u>\$ (163,311)</u>
FUND BALANCE (DEFICIT):				
Beginning of year			<u>(70,221)</u>	
End of year			<u>\$ (156,532)</u>	

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DESCRIPTION OF INTERNAL SERVICE FUNDS

Workers' Compensation - To account for the City's workers' compensation insurance, including claims, legal and other expenses.

Liability/Risk Management - To account for the City's general liability insurance, including claims, legal and other expenses.

Employee Benefits - To account for the employee benefits costs including vacation, sick and holiday hours.

Fleet Maintenance - To account for costs related to operations and fleet maintenance for the City's vehicles.

City of Stanton
Combining Statement of Net Position
All Internal Service Funds
June 30, 2017

	<u>Workers'</u> <u>Compensation</u>	<u>Liability/</u> <u>Risk</u> <u>Management</u>
ASSETS		
Current assets:		
Cash and investments	\$ 401,051	\$ 144,669
Receivables:		
Interest	437	151
Due from other governments	<u>314,588</u>	<u>15,137</u>
Total assets	<u>716,076</u>	<u>159,957</u>
LIABILITIES		
Current liabilities:		
Account payable	-	-
Accrued liabilities	-	-
Claims and judgments payable	3,360	13,270
Compensated absences payable	<u>-</u>	<u>-</u>
Total current liabilities	<u>3,360</u>	<u>13,270</u>
Noncurrent liabilities:		
Compensated absences payable	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>-</u>	<u>-</u>
Total liabilities	<u>3,360</u>	<u>13,270</u>
NET POSITION		
Unrestricted	<u>712,716</u>	<u>146,687</u>
Total net position	<u><u>\$ 712,716</u></u>	<u><u>\$ 146,687</u></u>

Employee Benefits	Fleet Maintenance	Total
\$ 337,061	\$ 393,636	\$ 1,276,417
405	434	1,427
-	-	329,725
337,466	394,070	1,607,569
866	-	866
-	584	584
-	-	16,630
83,297	1,114	84,411
84,163	1,698	102,491
135,040	1,439	136,479
135,040	1,439	136,479
219,203	3,137	238,970
118,263	390,933	1,368,599
\$ 118,263	\$ 390,933	\$ 1,368,599

City of Stanton
Combining Statement of Revenues, Expenses and Changes in Net Position
All Internal Service Funds
For the Year Ended June 30, 2017

	Workers' Compensation	Liability/ Risk Management
OPERATING REVENUES:		
Charges for services	\$ 115,304	\$ 94,190
Total operating revenues	<u>115,304</u>	<u>94,190</u>
OPERATING EXPENSES:		
Equipment maintenance and operation	-	-
Administrative and personnel services	-	-
Provision for estimated claims	(42,920)	(6,296)
Insurance premiums	125,994	97,142
Contractual services	-	-
Total operating expenses	<u>83,074</u>	<u>90,846</u>
OPERATING INCOME (LOSS)	<u>32,230</u>	<u>3,344</u>
NONOPERATING REVENUES:		
Interest income	<u>3,069</u>	<u>1,059</u>
Total nonoperating revenues	<u>3,069</u>	<u>1,059</u>
CHANGES IN NET POSITION	35,299	4,403
NET POSITION:		
Beginning of year	<u>677,417</u>	<u>142,284</u>
End of year	<u>\$ 712,716</u>	<u>\$ 146,687</u>

Employee Benefits	Fleet Maintenance	Total
<u>\$ 355,639</u>	<u>\$ 91,611</u>	<u>\$ 656,744</u>
<u>355,639</u>	<u>91,611</u>	<u>656,744</u>
-	49,905	49,905
372,476	34,543	407,019
-	-	(49,216)
-	819	223,955
<u>8,845</u>	<u>-</u>	<u>8,845</u>
<u>381,321</u>	<u>85,267</u>	<u>640,508</u>
<u>(25,682)</u>	<u>6,344</u>	<u>16,236</u>
<u>2,842</u>	<u>3,045</u>	<u>10,015</u>
<u>2,842</u>	<u>3,045</u>	<u>10,015</u>
(22,840)	9,389	26,251
<u>141,103</u>	<u>381,544</u>	<u>1,342,348</u>
<u>\$ 118,263</u>	<u>\$ 390,933</u>	<u>\$ 1,368,599</u>

City of Stanton
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2017

	Workers' Compensation	Liability/ Risk Management
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 69,024	\$ 79,053
Cash paid to other suppliers of goods or services	(79,714)	(89,004)
Cash paid to employees for salaries and wages	-	-
Net cash provided by (used for) operating activities	(10,690)	(9,951)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income received	2,921	999
Net cash provided by investing activities	2,921	999
Net increase (decrease) in cash and cash equivalents	(7,769)	(8,952)
CASH AND CASH EQUIVALENTS:		
Beginning of the year	408,820	153,621
End of the year	<u>\$ 401,051</u>	<u>\$ 144,669</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Operating income (loss)	\$ 32,230	\$ 3,344
Changes in assets and liabilities:		
(Increase) decrease in due from other governments	(46,280)	(15,137)
Increase (decrease) in accounts payable	-	(7,000)
Increase (decrease) in accrued liabilities	-	-
Increase (decrease) in claims and judgments payable	3,360	8,842
Increase (decrease) in compensated absences payable	-	-
Net cash provided by (used for) operating activities	<u>\$ (10,690)</u>	<u>\$ (9,951)</u>

Employee Benefits	Fleet Maintenance	Total
\$ 355,639	\$ 91,611	\$ 595,327
(8,928)	(63,076)	(240,722)
<u>(330,985)</u>	<u>(34,459)</u>	<u>(365,444)</u>
15,726	(5,924)	(10,839)
2,693	2,890	9,503
<u>2,693</u>	<u>2,890</u>	<u>9,503</u>
18,419	(3,034)	(1,336)
<u>318,642</u>	<u>396,670</u>	<u>1,277,753</u>
<u>\$ 337,061</u>	<u>\$ 393,636</u>	<u>\$ 1,276,417</u>
\$ (25,682)	\$ 6,344	\$ 16,236
-	-	(61,417)
(83)	(12,352)	(19,435)
-	4	4
-	-	12,202
<u>41,491</u>	<u>80</u>	<u>41,571</u>
<u>\$ 15,726</u>	<u>\$ (5,924)</u>	<u>\$ (10,839)</u>

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DESCRIPTION OF AGENCY FUND

City Trust - To account for assets held by the City as an agent for individuals, private businesses and other governmental agencies. These assets include refundable and expendable cash deposits and retentions withheld pending satisfactory project completion.

City of Stanton
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2017

	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017
City Trust Agency Fund				
ASSETS:				
Cash and investments	\$ 717,421	\$ 241,065	\$ (711,805)	\$ 246,681
LIABILITIES:				
Deposits payable	\$ 717,421	\$ 241,065	\$ (711,805)	\$ 246,681

CITY OF STANTON
STATISTICAL SECTION (UNAUDITED)
June 30, 2017

This section of the City of Stanton's Comprehensive Annual Financial Report (CAFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. The statistical information presented herein is un-audited.

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Financial Trends - *These schedules contain information to help the reader to understand how the City's financial performance and well-being have changed over time.*

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Revenue Capacity - *These schedules contain information to help the reader assess the City's most significant own-source revenue.*

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Demographic and Economic Information - *These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.*

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Operating Information - *These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.*

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City of Stanton
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2017	2016	2015	2014	2013
Governmental activities:					
Investment in capital assets	\$87,079,003	\$88,342,750	\$79,209,329	\$80,773,054	\$92,494,864
Restricted	23,062,147	19,166,303	20,219,980	28,566,775	20,919,037
Unrestricted	12,719,777	15,861,417	14,875,639	22,726,068	22,506,002
Total governmental activities net position	122,860,927	123,370,470	114,304,948	132,065,897	135,919,903
Business-type activities:					
Investment in capital assets	4,877,897	5,003,312	5,135,853	5,238,330	5,371,857
Unrestricted	3,666,352	3,216,884	2,604,629	2,308,704	1,816,176
Total business-type activities net position	8,544,249	8,220,196	7,740,482	7,547,034	7,188,033
Primary government:					
Investment in capital assets	91,956,900	93,346,062	84,345,182	86,011,384	97,866,721
Restricted	23,062,147	19,166,303	20,219,980	28,566,775	20,919,037
Unrestricted	16,386,129	19,078,301	17,480,268	25,034,772	24,322,178
Total primary government net position	\$131,405,176	\$131,590,666	\$122,045,430	\$139,612,931	\$ 143,107,936
	Fiscal Year				
	2012	2011	2010	2009	2008
Governmental activities:					
Investment in capital assets	\$ 93,573,202	\$ 30,303,477	\$ 43,595,961	\$ 33,616,072	\$ 22,517,900
Restricted	18,909,154	49,511,685	18,911,631	27,040,539	23,114,967
Unrestricted	25,969,301	10,339,493	28,322,456	32,109,570	33,987,347
Total governmental activities net position	138,451,657	90,154,655	90,830,048	92,766,181	79,620,214
Business-type activities:					
Investment in capital assets	5,506,126	5,640,395	5,774,663	5,900,631	6,444,074
Unrestricted	1,560,732	1,520,957	1,235,929	2,676,942	3,587,715
Total business-type activities net position	7,066,858	7,161,352	7,010,592	8,577,573	10,031,789
Primary government:					
Investment in capital assets	99,079,328	35,943,872	49,370,624	39,516,703	28,961,974
Restricted	18,909,154	49,511,685	18,911,631	27,040,539	23,114,967
Unrestricted	27,530,033	11,860,450	29,558,385	34,786,512	37,575,062
Total primary government net position	\$ 145,518,515	\$ 97,316,007	\$ 97,840,640	\$ 101,343,754	\$ 89,652,003

Source: City of Stanton Administrative Services Department

City of Stanton
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses:										
Governmental activities:										
General government	\$ 3,726,949	\$ 3,468,099	\$ 3,043,005	\$ 2,976,011	\$ 2,852,594	\$ 2,277,269	\$ 1,081,252	\$ 2,054,843	\$ 1,350,974	\$ 1,216,895
Public safety	16,162,642	15,831,683	13,460,725	12,390,690	11,425,129	12,494,004	12,744,191	13,644,863	12,683,780	12,382,175
Urban development	2,083,114	1,747,416	1,709,355	1,818,001	2,032,838	3,766,930	8,063,096	10,326,473	6,359,544	6,798,338
Health and welfare	67,305	3,512	3,476	4,265	2,826	2,132	19,505	6,449	2,565	-
Highways and streets	1,598,743	1,235,617	1,762,185	2,358,073	2,895,834	2,557,660	3,975,867	2,644,691	4,673,863	203,271
Culture and recreation	2,030,052	1,592,769	1,162,126	1,198,807	1,410,745	1,731,743	2,241,411	1,797,910	1,442,317	1,766,674
Interest and fiscal charges	-	-	-	-	-	3,378,862	2,844,199	1,795,494	1,782,582	1,839,237
Transfer of land to successor agency	-	-	-	10,192,858	-	-	-	-	-	-
Total governmental activities expenses	25,668,805	23,879,096	21,140,872	30,938,705	20,619,966	26,208,600	30,969,521	32,270,723	28,295,625	24,206,591
Business-type activities:										
Sewer	694,930	544,829	709,496	709,880	854,630	834,862	730,605	2,286,645	900,827	526,420
Total business-type activities expenses	694,930	544,829	709,496	709,880	854,630	834,862	730,605	2,286,645	900,827	526,420
Total primary government expenses	26,363,735	24,423,925	21,850,368	31,648,585	21,474,596	27,043,462	31,700,126	34,557,368	29,196,452	24,733,011
Program revenues:										
Governmental activities:										
Charges for services:										
General government	527,561	488,128	458,286	433,374	70,950	119,455	107,630	59,840	68,615	106,327
Public safety	1,375,973	913,203	896,383	882,480	895,826	904,419	1,006,527	996,993	970,879	956,957
Urban development	1,244,909	1,198,820	1,254,023	1,240,666	1,009,732	959,624	934,764	586,328	537,535	405,215
Highways and streets	-	10,032	11,608	14,966	-	19,560	-	-	-	-
Culture and recreation	95,746	357,585	417,748	448,528	109,456	141,360	234,392	341,811	69,003	64,484
Operating grants and contributions	2,876,853	2,961,296	3,058,470	2,960,253	2,760,472	2,510,694	1,956,567	1,716,419	1,196,251	3,809,555
Capital grants and contributions	-	2,350,764	294,210	316,226	-	-	2,214,326	2,061,904	4,808,260	2,058,826
Total governmental activities program revenues	6,121,042	8,279,828	6,390,728	6,296,493	4,846,436	4,655,112	6,454,206	5,763,295	7,650,543	7,401,364
Business-type activities:										
Charges for services:										
Sewer	892,789	917,453	945,360	955,372	819,274	656,860	528,779	397,400	396,377	394,139
Total business-type activities program revenues	892,789	917,453	945,360	955,372	819,274	656,860	528,779	397,400	396,377	394,139
Total primary government program revenues	7,013,831	9,197,281	7,336,088	7,251,865	5,665,710	5,311,972	6,982,985	6,160,695	8,046,920	7,795,503
Net revenues (expenses)										
Governmental activities	(19,547,763)	(15,599,268)	(14,750,144)	(24,642,212)	(15,773,530)	(21,553,488)	(24,515,315)	(26,507,428)	(20,645,082)	(16,805,227)
Business activities	197,859	372,624	235,864	245,492	(35,356)	(178,002)	(201,826)	(1,889,245)	(504,450)	(132,281)
Total net revenues (expenses)	(19,349,904)	(15,226,644)	(14,514,280)	(24,396,720)	(15,808,886)	(21,731,490)	(24,717,141)	(28,396,673)	(21,149,532)	(16,937,508)

City of Stanton
Changes in Net Position Continued
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	\$ 5,435,415	\$ 5,507,417	\$ 5,314,329	\$ 5,613,269	\$ 5,307,800	\$ 8,070,432	\$ 12,547,610	\$ 12,600,300	\$ 14,364,266	\$ 14,203,906
Sales taxes	4,152,378	4,169,215	4,012,917	3,925,839	3,683,199	3,579,392	3,091,571	3,079,791	3,075,670	3,537,975
Transactions and use taxes	4,105,593	3,591,594	792,300	-	-	-	-	-	-	-
Transient occupancy taxes	512,550	437,676	375,876	323,938	341,838	357,092	326,316	289,855	316,794	358,535
Franchise taxes	992,798	1,011,630	964,450	1,031,034	996,947	932,916	932,977	721,326	756,130	735,830
Other taxes	2,442,599	2,503,541	2,591,806	2,497,612	2,524,123	5,395,184	5,517,430	5,570,791	5,841,573	5,880,886
Investment earnings	119,772	227,705	132,205	199,807	111,367	435,891	986,415	1,937,904	2,043,799	2,011,540
Miscellaneous	1,277,115	714,613	725,215	744,002	719,734	553,650	437,603	371,328	5,910,837	1,548,413
Gain on sale of capital assets	-	-	475,282	-	-	-	-	-	-	-
Extraordinary item ¹	-	6,501,399	-	-	(443,232)	50,525,933	-	-	-	-
Special item ²	-	-	(3,393,141)	-	-	-	-	-	-	-
Total governmental activities	19,038,220	24,664,790	11,991,239	14,335,501	13,241,776	69,850,490	23,839,922	24,571,295	32,309,069	28,277,085
Business-type activities:										
Taxes:										
Property taxes	99,852	90,532	90,282	105,749	148,107	41,784	45,345	42,402	72,428	60,932
Investment earnings	26,342	16,558	10,430	7,760	8,424	13,729	20,065	61,123	123,449	144,138
Miscellaneous	-	-	-	-	-	27,995	287,176	218,739	(96,999)	122,880
Total business-type activities	126,194	107,090	100,712	113,509	156,531	83,508	352,586	322,264	98,878	327,950
Total primary government	19,164,414	24,771,880	12,091,951	14,449,010	13,398,307	69,933,998	24,192,508	24,893,559	32,407,947	28,605,035
Changes in net position										
Governmental activities	(509,543)	9,065,522	(2,758,905)	(10,306,711)	(2,531,754)	48,297,002	(675,393)	(1,936,133)	11,663,987	11,471,858
Business-type activities	324,053	479,714	336,576	359,001	121,175	(94,494)	150,760	(1,566,981)	(405,572)	195,669
Total primary government	\$ (185,490)	\$ 9,545,236	\$ (2,422,329)	\$ (9,947,710)	\$ (2,410,579)	\$ 48,202,508	\$ (524,633)	\$ (3,503,114)	\$ 11,258,415	\$ 11,667,527

¹ FY 15/16 extraordinary gain relates to payment of bond proceeds to the City from the Successor Agency for building Stanton Central Park

² Write-down of land held for resale by Housing Authority to net realizable value

Source: City of Stanton Administrative Services Department

City of Stanton
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year						
	2017	2016	2015	2014	2013	2012	2011
Post-GASB 54:							
General Fund:							
Nonspendable	\$ 3,992,852	\$ 5,398,081	\$ 6,730,051	\$ 8,379,173	\$ 8,971,880	\$ 2,247,340	\$ 9,260,140
Restricted	3,065,186	-	-	-	-	-	-
Committed	11,150,000	4,677,019	4,317,883	3,965,209	3,720,465	3,911,481	3,889,757
Assigned	-	7,200	-	38,751	31,772	50,193	2,780,440
Unassigned	4,566,919	11,811,587	9,391,105	8,181,723	6,313,207	14,413,187	12,468,010
Total general fund	<u>\$ 22,774,957</u>	<u>\$ 21,893,887</u>	<u>\$ 20,439,039</u>	<u>\$ 20,564,856</u>	<u>\$ 19,037,324</u>	<u>\$ 20,622,201</u>	<u>\$ 28,398,347</u>
All other governmental funds:							
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 10,065,582	\$ 9,022,935	\$ -
Restricted	19,996,961	19,166,303	20,232,644	22,118,786	10,514,621	9,886,219	49,511,685
Committed	-	-	-	-	-	510,721	488,210
Assigned	682,470	790,528	756,521	683,276	1,451,877	1,616,912	1,741,257
Unassigned	(303,957)	(790,292)	(526,651)	(51,385)	(392,307)	(54,284)	(4,454,858)
Total all other governmental funds	<u>\$ 20,375,474</u>	<u>\$ 19,166,539</u>	<u>\$ 20,462,514</u>	<u>\$ 22,750,677</u>	<u>\$ 21,639,773</u>	<u>\$ 20,982,503</u>	<u>\$ 47,286,294</u>
Pre-GASB 54:							
	Fiscal Year						
	2010	2009	2008	2007			
General Fund							
Designated	\$ 12,526,117	\$ 9,054,451	\$ 4,823,618	\$ 4,500,000			
Undesignated	10,034,896	14,355,757	14,355,757	15,368,153			
Total general fund	<u>\$ 22,561,013</u>	<u>\$ 23,410,208</u>	<u>\$ 19,179,375</u>	<u>\$ 19,868,153</u>			
All other governmental funds:							
Reserved	\$ 25,984,719	\$ 36,117,622	\$ 28,902,884	\$ 25,190,058			
Unreserved, reported in							
Special revenue funds	-	-	3,480,889	2,630,514			
Capital projects funds	(7,830,130)	(10,661,359)	(4,071,591)	259,652			
Debt service funds	-	-	-	-			
Total all other governmental funds	<u>\$ 40,715,602</u>	<u>\$ 48,866,471</u>	<u>\$ 47,491,557</u>	<u>\$ 47,948,377</u>			

Source: City of Stanton Administrative Services Department

City of Stanton
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Taxes and assessments	\$ 18,697,469	\$ 17,838,271	\$ 14,730,740	\$ 14,062,751	\$ 13,469,674	\$ 15,247,661	\$ 19,626,114	\$ 19,451,299	\$ 20,965,865	\$ 21,554,863
Licenses and permits	321,935	357,381	417,780	419,298	917,431	865,687	863,403	455,820	429,034	313,887
Intergovernmental	2,772,489	4,844,423	1,916,432	2,765,837	2,843,557	5,684,978	7,482,746	7,150,779	10,018,262	8,137,202
Charges for services*	2,190,769	2,361,663	2,349,520	2,363,378	206,303	245,904	309,508	454,143	501,248	442,703
Fines and forfeitures	360,662	296,607	292,505	279,542	320,222	329,492	436,153	430,763	402,363	389,160
Interest income	119,771	227,707	195,526	202,857	272,502	428,230	986,416	1,937,907	2,043,798	2,011,538
Rental income	605,377	619,977	706,265	700,811	700,878	497,439	381,214	240,702	463,580	1,431,300
Miscellaneous	684,711	71,754	17,955	55,883	113,528	198,047	208,574	396,780	5,519,820	226,722
Total Revenues	25,753,183	26,617,783	20,626,723	20,850,357	18,844,095	23,497,438	30,294,128	30,518,193	40,343,970	34,507,375
Expenditures:										
Current:										
General government	2,879,492	2,900,169	2,615,927	2,461,666	2,189,685	1,444,457	398,456	1,486,629	1,143,461	1,030,298
Public safety	15,597,673	15,453,062	13,176,004	12,047,794	10,983,189	12,516,221	12,299,028	12,274,703	11,762,092	11,759,999
Urban development	1,518,145	1,368,795	1,424,634	1,475,104	1,590,898	3,211,789	7,617,933	10,256,694	6,467,504	7,897,515
Highways and streets	1,175,017	951,650	1,548,644	2,098,897	2,564,379	2,141,304	2,634,613	2,034,407	1,879,422	1,910,943
Culture and recreation	1,606,326	1,331,178	948,585	921,302	1,079,290	1,315,387	1,907,540	1,745,576	1,523,287	1,748,129
Health and welfare	67,305	3,512	3,476	4,265	2,826	2,132	19,505	6,449	2,565	-
Capital outlay	819,220	10,951,943	1,131,626	475,187	918,203	9,073,926	16,868,944	11,416,633	14,512,960	7,945,301
Debt Service:										
Bond issuance costs	-	-	-	-	-	-	2,243,450	-	-	-
Principal	-	-	-	-	-	680,000	2,875,000	615,000	590,000	575,000
Interest and fiscal charges	-	-	-	-	-	2,935,018	2,350,620	1,755,972	1,740,418	1,797,010
Total Expenditures	23,663,178	32,960,309	20,848,896	19,484,215	19,328,470	33,320,234	49,215,089	41,592,063	39,621,709	34,664,195
Excess (Deficiency) of Revenues Over (Under Expenditures	2,090,005	(6,342,526)	(222,173)	1,366,142	(484,375)	(9,822,796)	(18,920,961)	(11,073,870)	722,261	(156,820)
Other financing sources (Uses):										
Bond issuance	-	-	-	-	-	-	53,090,000	-	-	-
Transfers in	633,550	599,348	624,942	1,884,218	710,030	11,781,909	18,671,360	8,758,337	9,146,045	9,574,396
Transfers out	(633,550)	(599,348)	(824,942)	(611,924)	(710,030)	(11,781,909)	(17,871,360)	(7,301,337)	(8,493,392)	(9,874,396)
Total other financing sources (us	-	-	(200,000)	1,272,294	-	-	53,890,000	1,457,000	652,653	(300,000)
Net change in fund balance before special/extraordinary item	2,090,005	(6,342,526)	(422,173)	2,638,436	(484,375)	(9,822,796)	34,969,039	(9,616,870)	1,374,914	(456,820)
Special/Extraordinary items	-	6,501,399	(2,082,812)	-	(443,232)	(24,257,141)	-	-	-	-
Net change in fund balances	\$ 2,090,005	\$ 158,873	\$ (2,504,985)	\$ 2,638,436	\$ (927,607)	\$ (34,079,937)	\$ 34,969,039	\$ (9,616,870)	\$ 1,374,914	\$ (456,820)
Debt service as a percentage of noncapital expenditures	0%	0%	0%	0%	0%	15%	16%	8%	9%	9%

Source: City of Stanton Administrative Services Department

City of Stanton
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	City			Redevelopment Agency		
	Secured	Unsecured	Taxable Assessed Value	Secured	Unsecured	Taxable Assessed Value
2017	\$2,480,338,305	\$89,598,270	\$2,569,936,575	\$2,431,851,749	\$89,485,994	\$2,521,337,743
2016	2,351,090,211	82,176,135	2,433,266,346	2,309,528,686	82,055,870	2,391,584,556
2015	2,213,403,418	84,104,331	2,297,507,749	2,179,143,316	83,691,209	2,262,834,525
2014	2,071,979,786	72,290,061	2,144,269,847	2,039,488,139	72,218,843	2,111,706,982
2013	2,000,759,287	72,992,374	2,073,751,661	1,975,422,515	72,869,486	2,048,292,001
2012	1,981,189,883	82,102,752	2,063,292,635	1,956,092,939	81,960,877	2,038,053,816
2011	1,951,058,258	91,053,614	2,042,111,872	1,925,722,388	90,919,529	2,016,641,917
2010	1,972,305,106	98,510,249	2,070,815,355	1,947,585,036	98,429,354	2,046,014,390
2009	2,105,663,210	90,124,459	2,195,787,669	2,077,838,548	90,004,715	2,167,843,263
2008	2,094,325,109	89,851,518	2,184,176,627	2,066,493,955	89,754,347	2,156,248,302

NOTES:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of the property may be increased by an inflation factor (limited to a maximum of 2%). With few exceptions, property is only reassessed at the time it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

City amounts include the Redevelopment Agency assessed values

The City of Stanton and the Stanton Redevelopment Agency do not have any direct tax rates

Source: County of Orange Auditor-Controller

City of Stanton
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate per \$100 of assessed value)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Overlapping Rates:										
County Bonds	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
County Flood	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350	0.00370	0.00370	0.00430	0.00520	0.00450
Savanna School District	0.05948	0.05501	0.05443	0.05557	0.05976	0.02767	0.02660	0.00000	0.19686	0.00000
Anaheim Union High School District	0.04259	0.04948	0.02412	0.02620	0.02858	0.02678	0.02745	0.02363	0.01809	0.02516
Garden Grove Unified School District	0.04487	0.04656	0.04148	0.03703	0.03135	0.02483	0.03308	0.00000	0.00000	0.00000
North Orange County										
Community College District	0.02885	0.03043	0.01758	0.01704	0.01902	0.01742	0.01758	0.01493	0.01001	0.01502
Magnolia Elementary School District	0.02562	0.02349	0.02497	0.02737	0.02493	0.02326	0.02067	0.01998	0.10078	0.01800
Coast Community College District	0.03116	0.03092	0.03015	0.02899	0.01881	0.01754	0.01750	0.01472	0.01920	0.01501
Total	0.23607	0.23939	0.19623	0.19570	0.18595	0.14120	0.14658	0.07756	0.35014	0.07769

The City of Stanton and the Stanton Redevelopment Agency do not have any direct tax rates

Source: California Municipal Statistics, Inc.

City of Stanton

Principal Property Tax Payers

Current Year and Nine Years Ago

Taxpayer	2016-2017		2007-2008	
	Assessed Valuation		Assessed Valuation	
	Secured Assessed Value	Percent of Total City Secured Assessed Value	Secured Assessed Value	Percent of Total City Secured Assessed Value
CR&R, Inc.	\$ 49,771,721	2.01%	\$ 30,959,242	1.38%
CP Briarwood LLC	41,421,387	1.67%	26,332,951	1.17%
Arrowhead Apt. Invest LLC	28,283,039	1.14%	24,990,000	1.11%
Shapell SoCal Rental Properties LLC	24,251,814	0.98%	-	-
Icon Owner Pool 1 LA Business Parks LLC	21,878,637	0.88%	-	-
Stanton Capital	18,500,000	0.75%	-	-
Continental Gardens LP	17,198,015	0.69%	15,195,623	0.68%
Thoman Thongyan Nguyen Trust	15,076,462	0.61%	-	-
Gilbert R. Shuman	14,340,878	0.58%	-	-
Mideb Nominees, Inc.	13,509,796	0.54%	-	-
Faircrest, Inc.	13,331,901	0.54%	-	-
G6 Hospitality Property LLC	12,160,357	0.49%	-	-
Stanton Land LLC	10,355,344	0.42%	-	-
Playa Galleria Shopping Center LLC	10,142,140	0.41%	-	-
Statford Anaheim LLC	9,577,868	0.39%	-	-
8080 Bever Place-Negba LLC	9,441,825	0.38%	-	-
Mana Investment Co.	8,648,762	0.35%	-	-
7050 Katella Avenue LLC	8,451,916	0.34%	-	-
Sompop Mannil	8,426,574	0.34%	-	-
Extra Space Properties Ninety Five LLC	8,324,661	0.34%	-	-
Park Stanton Place	-		36,855,964	1.64%
Walton CWCA Hoover 52 LLC	-		12,697,787	0.56%
Taylor Woodrow Homes, Inc.	-		17,378,516	0.77%
Shapell Industries, Inc.	-		21,043,433	0.93%
	<u>\$ 343,093,097</u>	<u>13.83%</u>	<u>\$ 185,453,516</u>	<u>8.24%</u>

Source: California Municipal Statistics, Inc.; Hinderliter de Llamas & Associates

City of Stanton
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected Amount	Percent of Levy (1)
2017	\$ 1,061,452	\$ 1,061,452	100%
2016	1,039,132	1,039,132	100%
2015	1,028,726	1,028,726	100%
2014	1,014,799	1,014,799	100%
2013	1,011,984	1,011,984	100%
2012	1,000,828	1,000,828	100%
2011	1,000,716	1,000,716	100%
2010	1,092,222	1,092,222	100%
2009	1,102,577	1,102,577	100%
2008	1,356,789	1,356,789	100%

(1) Beginning with FY 1994-95, the City of Stanton elected the Teeter Plan for property tax distribution in which the City receives the entire secured levy in the current fiscal year, whether paid or not and the County retains the penalties and interest on delinquent taxes.

Source: County of Orange, Auditor-Controller

City of Stanton
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	2011 Tax Allocation Bonds Series A	2011 Tax Allocation Bonds Series B	2010 Tax Allocation Bonds Series A	2005 Tax Allocation Bonds Series A	2005 Tax Allocation Bonds Series B	1993 Tax Allocation Refunding Bonds	Countywide Revenue Bonds	Total Primary Government ¹	Percentage of Personal Income	Debt Per Capita
2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
2016	-	-	-	-	-	-	-	-	0.00%	-
2015	-	-	-	-	-	-	-	-	0.00%	-
2014	-	-	-	-	-	-	-	-	0.00%	-
2013	-	-	-	-	-	-	-	-	0.00%	-
2012	-	-	-	-	-	-	-	-	0.00%	-
2011	14,838,831	12,080,145	25,283,645	15,356,469	9,150,330	-	-	76,709,420	3.98%	2,008.84
2010	-	-	-	14,995,271	8,969,446	2,480,000	-	26,444,717	1.36%	664.46
2009	-	-	-	15,183,372	9,111,933	2,720,000	-	27,015,305	1.41%	684.28
2008	-	-	-	15,988,378	9,626,770	2,950,000	-	28,565,148	1.38%	670.15

Sources:

Personal Income - Regional Information System, Bureau of Economic Analysis, U.S. Department of Commerce
Santa-Ana-Anaheim-Irvine, CA Metropolitan Division
City of Stanton, Administrative Services Department

¹ As of February 1, 2012, tax allocation bond liabilities were transferred to the Successor Agency to the City of Stanton Redevelopment Agency

City of Stanton
Direct and Overlapping Debt
As of June 30, 2017

	Percentage Applicable	Outstanding Debt 6/30/2017 ¹	Estimated Share of Overlapping Debt
Overlapping Tax and Assessment Debt:			
Metropolitan Water District	0.980%	\$ 74,905,000	\$ 73,407
Coast Community College District	0.428%	805,844,504	3,449,014
North Orange County Joint Community College District	1.721%	240,284,001	4,135,288
Anaheim Union High School District	3.150%	130,663,955	4,115,915
Garden Grove Unified School District	5.340%	329,640,160	17,602,785
Savanna School District	32.016%	41,371,969	13,245,650
Magnolia School District	15.313%	22,288	3,413,008
Total Overlapping Tax and Assessment Debt		1,622,731,877	46,035,067
Overlapping General Fund Debt:			
Orange County General Fund Obligations	0.489%	227,516,000	1,112,553
Orange County Pension Obligations	0.489%	386,762,539	1,891,269
Orange County Board of Education Certificates of Participation	0.489%	14,440,000	70,612
Coast Community College District Certificates of Participation	0.428%	3,610,000	15,451
Anaheim Union High School District Certificates of Participation	3.150%	39,595,000	1,247,243
North Orange County Regional Occupation Program Certificates of Participation	1.106%	9,190,000	109,605
Total Gross Overlapping General Fund Debt		681,113,539	4,446,733
Less: MWDOC Water Facilities Corp (100% self-supporting)		-	-
Total Net Overlapping General Fund Debt		681,113,539	4,446,733
Total Overlapping Debt		2,303,845,416	50,481,800
Successor Agency to the Stanton Redevelopment Agency Direct Debt		68,745,000	68,745,000
Total Direct and Overlapping Debt		\$ 2,372,590,416	\$ 119,226,800

(1) Overlapping debt excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

City of Stanton
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year					
	2017	2016	2015	2014	2013	
Debt limit	\$ 96,372,622	\$ 91,247,488	\$ 86,156,541	\$ 79,285,119	\$ 77,765,687	
Total net debt applicable to limit	-	-	-	-	-	
Legal debt margin	\$ 96,372,622	\$ 91,247,488	\$ 86,156,541	\$ 79,285,119	\$ 77,765,687	
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	
Debt Limit Calculation:						
Assessed value	\$ 2,569,936,575	\$ 2,433,266,346	\$ 2,297,507,749	\$ 2,114,269,847	\$ 2,073,751,661	
Debt limit percentage	3.75%	3.75%	3.75%	3.75%	3.75%	
Debt limit	\$ 96,372,622	\$ 91,247,488	\$ 86,156,541	\$ 79,285,119	\$ 77,765,687	

Note:

Under state finance law, the City of Stanton's outstanding general obligation debt should not exceed 3.75 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds

Source: City of Stanton, Administrative Services Department.

Fiscal Year				
2012	2011	2010	2009	2008
\$ 77,373,474	\$ 76,579,195	\$ 77,655,576	\$ 82,342,038	\$ 81,906,624
-	-	-	-	-
\$ 77,373,474	\$ 76,579,195	\$ 77,655,576	\$ 82,342,038	\$ 81,906,624
0.00%	0.00%	0.00%	0.00%	0.00%

\$ 2,063,292,635	\$ 2,042,111,872	\$ 2,070,815,355	\$ 2,195,787,669	\$ 2,184,176,627
3.75%	3.75%	3.75%	3.75%	3.75%
\$ 77,373,474	\$ 76,579,195	\$ 77,655,576	\$ 82,342,038	\$ 81,906,624

City of Stanton
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Increment	1993 Tax Allocation Refunding Bonds		Tax Allocation Bonds, 2005 Series A		Tax Allocation Bonds, 2005 Series B	
		Debt Service		Debt Service (1)		Debt Service (1)	
		Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-
2012	10,989,535	-	-	-	-	-	-
2011	10,994,664	-	-	235,000	782,740	175,000	387,532
2010	11,390,416	240,000	141,700	225,000	792,640	170,000	393,482
2009	12,365,248	230,000	154,508	215,000	802,100	160,000	399,082
2008	12,524,284	220,000	166,770	205,000	811,120	155,000	404,507

The liabilities for these outstanding bonds were transferred to the Successor Agency to the Stanton Redevelopment Agency on February 1, 2012

Source: City of Stanton Administrative Services Department, Bond Official Statements

Tax Allocation Bonds, 2010 Series A		Tax Allocation Bonds, 2011 Series A		Tax Allocation Bonds, 2011 Series B		
Debt Service (1)		Debt Service (1)		Debt Service (1)		
Principal	Interest	Principal	Interest	Principal	Interest	Coverage
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
270,000	1,189,883	-	985,292	-	786,591	2.28
-	-	-	-	-	-	5.80
-	-	-	-	-	-	6.31
-	-	-	-	-	-	6.38

City of Stanton

Demographic and Economic Statistics

Last Ten Calendar Years

Fiscal Year	Population	Housing Units	Orange County Unemployment Rate	Total Personal Income In thousands	Per Capita Personal Income ¹	Personal Income Percent Change from Preceding Period
2017	39,611	11,377	3.8%	Not Available	Not Available	Not Available
2016	39,751	11,355	4.2%	Not Available	Not Available	Not Available
2015	39,219	11,328	4.9%	2,138,455	54,526	5.2%
2014	38,963	11,299	6.0%	2,020,387	51,854	4.5%
2013	38,764	11,296	7.2%	1,924,167	49,638	-1.2%
2012	38,498	11,276	8.5%	1,934,717	50,255	6.4%
2011	38,186	11,283	9.4%	1,804,136	47,246	5.7%
2010	39,799	11,236	9.5%	1,779,572	44,714	3.4%
2009	39,480	11,199	7.0%	1,707,313	43,245	-4.4%
2008	39,276	11,161	4.3%	1,776,375	45,228	-13.6%

Sources:

Population and Housing Units - California Department of Finance; 2010 U.S. Census Bureau
<http://www.dof.ca.gov/Forecasting/Demographics/Estimates/E-5/>

Unemployment Rate - State of California, Employment Development Department
 Orange County information as City of Stanton information is not available
<http://www.labormarketinfo.edd.ca.gov/>

Personal Income and Per Capital Personal Income - Regional Information System, Bureau of Economic Analysis, U.S. Department of Commerce
 Los Angeles-Long Beach-Anaheim, CA (Metropolitan Statistical Area) (City of Stanton information is not available)
<http://www.bea.gov/regional/>

¹ - Prior to 2011, Orange County data was used

Price and Population Information - State of California, Department of Finance - 2014-2015 data

City of Stanton
Principal Employers
Current and Nine Years Prior

Employer	Number of Employees	Number of Employees
	2017	2008
Rowntree Gardens (formerly Quaker Gardens)	325	n/a
Sam's Club	163	172
Home Depot	161	133
All Metals Processing	150	116
Super King Market	140	n/a
CR &R	132	228
USS Cal Builders	125	65
Custom Pipe & Coupling	102	75
Adventure City	100	125
Great ScottTree Service	97	n/a
Wal-Mart Market #4134	80	n/a
Dicoverly	75	n/a
Food 4 Less	67	95
City of Stanton	52	59
Martinic Engineering Inc.	50	n/a
Park Ave.	50	n/a
Orco Block	47	50
Garden Fresh Market	n/a	70
John B. Ewles Inc.	n/a	55
Primus Inc.	n/a	60
Acapulco Restaurants	n/a	51

Source: City of Stanton, Administrative Services Department
 Business License and City Budget

The City does not track total employment within the City limits

n/a - not available

City of Stanton
Full-time and Part-time City Employees by Function
Last Ten Fiscal Years

Department	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
City Council	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
City Manager	2.5	2.5	2.5	3.0	3.0	3.0	3.5	3.5	3.5	3.5
City Clerk	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0
Administrative Services	6.8	6.3	6.3	5.3	5.0	5.0	5.5	5.5	6.5	6.5
Community Development	9.5	8.5	8.5	7.5	7.5	7.5	10.5	10.5	12.9	12.5
Parks and Recreation (Full-Time)	6.0	6.0	6.0	4.5	3.5	3.5	7.0	7.0	7.6	7.0
Public Works	8.3	7.8	7.0	7.0	6.8	6.8	9.0	10.5	7.8	9.0
Redevelopment Services	-	-	-	-	-	-	2.0	2.0	2.0	2.0
Total	36.6	34.6	33.8	30.8	29.3	29.3	42.0	43.5	44.7	45.0

NOTE:

City Attorney, Police and Fire are contracted services

Council members and part-time employees are counted as 1/2 of a full-time employee

Source: City of Stanton Budget documents

City of Stanton

Operating Indicators by Function

Last Ten Fiscal Years

Department	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
City Council										
Public Meetings held	37	35	39	31	27	28	34	50	48	47
Ordinances adopted	14	13	7	10	16	14	8	4	9	9
Resolutions adopted	41	46	47	51	33	41	61	36	35	41
City Attorney										
Ordinances prepared	15	13	7	10	11	17	30	4	9	9
Resolutions prepared	41	46	47	51	5	44	61	36	35	41
Contracts prepared	88	86	75	50	n/a	n/a	n/a	n/a	n/a	13
City Clerk										
Public Meetings held	37	35	39	36	27	28	50	50	48	47
Ordinances processed and published	14	13	7	10	16	14	4	4	9	9
Resolutions processed and published	41	46	47	51	33	41	36	36	35	41
Public Records Requests processed	278	300	301	217	189	127	76	55	45	-
Contracts Processed	88	86	75	50	204	175	216	48	-	-
City Manager										
Letters written	44	42	35	31	63	41	54	73	40	35
Memos written	58	61	28	30	34	42	22	63	65	75
City Council meetings	36	35	39	31	26	28	34	50	48	47
Administrative Services										
Cash Receipts processed ¹	10,260	8,961	7,572	7,001	6,356	6,858	6,894	6,760	7,127	6,521
Warrants processed	2,559	2,490	2,333	2,219	6,356	2,131	2,653	2,571	2,720	6,521
Manual warrants processed	-	-	-	-	-	-	-	-	-	-
Payroll checks processed	1,769	1,613	1,141	1,365	1,106	1,603	1,680	1,709	1,787	1,580
Journal entries processed	281	247	296	252	255	316	246	245	249	304
Audit adjustments	-	-	-	-	-	-	1	-	-	-
Business licenses processed	2,946	2,197	1,974	1,788	1,497	1,590	1,450	1,493	1,519	1,403
Parking citation refunds	27	14	12	22	23	21	38	55	53	41

City of Stanton
Operating Indicators by Function, Continued
Last Ten Fiscal Years

Department	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Police Services										
Cases assigned to general crime investigators	1,582	835	1,421	1283	1464	1,535	n/a	n/a	n/a	n/a
Directed enforcement shifts deployed each week	5	5	3	1.5	4	4	n/a	n/a	n/a	n/a
Average response time in minutes to emergency life threatening calls	4:03	3:50	4:03	3:53	3:28	5:48	n/a	n/a	n/a	n/a
Shifts of traffic enforcement in high accident and residential areas per week	4	4	1	0.17	0	0	n/a	n/a	n/a	n/a
Schools receiving school programs	n/a	1	2	2	2	4	n/a	n/a	n/a	n/a
Fire Protection										
Paramedic calls responded to	2,192	2,659	2,540	2,283	2,141	1,994	n/a	1,681	n/a	1,691
Fire calls responded to	37	54	41	38	55	52	n/a	49	n/a	50
Other calls responded to	1042	699	532	558	682	628	n/a	671	n/a	677
Fire inspections made	524	602	505	485	224	231	n/a	766	n/a	552
Students receiving fire safety education programs	370	490	175	145	140	380	n/a	43	n/a	1,636
Adults receiving fire safety education programs	240	220	75	60	50	1,044	n/a	n/a	n/a	1,712
Plan checks completed	72	51	48	57	45	45	n/a	80	n/a	107

City of Stanton
Operating Indicators by Function, Continued
Last Ten Fiscal Years

Department	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Planning										
Administrative permits	4	7	5	5	6	7	3	5	10	10
Preliminary plan review	2	3	3	-	1	-	-	1	n/a	6
Entitlements	29	29	13	11	8	35	9	20	16	20
Environmental	29	26	13	16	11	29	12	16	21	24
Home Occupation permits	21	50	17	27	19	24	14	13	25	21
Land divisions	4	5	1	3	1	4	3	1	2	-
Landscape plan check	-	4	-	2	2	5	-	1	-	-
Sign permits	26	23	48	42	25	21	21	36	40	51
Plan Checks (Over-the-Counter)	70	68	74	31	38	40	10	n/a	n/a	n/a
Building										
Building plan reviews	101	101	108	148	61	38	34	42	35	58
Building permits	254	264	314	283	211	244	274	432	267	325
Electrical permits	214	233	229	197	114	90	90	142	141	182
Mechanical permits	112	120	132	119	70	68	97	110	80	95
Plumbing permits	124	150	134	139	112	90	74	119	158	142
Inspections for compliance ²	-	-	-	-	7	153	129	111	114	140
Parking Control										
Citations	8,039	6,843	6,361	6,335	6,478	6,118	6,677	8,434	8,597	8,769
Vehicles towed	440	299	220	242	217	137	105	118	274	341
Engineering										
Value of capital projects initiated	\$1M	\$1M	\$11M	\$0.9M	\$1.6M	\$5.7M	\$2.6M	\$6 M	\$12.2M	\$6.7M
Engineering plan checks	7	7	17	15	14	12	10	10	18	20
Permits issued	132	132	95	111	106	98	94	110	160	115
Value of competitive grants obtained	\$0.3M	\$0.3M	\$0.1M	\$0.4M	\$0.4M	\$1.0M	\$9.1M	\$1.0 M	\$6.0M	\$2.5M
Capital project administered	3	3	7	4	7	7	8	10	18	15
Public Facilities										
Service requests	277	87	232	199	205	125	100	175	300	275
Unscheduled repairs	92	68	171	60	62	115	130	85	135	110
Buildings/Grounds Maintenance										
No. of service requests	64	57	112	70	68	103	72	50	n/a	990
HVAC service calls	3	4	7	14	16	2	2	1	n/a	n/a
Parks Maintenance										
Service requests	72	61	112	65	43	20	27	44	475	432
Unscheduled repairs	17	25	8	10	3	62	72	38	125	125

City of Stanton

Operating Indicators by Function, Continued

Last Ten Fiscal Years

Department	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Street Maintenance										
Potholes repaired	43	10	15	17	10	67	73	80	71	80
Service requests	227	201	815	799	109	325	260	237	186	302
Tonnage of asphalt placed	6	6	8	6	6	5	3	6	4	4
Storm drain inlets cleaned	183	183	183	183	183	177	147	145	142	160
Service calls for drainage issues	3	1	2	6	2	1	6	20	10	n/a
Parks and Recreation										
Senior clients served	2,600	2,450	2,425	2,800	2,400	2,500	2,450	2,400	2,300	2,300
Indoor facility uses during year - rental	103	59	32	87	32	36	36	36	36	36
Indoor facility uses during year non-rental	1924	964	500	760	500	470	502	485	490	480
Outdoor facility uses during year - rental	345	85	70	60	50	-	-	-	-	-
Outdoor water play attendance	10,116	6,500	5000	4500	4000	-	-	-	-	-
Inquiries regarding facility use	2100	950	900	1000	915	900	915	815	800	800
Commission meetings	9	10	11	0	0	8	11	11	11	11
Attendees at Commission meetings	25	20	12	0	0	48	70	70	60	60
Youth Outreach Svs. Participation	2,600	2,500	2,300	3,000	2,200	3,800	2,800	2,600	2,500	2,400
After school program participation	2,500	2,200	2,100	3,119	1,500	7,500	7,500	6,000	5,600	5,600
Info & referral inquires answered	25,000	22,300	22,100	22,500	22,000	22,000	22,000	20,000	19,000	13,000
Youth/multi-generation participation	5,500	5,250	5,100	4,500	5,000	8,500	8,300	8,200	8,200	8,000
Stanton Central Park info inquires received	5,460	23	-	-	-	-	-	-	-	-
Norm Ross info inquires received	25	22	20	20	25	22	20	15	12	10
Volunteers assisting department	500	475	450	550	400	650	600	400	270	270
Tutoring participation	650	625	600	750	600	700	675	500	400	400
Teen programs	280	173	100	200	-	400	400	350	300	300
Special interest class participation	5,400	5,250	5,200	5,420	5,000	7,500	8,400	7,600	7,400	7,200
Norm Ross sports facility usage	13,760	3,120	1,500	7,000	8,000	8,000	8,000	8,200	8,100	8,200
Pre-school program participants	880	500	725	625	700	700	700	650	510	510
City wide special events participants	21,000	15,000	12,500	12,000	12,000	23,000	25,000	25,000	30,000	30,000
Camp program participants	650	350	125	180	150	120	80	80	75	-
Attendees at Foundation meetings	12	15	15	15	15	15	15	15	15	-
Foundation meetings	9	9	10	9	8	8	8	8	8	-

NOTES:

¹The total of cash receipts processed is made up of 6,340 cash receipts, plus an additional 3,263 business license transactions, and 657 online transactions.

² In fiscal year 2012-13 the business license process was trimmed, removing the requirement of Investigations for Compliance

Source: City Departments & budget documents

City of Stanton
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Public Works										
Streets (miles)	44	44	44	44	44	44	44	44	44	44
Alleys (square feet)	326,000	326,000	326,000	326,000	326,000	326,000	326,000	326,000	326,000	326,000
Curbs and gutters (linear feet)	441,200	441,200	439,736	439,736	439,736	439,736	439,736	439,736	439,736	439,736
Sidewalks (square feet)	2,341,000	2,341,000	2,339,372	2,339,372	2,339,372	2,339,372	2,339,372	2,339,372	2,339,372	2,339,372
Streetlights	1,295	1,295	1,295	1,295	1,295	1,295	1,295	1,295	1,281	1,281
Traffic signals	16	15	15	15	15	15	20	20	20	20
Storm drain system (linear feet)	26,889	26,889	26,889	26,889	26,889	26,889	26,889	25,758	25,758	25,758
Parks and Recreation										
Parks	9	9	8	8	8	8	8	7	7	6
Community Center	3	3	2	2	2	2	2	2	1	1
Library										
Branch	1	1	1	1	1	1	1	1	1	1
Sewer										
Sewer lines (miles)	40.5	40	40	40	40	40	40	40	40	40

Source: City Budget Documents City Capital Asset List

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and
Members of the City Council
of the City of Stanton
Stanton, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Stanton, California (the City), as of and for the year ended June 30, 2017, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 16, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

White Nelson Diehl Evans LLP

Irvine, California
November 16, 2017

To the Honorable Mayor and
Members of the City Council
of the City of Stanton
Stanton, California

We have audited the financial statements of the governmental activities, business-type activity, each major fund, and aggregate remaining fund information of the City of Stanton (the City) for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated May 11, 2017 and our letter on planning matters dated May 11, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year ended 2017. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the City's financial statements were as follows:

- a. Management's estimate that an allowance for doubtful accounts was not necessary, since all amounts are deemed collectable.
- b. Management's estimate of the fair value of investments is based on quoted prices in an active market. When quoted prices in active markets are not available, fair values are based on evaluated prices received by the City's asset manager from a third party service provider.

Significant Audit Findings (Continued)

Qualitative Aspects of Accounting Practices (Continued)

- c. Management's estimate of the value of capital assets (infrastructure assets) is based on industry standards.
- d. The estimated useful lives of capital assets for depreciation purposes are based on industry standards.
- e. The annual required contributions, pension expense, net pension liability, and corresponding deferred outflows of resources and deferred inflows of resources for the City's public defined benefit plans with CalPERS are based on actuarial valuations provided by CalPERS.
- f. The annual required contribution and actuarial accrued liability for the City's Other Post-Employment Benefits Plan are based on certain actuarial assumptions and methods prepared by an outside consultant.
- g. Management's estimate of the claims payable liabilities related to general liability and worker's compensation claims are based on estimates by the claims administrators.

We evaluated the key factors and assumptions used to develop these estimates in determining that they were reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were reported in Note 11 regarding the CalPERS defined benefit plans and Note 12 regarding the City's other post-employment benefits plan.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Significant Audit Findings (Continued)

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 16, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of contributions - defined benefit pension plans, the schedule of funding progress - other post-employment benefits plan, and budgetary comparison schedules for the General Fund and Housing Authority Special Revenue Fund which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual nonmajor fund financial statements and schedules (supplementary information), which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements.

Other Matters (Continued)

We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance.

Upcoming Changes in Accounting Standards and Regulatory Updates

Procurement Rules under Uniform Guidance

The Uniform Guidance has different procurement rules than those previously required by the Circular A-133. Due to the work required by nonfederal entities to implement these new rules, a two-year grace period was given. In May 2017, an additional one-year grace period was given. Beginning July 1, 2018, nonfederal entities will be required to comply with all of the Uniform Guidance procurement rules. Included in these new rules is the requirement for written policies and procedures.

Commencing with the fiscal year 2018-2019 audits, auditors will request the written policies of the nonfederal entity for all single audits and reviewing the procurement policies and procedures for compliance with the Uniform Guidance procurement rules.

Other Postemployment Benefit Standards

In June 2015, the Government Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The scope of this Statement addresses accounting and financial reporting for postemployment benefits other than pension (other postemployment benefits or OPEB) that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures for defined benefit and defined contribution plans. This Statement requires governments to report a net OPEB liability or asset on the face of the financial statements. The City is required to implement this Statement in fiscal year ending June 30, 2018.

Restriction on Use

This information is intended solely for the information and use of City Council and management of the City, and is not intended to be, and should not be, used by anyone other than these specified parties.

White Nelson Dick Evans LLP

Irvine, California
November 16, 2017

CITY OF STANTON, CALIFORNIA

APPROPRIATIONS LIMIT WORKSHEET NO. 6

**WITH INDEPENDENT ACCOUNTANTS' REPORT
ON AGREED-UPON PROCEDURES
APPLIED TO APPROPRIATIONS LIMIT WORKSHEET**

FOR THE YEAR ENDED JUNE 30, 2017

INDEPENDENT ACCOUNTANTS' REPORT
ON AGREED-UPON PROCEDURES APPLIED
TO APPROPRIATIONS LIMIT WORKSHEET

To the Honorable Mayor and
Members of the City Council
of the City of Stanton
Stanton, California

We have performed the procedures enumerated below to the accompanying Appropriations Limit Worksheet No. 6 of the City of Stanton, California for the year ended June 30, 2017. These procedures, which were agreed to by the City of Stanton, California and the League of California Cities (as presented in the League publication entitled "Article XIII-B Appropriations Limit Uniform Guidelines") were performed solely to assist the City of Stanton, California in meeting the requirements of Section 1.5 of Article XIIB of the California Constitution. The City of Stanton's management is responsible for the Appropriations Limit Worksheet No. 6.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the completed Worksheet No. 6 for the year ended June 30, 2017, and compared the limit and annual adjustment factors included in that worksheet to the limit and annual adjustment factors that were adopted by resolution of the City Council. We also compared the population and inflation options included in the aforementioned worksheet to those that were selected by a recorded vote of the City Council.

No exceptions were noted as a result of our performing this procedure.

2. For the accompanying Appropriations Limit Worksheet No. 6, we added last year's limit to the total adjustments, and compared the resulting amount to this year's limit. We also recalculated the adjustment factor and the adjustment for inflation and population, and compared the results to the amounts on Worksheet No. 6.

No exceptions were noted as a result of our performing this procedure.

3. We compared the prior year appropriations limit presented in the accompanying Appropriations Limit Worksheet No. 6 to the prior year appropriations limit adopted by the City Council for the prior year.

No exceptions were noted as a result of our performing this procedure.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit Worksheet No. 6. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by the League publication entitled "Article XIII-B Appropriations Limit Uniform Guidelines."

This report is intended solely for the information and use of the City Council and management of the City of Stanton, California and is not intended to be, and should not be, used by anyone other than these specified parties.

White Nelson Nick Evans LLP

Irvine, California
November 16, 2017

CITY OF STANTON

APPROPRIATIONS LIMIT WORKSHEET NO. 6

For the year ended June 30, 2017

Appropriations limit for fiscal year ended June 30, 2016 (see Note 2) \$ 49,788,737

Adjustment factors for the fiscal year ended June 30, 2017 (see Note 2):

<u>Inflation Factor (Note 3)</u>	<u>Population Factor (Note 4)</u>	<u>Combined Factor</u>	
1.05370000	1.00990000	1.06413163	x <u>0.06413163</u>
Adjustment for inflation and population			3,193,033
Other adjustments (Note 5)			<u>-</u>
Total adjustments			<u>3,193,033</u>
Appropriations limit for fiscal year ended June 30, 2017			<u>\$ 52,981,770</u>

See accompanying Notes to Appropriations Limit Worksheet No. 6.

CITY OF STANTON

NOTES TO APPROPRIATIONS LIMIT WORKSHEET NO. 6

For the year ended June 30, 2017

1. PURPOSE OF LIMITED PROCEDURES REVIEW:

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), California governmental agencies are restricted as to the amount of annual appropriations from proceeds of taxes. Effective for years beginning on or after July 1, 1990, under Section 1.5 of Article XIII B, the annual calculation of the appropriations limit is subject to a limited procedures review in connection with the annual audit.

2. METHOD OF CALCULATION:

Under Section 10.5 of Article XIII B, for fiscal years beginning on or after July 1, 1990, the appropriations limit is required to be calculated based on the limit for the fiscal year 1986-87, adjusted for the inflation and population factors discussed at Notes 3 and 4 below.

3. INFLATION FACTORS:

A California governmental agency may adjust its appropriations limit by either the annual percentage change in the 4th quarter per capita personal income (which percentages are supplied by the State Department of Finance), or the percentage change in the local assessment roll from the preceding year due to the change of local nonresidential construction. The factor adopted by the City of Stanton (the City) for fiscal year 2016-2017 represents the annual percentage change in the 4th quarter per capita personal income.

4. POPULATION FACTORS:

A California governmental agency may adjust its appropriations limit by either the annual percentage change of the jurisdiction's own population, or the annual percentage change in population in the County where the jurisdiction is located. The factor adopted by the City for fiscal year 2016-2017 represents the annual percentage change in population for the County in which City is located.

5. OTHER ADJUSTMENTS:

A California government agency may be required to adjust its appropriations limit when certain events occur, such as the transfer of responsibility for municipal services to, or from, another government agency or private entity. The City had no such adjustments for the year ended June 30, 2017.

CITY OF STANTON

REPORT TO CITY COUNCIL

TO: Honorable Mayor and Members of the City Council

DATE: November 28, 2017

SUBJECT: A RESOLUTION APPROVING THE APPLICATION FOR THE CALIFORNIA VIOLENCE INTERVENTION AND PREVENTION (CaVIP) GRANT FOR THE CITY OF STANTON ADMINISTERED BY THE BOARD OF STATE AND COMMUNITY CORRECTIONS (BSCC)

REPORT IN BRIEF:

The City of Stanton desires to apply for the California Violence Intervention and Prevention (CaVIP) Grant funds from the Board of State and Community Corrections (BSCC) and requests authorization for the City Manager to submit a non-binding letter of intent to the BSCC.

RECOMMENDED ACTION:

1. City Council consider approval of Resolution No. 2017-51, entitled:

"A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA APPROVING THE APPLICATION FOR THE CALIFORNIA VIOLENCE INTERVENTION AND PREVENTION (CaVIP) GRANT FOR THE CITY OF STANTON ADMINISTERED BY THE BOARD OF STATE AND COMMUNITY CORRECTIONS (BSCC)"; and

2. Authorize the City Manager to submit a non-binding letter of intent to the Board of State and Community Corrections (BSCC) on behalf of the City of Stanton; and
3. Authorize the City Manager to perform all actions necessary and required in carrying out this Resolution including, but not limited to, the execution, in the name of the City of Stanton, any applications, any agreements, and all other documents required by the Board of State and Community Corrections, as approved by the City Attorney.

BACKGROUND:

The CaVIP Program is a State funded program administered by the Board of State and Community Corrections (BSCC). The CaVIP Grant replaces the former California Gang Violence Reduction, Intervention and Prevention (CalGRIP) Grant. The CaVIP Program

provides grants to Cities and Community-Based Organization programs that have been shown to be the most effective at reducing violence. The City wishes to apply for the 2018/2020 CalVIP Grant issued by the BSCC.

FISCAL IMPACT:

None.

ENVIRONMENTAL IMPACT:

In accordance with the requirements of the CEQA, the project is exempt from the California Environmental Quality Act ("CEQA") under Section 15061(b)(3) as the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

PUBLIC NOTIFICATION:

Made available through the normal agenda process.

STRATEGIC PLAN IMPLEMENTATION:

- 1 - Provide a Safe Community
- 5 - Provide a High Quality of Life
- 6 – Maintain and Promote a Responsive, High Quality and Transparent Government.

Prepared By:

Julie S. Roman
Community Services Director

Reviewed By:

Stephen M. Parker, CPA
Administrative Services Director

Approved By:

James A. Box
City Manager

Attachments:
Proposed Resolution No. 2017-51

RESOLUTION NO. 2017-51

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA APPROVING THE APPLICATION FOR THE CALIFORNIA VIOLENCE INTERVENTION AND PREVENTION (CalVIP) GRANT FOR THE CITY OF STANTON ADMINISTERED BY THE BOARD OF STATE AND COMMUNITY CORRECTIONS (BSCC)

WHEREAS, the CalVIP Program, a State funded program administered by the Board of State and Community Corrections (BSCC), California is soliciting grant proposals; and

WHEREAS, the CalVIP Grant replaces the former California Gang Violence Reduction, Intervention and Prevention (CalGRIP) Grant; and

WHEREAS, the CalVIP Program provides grants to Cities and Community-Based Organizations programs that have been shown to be the most effective at reducing violence; and

WHEREAS, the Board of State and Community Corrections will issue the CalVIP Grant for the grant period of May 1, 2018 through April 30, 2020; and

WHEREAS, the City of Stanton desires to authorize the City Manager to submit a non-binding letter of intent and to apply for CalVIP Grant funds from the Board of State and Community Corrections by the application due date of January 22, 2018, 5:00 p.m.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, DOES HEREBY RESOLVE THAT:

SECTION 1: The City Manager is authorized to, on behalf of the City of Stanton, submit a non-binding letter of intent and apply for the CalVIP Grant funds.

SECTION 2: The City Manager is further authorized to perform all actions necessary and required in carrying out this Resolution including, but not limited to, the execution, in the name of the City of Stanton, any applications, any agreements, and all other documents required by the Board of State and Community Corrections, as approved by the City Attorney, for participation in the California Violence Intervention and Prevention (CalVIP) Program.

ADOPTED, SIGNED AND APPROVED this 28th day of November, 2017.

CAROL WARREN, MAYOR

APPROVED AS TO FORM:

MATTHEW E. RICHARDSON, CITY ATTORNEY

ATTEST:

I, Patricia A. Vazquez, City Clerk of the City of Stanton, California DO HEREBY CERTIFY that the foregoing Resolution, being Resolution No. 2017-51 has been duly signed by the Mayor and attested by the City Clerk, all at a regular meeting of the Stanton City Council, held on November 28, 2017, and that the same was adopted, signed and approved by the following vote to wit:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

PATRICIA A. VAZQUEZ, CITY CLERK

CITY OF STANTON

REPORT TO THE CITY COUNCIL

TO: Honorable Mayor and City Council

DATE: November 28, 2017

SUBJECT: ADOPTION OF AN ART IN PUBLIC PLACES MANUAL AND FEE RESOLUTION

REPORT IN BRIEF:

At the November 14, 2017 City Council meeting, Ordinance No. 1072 was introduced to establish an Art in Public Places Program. Before Council for consideration is the final Art in Public Places Manual to establish the procedures for the Program, and a fee resolution.

RECOMMENDED ACTION:

1. Declare that the project is not a project subject to CEQA pursuant to Section 15061(b)(3) as the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA; and
2. Approve Resolution No. 2017-43 adopting the Art in Public Places Manual; and
3. Approve Resolution No. 2017-49 adopting an Art in Public Places Program fee.

BACKGROUND:

At the November 14, 2017 City Council meeting, the City Council conducted a public hearing to consider the first reading of Ordinance No. 1072, establishing an Art in Public Places Program. The Ordinance establishes the Program in the municipal code, and the basic framework, however, a manual has been established to develop the detailed procedures for the implementation of the Program. In addition, as part of the Program, there is an establishment of the minimum contribution from developers as part of the program. Under consideration by Council as part of this agenda item is the final draft of the program manual, and the establishment of the Art in Public Places fee.

ANALYSIS AND JUSTIFICATION:

The Art in Public Places Program Manual establishes the procedures for the commissioning and installation of public art sculptures as part of a new development in the

City. The guidelines for the program identify which development projects are subject to the program, the value of the artwork required based on the size of the development, establishes an Art in Lieu fund, and establishes the Art in Public Places Committee in charge of approving the proposed artwork to be installed by the developers.

As proposed, all developers of commercial projects, industrial projects, including attached and detached additions to existing commercial and industrial buildings, and residential projects of five (5) or more dwelling units, with a project valuation of over \$300,000 would be subject to participation in the Art in Public Places Program. For project valuations between \$300,000 and \$3,999,999, the developer may choose to either commission a sculpture to be placed on private property, or pay into the Art in Lieu fund. The Art in Lieu fund would collect the contributions from developers that do not wish to commission a sculpture, and may be utilized by the City to commission artwork to be placed on public property. For projects with a construction valuation of \$4,000,000 or more, the Program requires the developer to commission a sculpture to be placed on the development site, visible to the public. The approval of the commissioned artwork would be approved by the Art in Public Places Committee, which consists of two council members, the City Manager, and the Community Development Director.

The Program also establishes the minimum contribution of the project to the Art in Public Places component of the development. In an effort to reasonably and fairly set the amount of the required art allocation and fee, staff reviewed several similar ordinances from surrounding cities throughout the region. These cities included Beverly Hills, Brea, Burbank, Cerritos, Claremont, Dana Point, Norwalk, Pomona, and Santa Fe Springs. All of these cities have establish near identical fee considerations of one percent (1%) project valuation cost, with the exception of the City of Burbank, which developed a tiered system for projects with higher building valuation costs of over \$15 million.

On the basis of this diligence, staff found that tying the amount of the fee to the valuation of the applicable project, with the allocation/fee equal to one percent (1%) of the project values, creates a direct and proportionate relationship between the size of the project and the quantity or quality of artwork or fees required. As an example, if value of the construction cost associated with the project is \$2,500,000, the minimum required contribution to the Art in Public Places Program would be \$25,000. In this example, as the valuation of the project is less than \$4 million, the developer would be able to choose to either pay into the Art in Lieu fund, or commission an artist to design a sculpture to be placed on the development site at the value of \$25,000 or more.

In consideration of a new fee, the City should make findings to justify the new fee, below are the proposed justifications for the implementation of the proposed Art in Public Places Fee:

- A. There is a reasonable relationship between the acquisition of artwork through the Program and fees and the projects on which the fees are imposed by Chapter 20.533 and this Resolution, because (1) artwork will enhance the real property values within the City generally, including the projects to which the Program and

fees will apply, and (2) artwork will enhance the aesthetic values of the City as a whole, make the City an attractive place to live and visit, thereby making the City more economically vital.

- B. There is a reasonable relationship between the need for cultural amenities such as art and the projects to which the Program and fee will apply, because the development of real property generally necessitates that additional costs be incurred and amenities be provided to provide for harmonious and aesthetically pleasing environments created by the development project.
- C. The amount of the fee is reasonable related to the artwork to be acquired because the amount of the fee increases as the value of the project to which the Program will apply rises, so there will be a direct and proportionate relationship between the size of the project and the quantity or quality of artwork which can be purchased from the fees generated by the project to which the Program will apply.

Before Council for consideration are two resolutions. Resolution No. 2017-43 would approve the Program manual to establish the procedures for the commissioning of artwork or paying into the Art in Lieu Fund. Resolution No. 2017-49 would establish the Art in Public Places Fee at 1% of Project Valuation.

FISCAL IMPACT:

None.

ENVIRONMENTAL IMPACT:

In accordance with the requirements of the CEQA, this project has been determined to be exempt under Section 15061(b)(3).

PUBLIC NOTIFICATION:

Posted at three public places, and made public through the agenda-posting process.

STRATEGIC PLAN OBJECTIVE ADDRESSED:

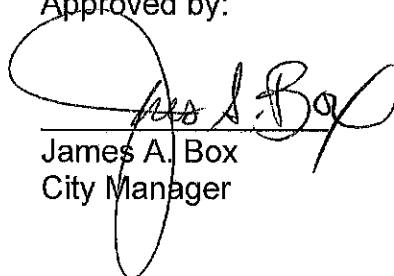
5 – Provide a high quality of life.

Prepared by:



Kelly Hart
Community & Economic
Development Director

Approved by:



James A. Box
City Manager

Attachments:

Resolution No. 2017-43 (Art in Public Places Manual included as an exhibit)
Resolution No. 2017-49

RESOLUTION NO. 2017-43

A RESOLUTION OF CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, ADOPTING AN ART IN PUBLIC PLACES MANUAL

WHEREAS, it is the City's desire to enhance the cultural and aesthetic environment of the City of Stanton, and to encourage creativity, education through the implementation of an Art in Public Places Program; and

WHEREAS, art located in public places throughout the City is an investment in the cultural vitality and economic development of a community, can increase in value, increase property values, and draw visitors and tenants; and

WHEREAS, an Art in Public Places Program will allow the City to implement a number of goals and policies from the Stanton General Plan Community Design Element, and the Livable Beach Blvd. Mobility Plan; and

WHEREAS, the goals of Stanton's Art in Public Places Program are to distinguish Stanton as a special place to live, work, play, and visit, strengthen cultural awareness, creativity, and innovative thinking in the community, integrate the vision of artists with the perspective of other design professionals into the planning and design of the urban landscape, ensure sculptures are visually accessible to every member of the community, provide a means to counterbalance what many consider to be the "negative" effects of development, build a diverse collection of permanent outdoor sculpture by qualified artists and ensure the collection is continually maintained, and create a vibrant walkable community along the City's Beach Blvd. corridor, civic areas, and community at large, and

WHEREAS, Chapter 20.533 of Title 20, the Zoning Code of the City of Stanton, requires specified development projects to comply with requirements contained in the adopted City of Stanton Art in Public Places Manual; and

WHEREAS, on October 18, 2017, the Planning Commission of the City of Stanton held a duly-noticed public hearing at which the Commission considered oral and written testimony and the entirety of the record, and recommended that the City Council adopt Ordinance No. 1072 and adopt the Manual; and

WHEREAS, on November 14, 2017, the City Council of the City of Stanton held a duly-noticed public hearing at which the Council considered oral and written testimony and the entirety of the record.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, DOES HEREBY RESOLVE, DETERMINE, FIND AND ORDER AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. CEQA Compliance. The City Council finds that this Ordinance is exempt from the California Environmental Quality Act ("CEQA") pursuant to Section 15061(b)(3) as the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

Section 3. Adoption of the Art in Public Places Manual. The City hereby adopts the Art in Public Places Manual, in substantially the form attached to this Resolution as Exhibit "A" and subject to minor modifications as approved by the City Manager and City Attorney.

Section 4. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The City declares that the City would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

Section 5. Certification. The Mayor shall sign this Resolution and the City Clerk shall certify to the adoption thereof.

Section 6. Effective Date. This Resolution shall become effective as of the effective date of Ordinance No. 1072.

PASSED, APPROVED, AND ADOPTED this 28th day of November, 2017 by the following vote, to wit:

CAROL WARREN, MAYOR

ATTEST:

PATRICIA A. VAZQUEZ, CITY CLERK

APPROVED AS TO FORM:

MATTHEW E. RICHARDSON, CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS
CITY OF STANTON)

I, Patricia A. Vazquez, City Clerk of the City of Stanton, California, do hereby certify that the foregoing Resolution No. 2017-43 was duly passed and adopted at a regular meeting of the Stanton City Council on the 28th day of November, 2017 by the following vote, to wit:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

PATRICIA A. VAZQUEZ, CITY CLERK

EXHIBIT A

ART IN PUBLIC PLACES MANUAL

[Attached behind this cover page]

RESOLUTION NO. 2017-49

A RESOLUTION OF CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, ADOPTING AN ART IN PUBLIC PLACES FEE

WHEREAS, Chapter 20.533 of the Stanton Municipal Code establishes the Art in Public Places Program ("Program"), which is intended to maintain the aesthetics of the City by ensuring that development in the City should be planned and executed with a view towards enhancing the visual character and beauty of the City; and

WHEREAS, it is the City's desire to enhance the cultural and aesthetic environment of the City of Stanton, and to encourage creativity, education through the implementation of an Art in Public Places Program; and

WHEREAS, art located in public places throughout the City is an investment in the cultural vitality and economic development of a community, can increase in value, increase property values, and draw visitors and tenants; and

WHEREAS, an Art in Public Places Program will allow the City to implement a number of goals and policies from the Stanton General Plan Community Design Element, and the Livable Beach Blvd. Mobility Plan; and

WHEREAS, the goals of Stanton's Art in Public Places Program are to distinguish Stanton as a special place to live, work, play, and visit, strengthen cultural awareness, creativity, and innovative thinking in the community, integrate the vision of artists with the perspective of other design professionals into the planning and design of the urban landscape, ensure sculptures are visually accessible to every member of the community, provide a means to counterbalance what many consider to be the "negative" effects of development, build a diverse collection of permanent outdoor sculpture by qualified artists and ensure the collection is continually maintained, and create a vibrant walkable community along the City's Beach Blvd. corridor, civic areas, and community at large, and

WHEREAS, Chapter 20.533 of Title 20, the Zoning Code of the City of Stanton, requires specified development projects to comply with requirements contained in the adopted City of Stanton Art in Public Places Manual; and

WHEREAS, on October 18, 2017, the Planning Commission of the City of Stanton held a duly-noticed public hearing at which the Commission considered oral and written testimony and the entirety of the record, and recommended that the City Council adopt Ordinance No. 1072 and adopt the Manual; and

WHEREAS, on November 14, 2017, the City Council of the City of Stanton held a duly-noticed public hearing at which the Council considered oral and written testimony and the entirety of the record, and introduced Ordinance No. 1072, and set the Ordinance for adoption at the November 28, 2017 City Council meeting; and

WHEREAS, it is the intention of the City Council to establish an Art in Public Places Program Fee for developers subject to the program as established in Chapter 20.533 of the Stanton Municipal Code, and the adopted Program Manual.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, DOES HEREBY RESOLVE, DETERMINE, FIND AND ORDER AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. CEQA Compliance. The City Council finds that this Ordinance is exempt from the California Environmental Quality Act ("CEQA") pursuant to Section 15061(b)(3) as the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

Section 3. Findings. The Stanton City Council finds as follows:

- A. There is a reasonable relationship between the acquisition of artwork through the Program and fees and the projects on which the fees are imposed by Chapter 20.533 and this Resolution, because (1) artwork will enhance the real property values within the City generally, including the projects to which the Program and fees will apply, and (2) artwork will enhance the aesthetic values of the City as a whole, make the City an attractive place to live and visit, thereby making the City more economically vital.
- B. There is a reasonable relationship between the need for cultural amenities such as art and the projects to which the Program and fee will apply, because the development of real property generally necessitates that additional costs be incurred and amenities be provided to provide for harmonious and aesthetically pleasing environments created by the development project.
- C. The amount of the fee is reasonable related to the artwork to be acquired because the amount of the fee increases as the value of the project to which the Program will apply rises, so there will be a direct and proportionate relationship between the size of the project and the quantity or quality of artwork which can be purchased from the fees generated by the project to which the Program will apply.

Section 4. Pursuant to Section 20.533.020 of the Stanton Municipal Code and the adopted Manual, All developers of commercial projects, industrial projects, including attached and detached additions to existing commercial and industrial buildings, and residential projects of five (5) dwelling units or more with a total building valuation are required to select, purchase and install permanent outdoor sculpture accessible by the general public. The required minimum art allocation shall be one percent (1%) of the total building construction valuation for projects with a valuation of \$300,000 or more.

The building construction valuation is determined using the International Conference of Building Officials (ICBO) tables in effect at the time building permits are issued.

Section 5. In lieu of providing artwork in accordance with the provisions of Chapter 20.533 and the adopted Art in Public Places Manual, an applicant with a project valuation of less than four million (\$4,000,000) may pay to the City a fee of one percent (1%) of the total building construction valuation, which is determined by the International Conference of Building Officials (ICBO) tables in effect at the time building permits are issued.

Section 6. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The City declares that the City would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

Section 7. Certification. The Mayor shall sign this Resolution and the City Clerk shall certify to the adoption thereof.

Section 8. Effective Date. This Resolution shall become effective as of the effective date of Ordinance No. 1072.

PASSED, APPROVED, AND ADOPTED this 28th day of November, 2017 by the following vote, to wit:

CAROL WARREN, MAYOR

ATTEST:

PATRICIA A. VAZQUEZ, CITY CLERK

APPROVED AS TO FORM:

MATTHEW E. RICHARDSON, CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS
CITY OF STANTON)

I, Patricia A. Vazquez, City Clerk of the City of Stanton, California, do hereby certify that the foregoing Resolution No. 2017-49 was duly passed and adopted at a regular meeting of the Stanton City Council on the 28th day of November, 2017 by the following vote, to wit:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

PATRICIA A. VAZQUEZ, CITY CLERK

City of Stanton

Art in Public Places Policy

Manual

November 2017

Adopted by Stanton City Council November 28, 2017

Art in Public Places Program
Community Development Department
Planning Division
714-890-4210

Stanton Civic Center
7800 Katella Avenue
Stanton, CA 90680
714-379-9222
www.ci.stanton.ca.us

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I. INTRODUCTION

The Creation of the Stanton Art in Public Places Program has been developed to implement certain goals and policies of the City's adopted General Plan and the Livable Beach Blvd. Mobility Plan. The Program is designed to work with private developers to integrate three dimensional sculptures and artwork throughout the community. The current the Art in Public Places Policy Manual was adopted by Stanton City Council on November 28, 2017 by Resolution No. 2017-43.

Goals of Stanton's Art in Public Places (APP) Program are:

- A. Distinguish Stanton as a special place to live, work, play, and visit.
- B. Strengthen cultural awareness, creativity, and innovative thinking in the community.
- C. Integrate the vision of artists with the perspective of other design professionals into the planning and design of the urban landscape.
- D. Ensure sculptures are visually accessible to every member of the community.
- E. Provide a means to counterbalance what many consider to be the "negative" effects of development (e.g. construction noise, traffic, congestion, and pollution).
- F. Build a diverse collection of permanent outdoor sculpture by qualified artists and ensure the collection is continually maintained.
- G. Create a vibrant walkable community along the City's Beach Blvd. corridor, civic areas, and community at large.

Public art is an investment in the cultural vitality and economic development of a community. Sculptures can become place-makers, landmarks, and foster culturally dynamic, economically vibrant communities. Sculptures and artwork can increase in value, increase property values, and draw visitors and tenants. Stanton's Art in Public Places Program provides developers a way to make a lasting and visible contribution to the community and mitigate negative impacts of development. Successful projects involve collaborations between developers, artists, public art professionals, property owners, property tenants, and the City.

We hope your experience with Stanton's Art in Public Places Program is positive and the result of our collaboration is a memorable work of art. Together, we make Stanton an exceptional place to live, work, and visit.

II. CONTACTS

The sculpture requirement is overseen by the City's Community Development Department. Certain questions may be better addressed by the City's Planning or Building Division. Below is a short list of topics and contact information for your convenience:

Art in Public Places Program:

Sculpture requirement; site selection; artist qualifications; APP Committee; sculpture approval process and deadlines; deposit of sculpture funds; sculpture maintenance, conservation, and replacement; APP Sculpture Collection; APP Policy clarification
Phone: 714-890-4210

Planning Division, Community Development Department:

Non-sculpture related development requirements; new development project lists
Phone: 714-890-4210

Building & Safety Division, Community Development Department:

Building permits for sculpture installation; questions about estimating and calculating the total project building valuation (to calculate the required sculpture allocation)
Phone: 714-890-4286

Code Enforcement Division, Community Development Department:

Notices about compliance with sculpture maintenance or replacement
Phone: 714-890-4231

III. ART IN PUBLIC PLACES SCULPTURE REQUIREMENT OVERVIEW

Developers subject to the Art in Public Places (APP) requirement must select and install permanent outdoor sculpture at their project site. Development projects with a total project valuation of between \$300,000 and \$3,999,999 have the option of contributing sculpture allocation funds to Stanton's Art Fund in lieu of installing sculpture at the project site. Development projects with a total project building valuation of \$4,000,000 or more must install sculpture at the project site.

Sculpture applications must be approved by the City. Sculpture ownership is bound by covenant to the property in perpetuity and must be maintained by successive property owners. Alteration or removal of sculpture must be approved by the City. Modifications to properties that may impact approved sculptures may require review and approval by the City.

This Manual provides detailed policy guidelines for sculpture requirements; describes the sculpture approval process; establishes requirements for sculpture ownership, maintenance, and replacement; and outlines the process for sculpture related approvals for modifications to properties with existing APP sculpture.

IV. WHICH DEVELOPMENT PROJECTS ARE SUBJECT TO THE SCULPTURE REQUIREMENT?

All development projects (exemptions below) with a total project building valuation of \$300,000 or more are subject to Stanton's Art in Public Places sculpture requirement. The total project building valuation (for superstructures) is calculated by Stanton's Building and Safety Division using the International Code Council (ICC) Building Valuation Data table in effect at the time of building permit(s) issuance. Current ICC Building Valuation Data information can be found ICC's website.

A "development project" consists of:

- All Commercial or Industrial structures subject to approval of a Minor or Major Site Plan and Design Review as indicated in Chapter 20.530 of the Stanton Municipal Code.
- All commercial or industrial structures expanding square footage, with a project valuation of \$300,000 or more.
- All residential developments with five (5) or more residential units included in the development proposal.
- Additional plans submitted to the City within one year of issuance of the Certificate of Occupancy for previously approved projects that result in additional square footage.

Projects are subject to the edition of the APP Policy Manual in effect at the time the first building permit is issued.

Exemptions:

- Residential development projects of four or fewer dwelling units
- Places of worship
- Public facilities constructed by nonprofit organizations [(501(c)(3)] or affordable housing projects are issued an exemption on a case by case basis. Contact the City for more information.

Options for meeting the APP requirement are outlined below. For Phased and Master Planned Development Projects, please see page 8 for special requirements. See page 10 for requirements for Combining Sculpture Funds for Multi-Parcel and Multi-Year Projects.

A. Development Projects with a Total Project Building Valuation between \$3,000 and \$3,999,999

All development projects with a total project building valuation of between \$300,000 and \$3,999,999 are required to:

- Select, purchase, and install a permanent outdoor sculpture at the project site that is visible and accessible from public streets

---OR---

- Contribute an amount almost equivalent to the minimum required sculpture allocation (see *How Much is the Sculpture Allocation?* on pages 8-9) to Stanton's Art Fund in lieu of installing on-site sculpture

1. Contribution to Art Fund in Lieu of On-Site Sculpture

The option to contribute to Stanton's Art Fund in lieu of installing sculpture at the project site is available only to projects with a total project building valuation of between \$300,000 and \$3,999,999. Contributions to Stanton's Art Fund will fund future public art projects on public lands. For details about how to exercise this option, please see *What are the Steps for Contributing Sculpture Funds in Lieu of Sculpture?* on pages 31-32. For submittal deadlines that may impact your construction schedule, see *How do Sculpture Approvals Factor into my Construction Schedule?* on pages 10-13.

B. Development Projects with a Total Project Building Valuation of \$4,000,000 or More

All development projects with a total project building valuation of \$4,000,000 or more are required to select, purchase, and install a permanent outdoor sculpture at the project site that is visible and accessible from public streets.

Acknowledgement of Sculpture Requirement

Developers subject to the sculpture requirement are required to sign and submit the Acknowledgement of Sculpture Requirement (page 44) with Part 1 of the Sculpture Application

C. Phased and Master Planned Development Projects

Any development project that will proceed in phases or with multiple developers or legal partners will require appointment of a lead developer to collaborate with the City to develop a plan to meet the sculpture requirement. Developers of these projects are urged to meet with staff as early in the development process as possible. The plan shall be submitted for review and approval prior to submittal of Part 1 of the Sculpture Application. The plan shall include:

- Identification of a single contact for the sculpture requirement
- Project description (e.g. location(s), uses, future owners/tenants, architectural style, etc.)
- Timeline for phases of construction, including a timeframe for sculpture installation
- Plans indicating the location(s) and number of sculptures

V. HOW MUCH IS THE SCULPTURE ALLOCATION?

The required sculpture allocation is calculated as **one percent (1%)** of the total project building valuation based upon the International Code Council (ICC) Building Valuation Data table in effect at the time the building permit for each superstructure is issued. Any additional plans submitted to the City within one year of issuance of the Certificate of Occupancy that result in additional square footage for a previously approved project will increase the sculpture allocation for a project subject to the APP requirement or may trigger the APP requirement if the total project building valuation reaches \$300,000.

For custom home developments, the project's total building valuation will be based on an estimate of the total of the homes' market values, based on lot size and the existing housing

market. The sculpture allocation will be one percent of the market value as calculated by Stanton's Building and Safety Division.

For *Allowable Expenses from the Sculpture Allocation*, see pages 13-14. For *Verification of Expenses*, see page 14.

A. Confirmation of the Sculpture Allocation

Developers shall submit an estimate of the total project building valuation, including a breakdown of square footage by type of construction and occupancy, with Part 1 of the Sculpture Application or with the contribution to the Art Fund (option available to projects with a total project building valuation of between \$300,000 and \$3,999,999 only—see *Contribution to Art Fund in Lieu of On-site Sculpture* on page 7), whichever is applicable. Developers may request confirmation of the total project building valuation from the Building and Safety Division following issuance of all building permits for structures for a project. The sculpture allocation can only be confirmed by the City following confirmation of the total project building valuation

B. Exemptions

For some projects, the following two exemptions may apply when calculating the sculpture allocation:

1. First Floor of Parking Structures

For projects that include parking structures, the square footage of the first floor of the structure will not be included in the calculation of total building valuation used to determine the required sculpture allocation. This is intended to provide a credit for the ground level parking that would otherwise be a parking lot. Any floors with non-parking mixed use will be part of the calculation of the sculpture allocation. No exemptions shall be granted for underground parking or buildings that are combinations of office or retail and parking.

2. Development of Properties with Existing APP Sculpture

For development projects valued at \$300,000 or more on properties with an existing sculpture in which existing buildings will be demolished and new buildings constructed, an artwork credit will be given for previously permitted square footage to account for prior installation of sculpture created under the Art in Public Places Program. Credit will only be given for existing sculpture in good condition that was approved by the APP Committee. Existing sculpture must be in the condition originally intended by the artist and must meet current APP requirements. Credit will not be given for sculpture on the property that does not meet these criteria.

A new sculpture obligation is required for construction of additional square footage with a total building valuation of \$300,000 or more.

C. Combining Sculpture Funds for Multi-Parcel and Multi-Year Projects

Should a developer whose project is on multiple parcels or which will proceed in phases wish to combine or “pool” sculpture allocation funds for a single sculpture, the developer shall collaborate with the City to develop an plan that includes all items listed under Phased and Master Planned Development Projects (page 8), as well as the following:

- A statement that addresses how reducing the number of sculptures throughout the development project will benefit future property owners as well as the community at large
- A description of how the maintenance of the sculpture will be funded, whether multiple property owners associations will be involved, and a plan for how the sculpture maintenance financial obligation will be fairly shared if sculpture is on a partner’s property

The plan shall be submitted by the developer(s) and approved by the City prior to submittal of Part 1 of the Sculpture Application. The pooled sculpture allocation for these projects will be an estimate until the building valuations for structures included are confirmed following issuance of all building permits.

VI. HOW DO SCULPTURE APPROVALS FACTOR INTO MY CONSTRUCTION SCHEDULE?

Described below are required sculpture approvals that should be considered when determining construction schedules for projects subject to the APP requirement. Developers are encouraged to meet with staff early in the development process to discuss options relevant to their project for satisfying the APP requirement to ensure the sculpture component proceeds in a timely manner.

For developers who will install sculpture, be aware that the sculpture application is a multi-step process (for details see *What are the Steps for the Sculpture Application and Approval Process?* on pages 25-31). Each part of the application requires review and approval, which can take up to 30 working days following submittal. Incomplete submittals will delay the process.

For projects with a total project building valuation of between \$300,000 and \$3,999,999 who opt to contribute the sculpture allocation to Stanton’s Art Fund in lieu of installing sculpture at the project site, deadlines also apply that should be considered when determining the construction schedule for a project. Please see below for details.

A. Sculpture Approvals Required Prior to Issuance of Building Permits

No building permit shall be issued for a structure of a development project subject to the Art in Public Places requirement without satisfaction of the requirements listed below.

1. For Projects Installing Sculpture at the Project Site

- Meeting with staff (see pages 25 for details)
- Submittal of all required materials for Part 1: Project Overview and Artist Qualifications of the sculpture application (pages 26-27)
- Approval of Part 1: Project Overview and Artist Qualifications by the City and, in some cases, the Art In Public Places Committee

2. For Projects Contributing Sculpture Allocation Funds in Lieu of Installing Sculpture

- Submittal of Developers Acknowledgement of APP Requirement
- Submittal Notification to Contribute Sculpture Funds in Lieu of On-Site Sculpture Installation (see page 31 for details)

B. Sculpture Approvals Required within Six Months of Issuance of Building Permits

For development projects subject to the Art in Public Places requirement, the requirements below must be satisfied within six months of issuance of building permits. Noncompliance will result in the issuance of a stop work notice and the project will be subject to administrative penalties and civil remedies per Stanton Municipal Code, unless otherwise agreed to by the City.

1. For Projects Installing Sculpture at the Project Site

- Submittal of all required materials for Part 2: Sculpture Plan (pages 27-28) of the Sculpture Application
- Scheduling of a meeting date for review and approval of Part 2: Sculpture Plan by Art in Public Places Committee (Committee review meeting dates are set within 30 working days of submittal of a complete application).

2. For Projects Contributing Sculpture Allocation Funds in Lieu of Installing Sculpture

- Site Plan
- Breakdown of square footage by type of construction and occupancy

- Contribution of the confirmed sculpture allocation amount to Stanton's Art Fund (see *Confirmation of the Sculpture Allocation* on page 9)

C. Sculpture Approvals Required Prior to Issuance of Certificates of Occupancy

No Certificate of Occupancy shall be issued for a development project subject to the Art in Public Places requirement without satisfaction of the requirements listed below.

1. For Projects Installing Sculpture at the Project Site:

- Securing a building permit for approved sculpture and related components
- Installation of approved sculpture and fulfillment of all related APP requirements
- Submittal of all required materials for Part 3: Sculpture Inspection and Final Report (pages 28-29) of the Sculpture Application
- Sculpture inspection by the City
- City approval of Part 3: Sculpture Inspection and Final Report by the City and, in some cases, the Art in Public Places Committee

If the items above have not been satisfied, developers have the option of depositing sculpture funds in trust with the City to release a Temporary Certificate of Occupancy. Please see below for details.

a. Issuance of Temporary Certificate of Occupancy and Depositing Sculpture Funds in Trust

In the event all APP requirements have not been satisfied prior to application for a Certificate of Occupancy, a developer may submit a written request to deposit their sculpture allocation in trust with the City for the completion of approved sculpture. Deposit of sculpture funds by a developer shall allow the release of a Temporary Certificate of Occupancy for the project. Please be aware that requests to deposit sculpture funds to be held in trust with the City may take up to 30 working days to process prior to release of the Temporary Certificate of Occupancy.

Requests to deposit sculpture funds shall include a timeframe for satisfaction of all sculpture requirements and documentation of payments made to date. Following the deposit of sculpture funds, the developer shall submit invoices/requests for payments to artists and related contractors to the City for disbursement from sculpture funds held in trust. Requests for disbursement require approval by the developer; therefore, artists and

contractors may not submit invoices directly to the City. Disbursements from funds held in trust will take 10 to 14 working days from receipt of a written request. No interest will be paid on funds held in trust.

If this option is selected, all sculpture requirements must be satisfied within one year of the date of deposit. If all requirements have not been satisfied within one year, the City shall then control the decision-making regarding the funds in trust and completion of the public art project.

2. For Projects Contributing Sculpture Allocation Funds In Lieu of Installing Sculpture

- Contribution of any outstanding amount (if applicable) of the confirmed sculpture allocation amount to Stanton's Art Fund

VII. WHAT EXPENSES ARE ALLOWED FROM THE SCULPTURE ALLOCATION?

Only expenses directly related to the design, fabrication, and installation of sculpture are permitted to be paid from the sculpture allocation. No credit will be given for the value of the sculpture should it be appraised at more than the amount paid by the owner. The appraised value of sculpture cannot be used in lieu of the contract amount paid to the artist for the commission or sale of a sculpture to meet the minimum required sculpture allocation.

A. Allowable Expenses from the Sculpture Allocation

- Artist fees
- Sculpture materials
- Fabrication of the sculpture
- Transportation of the sculpture
- Base, mounting, or pedestal for the sculpture
- Structural engineering for the sculpture
- Building permits for installation of the sculpture
- Identification plaque for the sculpture
- Lighting instruments specifically lighting the sculpture
- Installation of the sculpture
- Motors of subterranean equipment directly necessary for installation of the sculpture
- Water related costs for sculpture that includes artist designed water features (restrictions apply, see page 23) not to exceed 30 percent of the sculpture allocation

- Art consultant fees (if applicable) not to exceed a maximum of 20 percent of sculpture allocation (developers may negotiate an hourly rate for an art consultant's services)
- Any fees paid to public art experts (e.g. art conservators, a qualified appraisers, etc.) required by the City or Committee (if applicable)

B. Expenses Not Allowed from the Sculpture Allocation

- Expenses to locate the artist (e.g. airfare for artist interviews, etc.) Architect, landscape architect, or other design professional fees
- Sculpture site preparation (e.g. grading, demolition or removal of other items/structures, running electrical to sculpture site, etc.)
- Landscaping around a sculpture
- Items around the sculpture not conceptualized, designed, and fabricated by a qualified artist, including, but not limited to:
 - Prefabricated water features
 - Ornamental or decorative items in the area around the sculpture
 - Hardscape and seating
- Utility fees associated with activating electronic or water generated sculpture
- Lighting elements not integral to the illumination of the sculpture
- Publicity, public relations, photographs, educational materials, business letterhead or logos bearing the sculpture's image
- Dedication ceremonies, including sculpture unveiling or grand openings.

C. Verification of Expenses

Developers shall submit a final budget with Part 3 of the Sculpture Application. Sculpture expenses must meet or exceed the required minimum sculpture allocation. The City may request submittal of copies of financial records in a form acceptable to the City's Financial Services Director that document allowable sculpture expenses paid from the sculpture allocation.

VIII. WHAT ARE THE REQUIREMENTS FOR SELECTING AN ARTIST?

Developers select artists for their projects, which they may do independently or with the assistance of an art consultant. The City does not maintain a list of approved artists. Selected artists must meet the City's qualification requirements described below. Artists' past public sculpture commissions, including the contract amount paid to the artist, will be verified by the City as part of the artist approval process.

A. Artist Qualifications

An artist must be recognized by critics and peers as a professional practitioner of the visual arts. To assess the qualifications of an artist the Committee will consider the following:

- Artist's body of work
- Educational background
- Formal sculpture training
- Past and current large scale (5 feet or larger) outdoor public sculpture commissions
- Sales of work
- Exhibition records
- Publications

Artists must also have experience in the following areas:

- Successfully collaborating with design teams, architects, art consultants, developers, engineers, fabricators, and landscape architects
- Meeting schedules deadlines
- Negotiating and contracting their work responsible
- Conceptualizing, designing, fabricating, and installing large-scale outdoor sculpture similar in scope to the proposed sculpture
- The ability to demonstrate long-term outdoor durability of selected materials

Artists shall have the experience and expertise to create site specific sculpture after consideration of contextual issues related to the development project site, including:

- Architectural style
- Future use and users of the development project
- The community
- The proposed sculpture in terms of its placement within APP Collection

1. Verification of Artist's Past Public Sculpture Commissions

Artists must be able to verify the value of the proposed sculpture based on previous and current public sculpture commissions. A list of past comparable commissions or sculptures sold (e.g. similar in scope, materials, size, etc. to the proposed sculpture) shall be submitted with Part 1 of the Sculpture Application. The list of past commissions shall document amounts paid for similar sculptures by the artist that progressively increase toward or exceed the commission amount for the proposed sculpture.

Current contact information for past commissions is required for value verification. Incomplete or inaccurate information may cause delays in the approval process. The City may request additional records documenting past commission amounts paid, including but not limited to, sales contracts, invoices, and cancelled checks. Gallery list prices or asking prices of works are not necessarily comparable. Therefore, gallery list prices and asking prices are not acceptable for value verification of the proposed sculpture.

If the value of the proposed sculpture cannot be verified based on the information submitted, the City may choose, at its sole discretion, to have the artist's proposal and/or other completed works appraised by a qualified art appraiser. This expenditure shall be counted toward the total sculpture allocation and shall be borne by the developer. The appraised value of sculpture cannot be used in lieu of the contract amount paid to the artist for the commission or sale of a sculpture to meet the minimum required sculpture allocation. Please see *What Expenses are Allowed from the Sculpture Allocation?* on page 13-14 for more information.

2. Contracts

Developers shall submit an unsigned copy of the contract with the artist with Part 1 of the Sculpture Application. Developers and artists may choose to modify their contracts following feedback received after review by the City. The final contract with the artist shall include the *Comprehensive Maintenance Plan* (pages 21-22). Following approval by the City, the developer shall submit a copy of the final signed contract with Part 2 of the Sculpture Application.

IX. WHAT ARE THE REQUIREMENTS FOR SELECTING AN ART CONSULTANT?

Developers have the option of hiring a qualified, experienced public art consultant to facilitate artist selection, manage the sculpture application process, manage sculpture installation, and ensure all APP requirements have been satisfied. Submittal of an art consultant's current résumé is required with Part 1 of the Sculpture Application. Only fees paid to qualified art consultants will be allowed. Developers may negotiate an hourly rate with art consultants. Art consultant fees are not to exceed 20 percent of the sculpture allocation.

Selected art consultants must meet the following qualification requirements:

- Recognition as a professional in the field of public art by peers and other design professionals
- Educational background and training in public art
- Paid experience consulting for public art projects similar in scope to the proposed sculpture

- Expertise about public artists, installation requirements, public art approval processes, and management of the sculpture installation process
- Experience responsibly negotiating their work, the work of artists, and artist's contractors

X. WHAT DO I NEED TO CONSIDER WHEN SELECTING A SCULPTURE SITE?

Every development site is different, so selecting a location for sculpture will vary based on the design, use, and other features of the project site. Developers shall determine the location for sculpture that is most appropriate for their project. There are, however, several requirements that must be satisfied when selecting the sculpture location.

A. Visibility

One of the goals of the program is to ensure sculptures are visually accessible to every member of the community. Therefore, visibility to the general public is a key criterion in approval of sculpture location. The location of the sculpture is to be indicated on the project's site plan.

Sculpture is to be:

- Located outdoors at the project site
- Easily visible to both motorists and pedestrians
- Not greater than 50 feet from a public street
- Sculpture may not be placed near: signage (temporary or permanent—see details below), sign walls, bus benches, utility boxes, electrical/telephone poles, mail boxes, or items (either on or off the property) that may impede the public's view or diminish the aesthetic value of the sculpture

Exceptions will be considered by the City for large open or enclosed high-traffic public areas, such as shopping malls, which may request to place their sculpture(s) in an interior public location. Submittal of a written request for an exception to the requirement is required. The request shall be submitted with Part 1 of the Sculpture Application and include a description of how an interior placement of a sculpture meets the spirit and intent of the program.

B. Signage

Lettering, symbols, and/or signage are not permitted upon the sculpture or its foundation except as intended by the artist. Permanent or temporary signage of any type is not permissible on or within proximity of the sculpture. This includes the foreground, background, or adjacent areas of the sculpture. Signage should not

distract or diminish the aesthetics of the sculpture when the public views the work from the most accessible vantage points (e.g. intersections, entryways). The Committee will review signage plans with Part 1 of the Sculpture Application and may ask the applicant to provide alternative locations should the signage interrupt the public's view.

Exceptions for signage within proximity of sculpture for certain development projects, such as in-fill and mixed use, will be considered by the City on a case by case basis. If such an exemption is needed for the project, please contact staff as early as possible in the development process to discuss the specifics of the project. Submittal of a written request for an exception to the requirement is required. The request shall be submitted with Part 1 of the Sculpture Application.

C. Landscaping

The sculpture and base shall be well integrated with the surrounding softscape and hardscape. The artist shall collaborate with the landscape architect to develop a landscape plan suitable for the area surrounding the sculpture, as well as areas approaching the sculpture to ensure a clear view of the sculpture. Long term maintenance (e.g. avoiding trees/shrubs that attract birds that leave guano, dripping sap, present/future height impacting view of sculpture, etc.) should be considered when selecting plant material. Native and drought resistant plants are encouraged. Please contact the City's Planning Division (page 5) for additional landscaping requirements.

The Committee will review all landscape and irrigation plans and ask the applicant to provide alternatives should the landscaping interrupt the public's view or negatively impact the long term maintenance of the sculpture. A landscape plan shall be included with Part 2 of the Sculpture Application.

D. Irrigation

All sprinklers and irrigation devices shall be directed away from the sculpture to prevent damage. An irrigation plan shall be included with Part 2 of the Sculpture Application.

E. Easements/Encroachments

The developer is responsible for ensuring the proposed sculpture site is available and appropriate for permanent installation of large scale sculpture. Any permission needed due to Orange County Transit Authority (OCTA), County, or City easements or encroachments must be arranged prior to submittal of the proposed sculpture site with Part 1 of the Sculpture Application.

XI. WHAT ARE THE REQUIREMENTS FOR SCULPTURE?

Sculptures are conceptualized and designed by qualified artists. The following requirements and related art application submittals were developed to help ensure proposed sculpture meets the goals of the program.

A. Artistic Expression and Innovation

Artists shall demonstrate how proposed sculpture will effectively engage the public, and invite a “second look.” Works engaging to the public are often described as thought provoking, inspiring, entertaining, clever, whimsical, powerful, reflective or symbolic. Innovation and originality are encouraged and expected. The proposed sculpture should contribute to the diversity of the existing APP Collection. Information about Stanton’s APP Collection and photos of sculptures in the Collection can be found on the City’s website.

Sculptures shall be well integrated with the architecture or style of the development project. Future use and users of the project shall also be considered. Sculptures should be appropriate in scale, material, form, and content to the social and physical environments.

The Committee takes interest in the artist’s creative thought process in relationship to the specific development project. Therefore, existing works are not encouraged. The following will be considered by the Committee:

- Expressive properties (mood, feeling, message, symbolism)
- Formal properties (balance, emphasis/dominance, repetition/rhythm, unity, form/shape, texture, color)
- Relation of the proposed sculpture to the artist’s body of work
- Context (response to site, architectural style, use of project, community, APP Collection)
- Artist’s collaboration (when applicable) with other design professionals, the art consultant(s), the developer(s), and any resulting impact on the conceptualization and design of the proposed sculpture

B. Scale and Content

Sculpture must be three-dimensional and monumental in scale (excluding base). Monumental is defined as 5 feet or larger in one dimension. Sculpture not traditionally classified as singular, discrete objects and “three-dimensional sculpture” (such as environmental artwork), are not acceptable. Below are examples of types of sculpture that would not be approved by the Committee. This list is not comprehensive, but is provided for illustrative purposes.

1. Examples of Unacceptable Sculpture:

- Decorative or ornamental pieces that are not conceptualized, designed, and fabricated by a qualified artists, such as: “off the shelf” decorative items, like garden sculpture; historical markers or bells; bell towers; obelisks; architectural ornamentation or enhancements; art as advertisements or commercial signage mixed with imager; and busts or statuary memorials are generally not encouraged and will be subject to additional review criteria (see page 39, *Donations of Artwork to the City*).
- Mass produced reproductions or replicas of original works of art. Exceptions are signed sculptures by the original artist for reproduction (edition limit: five).
- Functional equipment, which may be considered part of an amenities package such as benches, chairs, fountains (for water feature requirements, see page 23), etc. except as conceptualized, designed, and fabricated by a qualified artist

C. Materials

Sculptures are to be constructed of durable, long-lasting materials that are able to withstand permanent outdoor display and require low levels of maintenance.

1. Recommended Materials

- Bronze
- Stainless Steel
- High-Grade Aluminum
- Hard stone

2. Materials Not Recommended

- Cor-ten steel
- Wood
- Soft stone (e.g. alabaster)
- Resins/Composites
- Fiberglass
- Rebar will not be acceptable for internal support of sculpture.

If applicants opt to submit a proposal for a sculpture made from materials listed as “not recommended,” the applicant must demonstrate the long-term durability and suitability for permanent outdoor display with a low level of maintenance. Other materials not listed may be considered if use in permanent outdoor sculpture can be documented and durability for permanent outdoor display can be demonstrated.

D. Permanence and Durability

Artists must be able to clearly demonstrate the quality, craftsmanship, and durability of their sculpture. Substantial consideration shall be given to:

- Permanence and weathering
- Structural and surface integrity and stability
- Resistance against theft and vandalism
- The probability of excessive maintenance and repair costs.

Rust proof materials must be used. Artists will be asked to provide a breakdown by percentage of metal alloys for bronzes. Thickness and grade/quality of steel works will be reviewed for rust proof durability. Artists shall ensure materials, armature, and connection points (including nuts, bolts, and other metal fixtures) that will be in contact with each other do not produce oxidation and rust. Additional documentation verifying the durability of materials may be requested as part of the approval process.

E. Maintenance

Artists should consider the cost and feasibility of long-term maintenance for their sculpture and are urged to use the lowest maintenance options available. Sculpture that includes materials that require frequent upkeep or replacement will not be approved.

1. Comprehensive Maintenance Plan

A Comprehensive Maintenance Plan shall be included in the Covenants, Conditions, and Restrictions (CC&R) or other legally binding covenant (see Recordation of Sculpture Ownership and Maintenance Obligation on page 22) for the project and submitted with Part 2 of the Sculpture Application. The artist's contract shall specify the timeframe during which the artist will perform maintenance or repairs (typically one year).

The Comprehensive Maintenance Plan shall include:

- Methods of cleaning, including the type of cleaning agent(s) and tools to be used (be specific); how to apply cleaning agents, wax, or other materials; number of coats and drying time; whether the work can be performed by a general maintenance service or must be performed by a professional art conservation service

- Frequency and cost estimates (current) for short term and long term maintenance, including labor, parts, and refinishing / repainting / repatinization, etc.
- Materials, finishes, sealants, manufacturers' parts cut sheets, brands and mixes of pigment, color samples, bolts and other materials.
- Lighting plan, lighting instrument cut sheets, wattage and type of bulb, timer cut sheets (if applicable)
- Fabricator, foundry, manufacturer, and subcontractor (as applicable) contact information, websites/email addresses, and addresses
- Sculpture designs/plans (if applicable)
- Availability and sources for molds, replacement parts, motors, etc. (if applicable) and current costs
- Instructions for removal, crating, and transportation, if necessary, for short term or long term maintenance (note: removal must be approved by the City)
- Description of vandal and theft resistance measures

Sculpture shall be cleaned on the property where the sculpture is permanently installed unless otherwise agreed upon by the City. The City prohibits removing sculpture from the site for any reason without explicit authorization (see *Temporary Removal of Sculpture*, page 35, and *Relocation or Permanent Removal of Sculpture*, pages 35-37).

Artists are urged to consider the environmental impact of the fabrication of their sculpture and the materials used and seek options with the least impact available.

F. Recordation of Sculpture Ownership and Maintenance Obligation

Developers are required to file a covenant, CC&R, or other form reasonably approved by the City Attorney (as applicable to the project) binding on successors to title to the subject property. The document shall include:

- Sculpture Ownership Responsibilities (pages 33-38)
- The Comprehensive Maintenance Plan (pages 21-22)
- The source of funding for ongoing maintenance or replacement of the sculpture.

A draft of the document shall be submitted with Part 2 of the Sculpture Application. A copy of the recorded covenant or CC&R shall be submitted with Part 3 of the Sculpture Application.

G. Public Liability and Safety

Sculpture will be displayed along major public streets. Sculpture must not disrupt traffic or create unsafe conditions or distractions to motorists and pedestrians that may expose the City or property owner to liability. Consideration should be given to sharp or protruding edges that may pose a danger to pedestrians. Attention should also be given to durability and ability to withstand weight, as property owners are held responsible for repairs resulting from persons climbing, sitting, or otherwise damaging the sculpture.

H. Artist Warranties of Title and Originality

The artist shall sign the Artist Warranties of Title and Originality (page 47) attesting to authorship of the sculpture, which shall be submitted with Part 3 of the Sculpture Application.

I. Multiple Editions

Sculpture that is not unique must be an edition of five or fewer. If the proposed sculpture is one of multiple editions, the applicant shall include the edition number of the piece and provide the location of all other editions. To maintain the value of the proposed work, similar editions may not be publicly displayed within a 50 mile radius of the Stanton project site without approval of the Art in Public Places Committee.

J. Water Features and Fountains

Water feature sculpture or sculpture requiring water, must be conceptualized and designed by an approved, qualified artist in order to be considered. The sculpture must stand on its own should the water cease to function properly. There must be a demonstrated collaboration between the artist and the water feature design company.

Water related costs, such as pump and pool construction, will be evaluated by the Committee for consideration as part of the overall sculpture allocation. Developers are welcome to exceed the minimum required sculpture allocation to construct a water feature. However, water features will not be accepted in lieu of the Art in Public Places sculpture requirement. No more than 30 percent of the total sculpture allocation may be utilized for artist designed water-related costs.

K. Kinetic Sculpture

Artists must demonstrate that kinetic sculpture will move as intended. Artists shall clearly define the type, degree, and frequency of movement, as well as what to expect under a variety of conditions (e.g. the amount of wind needed for a wind

sculpture, what to expect under average wind conditions in Stanton, etc.). Should the sculpture cease to move, the artist must demonstrate that the sculpture will stand on its own. Input from related experts may be requested by the City and/or Committee to confirm the artist's design and selected materials will move as the artist intends.

L. Lighting and Electrical

Artists are to provide a lighting plan indicating the location of lighting instruments, the type of instrument (manufacturer cut sheets), and wattage and type of bulb with Part 2 of the Sculpture Application.

Sculpture shall be lit from dusk to dawn. Lighting and electronic elements not integral to the sculpture will not be included as part of the sculpture allocation. Review of lighting instruments and other electrical components may be required as part of the building permit process for installation of the sculpture.

Artists are urged to select energy efficient lighting instruments, bulbs, and timers.

M. Sculpture Base, Structural Engineering, and Building Permits

Sculpture is to be permanently secured to the base. A licensed professional engineer must approve and certify the installation plans as structurally sound, safe, and durable. Installation plans approved by a licensed professional engineer shall be submitted with Part 2 of the Sculpture Application. The base shall house only the sculpture, identification plaque, and lighting instruments for the sculpture. A building permit is required for the installation of all sculptures and related lighting components.

N. Identification Plaque

Sculpture shall be identified by a cast bronze plaque approximately 8 inches x 8 inches. The artist shall designate the plaque location, which shall be permanently installed, using theft-resistant techniques, in a ground location near the sculpture or on the base and list only the following:

- Sculpture title
- Artist's name
- Installation date

The Committee must approve any additional plaques that may be requested.

O. Public Art Expert and Community Input

For some proposed sculpture, input by third party experts (e.g. engineers, art conservators, etc.) may be requested by the City or the Committee. The Committee may also request input from the community at large. The expense for these services is to be borne by the developer and is an allowable expense from the sculpture allocation.

P. Unveiling Plans

The developer shall contact the City of Stanton's Community Development Department regarding any unveiling or dedication ceremonies for the sculpture. An unveiling or dedication is optional. In the event the developer chooses to conduct an unveiling or dedication, City staff shall, upon request, provide the developer with an invitation list of City Council Members, Commissioners, Art in Public Places Committee members, and other appropriate guests. City staff shall work with the developer to promote press opportunities and public interest in the sculpture.

XII. WHAT ARE THE STEPS FOR THE SCULPTURE APPLICATION AND APPROVAL PROCESS?

Below are descriptions of submittals and approvals required for each step of the sculpture approval process. For the required submittals for developers of projects with a total project valuation of between \$300,000 and \$3,999,999 who opt to contribute sculpture allocation funds in lieu of installing sculpture at the project site, see *What are the Steps to Contribute Sculpture Funds in Lieu of Sculpture?* on pages 31-32.

A. Meeting with APP Staff

Developers shall contact Art in Public Places staff as early as possible in the development process to schedule a meeting to discuss Art in Public Places requirements, the Sculpture Application process, the Committee approval process, and their development project. This meeting is required prior to submittal of Part 1 of the Sculpture Application and prior to issuance of building permits.

B. Submittal of Sculpture Application Materials

The Sculpture Application process includes submittal of a three part application. Developers are encouraged to meet with staff to review application materials prior to formal submittal to ensure all requirements have been met. City staff reviews all materials submitted and advises the developer of any incomplete items.

Review and approval of each part of the Sculpture Application will take up to 30 working days. If any items are found incomplete, the review period will not begin until all outstanding items are received.

1. Sculpture Application Part 1: Project Overview and Artist Qualifications

Part 1 of the Application requires administrative review and approval by the City upon receipt of all required materials. Committee review and approval may be necessary for some development projects, such as phased and master planned projects or for projects with special circumstances (e.g. *Requests for Exceptions to Sculpture Requirements*, page 30). Approval is required prior to issuance of building permits for the project, unless otherwise agreed to by the City.

Submittal of two hardcopies of application materials is required. In the event Committee review and approval are required, six hardcopies of the application materials will be required. The Committee review meeting will be scheduled within 30 working days of receipt of a complete application packet. For ease of use, please include a table of contents, page numbers, and titles for each section of the application materials.

a. Required Submittals for Part 1 of the Sculpture Application

1. Art in Public Places Application Coversheet (appendix C, page 45)
2. Developer signed copy of Developer Acknowledgement of APP Requirement (Appendix B, page 44)
3. Description of the development project, including architectural style, use, location, architectural renderings, location indicated on a map (e.g. Google maps)
4. Site plan (to scale) indicating the proposed location of the sculpture
5. Photographs of proposed sculpture site taken from different perspectives (e.g. approaching site from major streets, ingress/egress of proposed sculpture site)
6. Signage plan for area around proposed sculpture site
7. Breakdown of square footage by type of construction and occupancy and developer's estimate of the sculpture allocation
8. Artist's current résumé
9. Completed Artist's History of Public Sculpture Commissions (page 46) (if contact information is incomplete or erroneous, the application will be returned as incomplete)
10. Photos, descriptions, and locations of past works (corresponding to

Completed Artist's History of Public Sculpture Commissions; additional works of similar scope and materials may also be included)

11. Other collateral (reviews, critiques, articles) of artist's past works
12. Unsigned copy of the contract with the artist
13. Art consultant's current résumé (if applicable)

2. Sculpture Application Part 2: Sculpture Plan

Developers must submit all required items for Part 2 of the Sculpture Application and schedule the Committee review meeting within six months of issuance of building permits. Noncompliance will result in the issuance of a stop work notice and the project will be subject to administrative penalties and civil remedies per Stanton Municipal Code, unless otherwise agreed to by the City.

Developers are encouraged to meet with staff to review application materials prior to submittal. Submittal of six hard copies of the application materials is required. For ease of use, please include a table of contents, page numbers, and titles for each section of the application materials. Approval of Part 2 of the Sculpture Application is required prior to issuance of the building permit for the sculpture.

a. Required Submittals for Part 2 of the Sculpture Application

1. A copy of the Part 1: Project Overview & Artist Qualifications (above), as approved
2. Artist Warranties of Title and Originality (page 47), signed by the artist
3. Artist's rendering of proposed sculpture
4. Maquette of proposed sculpture (if available-may be brought to presentation)
5. Rendering of proposed sculpture in situ clearly showing the sculpture in relation to the site/building, as the public at ground level would see it (additional perspectives approaching from major streets, ingresses/egresses are also helpful)
6. Distance between sculpture and public street
7. Physical description of the proposed sculpture, including dimensions, materials, finishes, and percentage breakdown of metal alloys
8. Samples of materials and finishes
9. Edition number and locations of other sculptures in the series (if applicable)
10. Artist statements addressing:
 - a. Concept/vision of the sculpture

- b. How the proposed sculpture fits within the body of the artist's work
 - c. The context of the proposed sculpture relative to the development project site, including architectural style, future use and users of the development project; the community; and the overall APP Collection
11. Landscape plan and irrigation plan (including placement, direction, and type of sprinklers)
 12. Lighting plan indicating the placement and direction of lighting
 13. Lighting instrument cut sheets and type and wattage of bulbs
 14. Sculpture installation plan, including armature description/materials; base description, design, materials, finishes, dimensions; and description of connection points and materials to be used for all connectors (e.g. bolts)
 15. Licensed professional engineer's approval of installation plans
 16. Projected Sculpture Allocation Budget
 17. Signed copy of artist's contract
 18. Comprehensive Maintenance Plan (pages 21-22)
 19. Draft of the CC&R or other covenant (whichever is applicable) to be filed with the county describing sculpture ownership responsibilities and the maintenance funding source (see *Recordation of Sculpture Ownership and Maintenance Obligation* on page 22)
 20. Target date for installation
 21. Unveiling or dedication plans (if applicable)

3. Part 3: Sculpture Inspection and Final Report

Administrative review and approval by the City of Part 3 of the Application is required prior to issuance of Certificates of Occupancy for projects subject to the APP requirement, unless otherwise agreed to by the City. Submittal of two hard copies of the application materials is required. Documentation of allowable sculpture allocation expenses may be requested by the City as part of the verification of expenses process (see *Verification of Expenses*, page 14). For some development projects, Committee review and approval may be necessary. In those cases, submittal of six hard copies of the application materials is required.

If the sculpture has not been installed and Part 3 of the Sculpture Application has not been submitted and approved prior to the need for the project's Certificate of Occupancy, the developer has the option of depositing their sculpture allocation in trust with the City in order to obtain a temporary Certificate of Occupancy pending satisfaction of all APP requirements (for *Issuance of Temporary Certificate of Occupancy and Depositing Sculpture Funds in Trust*, page 12-13). It may take up to

30 working days for approval of the request to deposit sculpture funds in trust to obtain a temporary Certificate of Occupancy.

a. Required Submittals for Part 3 of the Sculpture Application

1. Request for Sculpture Inspection
2. Finalized Sculpture Allocation Budget
3. Final executed copy of the CC&R or covenant (whichever is applicable) as recorded with County Recorder describing the sculpture ownership obligation, maintenance funding source, and approved Comprehensive Maintenance Plan

C. Art in Public Places Committee Review

The Art in Public Places Committee is the formal body responsible for reviewing and approving proposed sculpture and ensuring Art in Public Places proposals meet program requirements. The Committee Sculpture Application review check-list can be found on pages 52-54. Please see pages 39-40 for a full description of the Committee and its responsibilities.

Developers, along with their art consultants (if applicable) and artists, shall present application materials and be prepared to answer questions at the Committee Sculpture Application review meeting. It is important for the developer to be present at the meeting to receive the Committee's comments and suggestions should the application not be approved in full. The Committee retains the right to ask the developer, artist and/or art consultant to provide further information or demonstrate how the Sculpture Application meets the review criteria prior to giving their final decision. It may be necessary to reconvene the meeting at a later date to review a revised application.

1. Scheduling the Committee Review

Following submittal of required application materials (see *What Are the Steps for the Sculpture Application and Approval Process?* pages 25-31), staff will notify the developer of the date, time, and location of the Art in Public Places Committee review meeting. Committee review and approval is required for Part 2 of the Sculpture Application and may be required for Parts 1 and 3 of the Sculpture Application in some circumstances, such as requests for exceptions to any APP requirements. Developers will be advised by staff of whether Parts 1 and 3 will require review and approval by the Committee. The Committee shall meet within 30 working days of the date all application materials are submitted in their complete form.

2. Requests for Exceptions to Sculpture Requirements

Exceptions to Art in Public Places Program requirements are rarely granted and when given, are granted for only highly compelling reasons. Developers wishing to request an exception to an APP requirement are advised to discuss this with staff as early in the project planning process as possible, as delays in the sculpture approval process may affect a project's construction timeframe (see *How Do Sculpture Approvals Factor into My Construction Schedule?* on pages 10-13). All such requests must be made in writing, must include documentation describing the reason for the request, and must address how the proposal still meets the spirit and intent of the Art in Public Places Program. Requests for exceptions to APP requirements shall be reviewed and approved by the City and/or Art in Public Places Committee, which can take up to 30 working days.

D. Notification and Follow-Up

The developer shall be notified in writing of the Committee's decision within 14 working days of the review meeting. If the sculpture is approved, any outstanding items must be submitted prior to installation of the sculpture. If the Sculpture Application is not approved, the reason(s) for denial will be noted, including possible modifications or additions that could lead to approval. Should the developer and/or artist modify their Sculpture Application, it may be resubmitted to the Committee for reconsideration, and the Committee will reconvene to review modified Sculpture Application materials within 30 working days of submittal. Staff will notify the developer of the date, time, and location of the Committee review meeting.

1. If the Sculpture Application Is Not Approved

If one part or all of the Sculpture Application is not approved, developers have the following options:

- Accept the Committee's recommendations and make the requested modifications.
- Select a different artist to create a new design and begin the sculpture application process again.
- Appeal the Committee's decision to the City Council (See Appeal Process below).

2. The Appeal Process

The developer must file a written appeal with the City Council within 14 working days of notification of the Art in Public Places Committee's decision. The City does not grant an unlimited number of appeals. All items being appealed should be addressed in the written appeal. Upon filing an appeal, the Director of Community

Services shall set the hearing date and time and notify the applicant. The Council will receive the original application, written reports, and the appeal request. The Council may affirm, reverse, or modify in whole or in part any Committee decision or requirement. Stanton City Council shall only review appeals which are denied by the Committee. Stanton City Council's decision shall be final and conclusive.

XIII. WHAT ARE THE STEPS FOR CONTRIBUTING SCULPTURE FUNDS IN LIEU OF INSTALLING SCULPTURE?

The option to contribute to Stanton's Art Fund in lieu of installing sculpture at the project site is available to projects with a total project building valuation of between \$300,000 and \$3,999,999. Funds contributed to Stanton's Art Fund will be used for future public art projects on public lands. This option is voluntary and no interest will be paid on sculpture allocation funds contributed that are returned to developers for any reason. Following contribution of the total sculpture allocation amount, the APP requirement will be deemed satisfied by the City unless additional plans increasing the square footage of the project are submitted within one year of issuance of the Certificate of Occupancy (see *Which Development Projects are Subject to the Sculpture Requirement* on pages 6-8).

For developers of eligible development projects who wish to exercise this option, steps and relevant deadlines are described below.

A. Step 1: Notification to Contribute Sculpture Allocation Funds

For eligible development projects who wish to contribute sculpture allocation funds in lieu of installing sculpture, the following items must be submitted prior to issuance of building permits, unless otherwise agreed to by the City:

1. Developer Acknowledgment of APP Requirement (page 44)
2. Notification to Contribute Sculpture Funds in Lieu of On-Site Sculpture Installation

Eligible developers must submit a written notification, signed and dated by the developer(s) of the project, signifying their wish to contribute the full amount of the required sculpture allocation for the project in lieu of installing sculpture at the project site. The notification must include a statement acknowledging that the sculpture allocation amount contributed to meet the Art in Public Places requirement for the project is subject to change should any additional plans be submitted to the City within one year of issuance of the Certificate of Occupancy that result in additional square footage for the previously approved project. The notification must also include a statement acknowledging that no interest will be paid on sculpture allocation funds returned for any reason.

B. Step 2: Confirmation of Sculpture Allocation Amount

Prior to contributing the total sculpture allocation amount for a project to Stanton's Art Fund, developers must confirm the total project building valuation. Requests for confirmation of the total project building valuation may be submitted following issuance of building permits for all structures of a project (see *Confirmation of the Sculpture Allocation* on page 9). Submittal of following items is required:

1. Site plan for the project
2. Breakdown of square footage by type of construction and occupancy for the project
3. Request to confirm the total project building valuation

C. Step 3: Contribution of Sculpture Funds

The items below must be submitted within six months of issuance of building permits, unless otherwise agreed to by the City. Noncompliance will result in the issuance of a stop work notice and the project will be subject to administrative penalties and civil remedies per the Stanton Municipal Code.

1. Contribution in an amount equivalent to the total sculpture allocation for the project

D. Step 4: Contribution of Outstanding Sculpture Allocation Funds (if applicable)

If, for any reason, the total sculpture allocation amount has not been contributed to Stanton's Art Fund within six months of issuance of building permits, any outstanding amount must be contributed prior to issuance of the Certificate of Occupancy.

XIV. WHO IS RESPONSIBLE FOR SCULPTURE MAINTENANCE?

Sculpture is installed by developers and is to remain on the property in perpetuity. Property owners and their successors in interest are legally responsible for maintaining their sculpture in the condition intended by the artist as approved by the City and are responsible for replacing the sculpture should it be damaged beyond repair, destroyed, or stolen.

The Art in Public Places Committee or its designee shall inspect each sculpture for damage or maintenance concerns. Property owners will be informed of the results of inspections, including needed maintenance or repair. Property owners will be subject to Code Enforcement action for failure to comply with the maintenance requirements of this program.

A. Sculpture Ownership Responsibilities

Property owners shall complete needed maintenance, restoration, repairs, etc. within 30 days of notification by the City, unless otherwise agreed to by the City. Property owners shall notify the City when needed maintenance has been completed. Staff will inspect the sculpture to ensure all APP maintenance requirements have been satisfied. Maintenance not completed within this timeframe is subject to Code Enforcement action and may delay future issuance of building permits or Certificates of Occupancy, unless otherwise agreed to by the City.

1. Ongoing Maintenance

Sculpture shall be maintained according to the artist's instructions provided in the Comprehensive Maintenance Plan, including, but not limited to recommended frequencies for:

- Cleaning
- Waxing
- Repainting (if applicable)
- Replacement of parts

The following conditions must be maintained at all times:

- Sculpture and base are clean and damage free
- Landscape, hardscape, signage (permanent or temporary), etc. do not interfere with or detract from the view of the sculpture
- Sprinkler spray is directed away from sculpture
- Water, electronic, and kinetic sculptures are in good working order Sculpture is lit according to the approved lighting plan during evening and nighttime hours
- Lighting fixtures used to illuminate sculpture are in good working condition and meet all current safety standards
- Sculpture identification plaques remain in the location designated by the artist or are replaced according to City requirements if damaged or stolen Sculpture shall be cleaned on the property where the sculpture is permanently installed, unless agreed upon by the City. The City prohibits removing sculpture from the site for any reason without explicit, written authorization.

a. Funding of Maintenance

Developers and/or property owners are required to establish and maintain a source of funding to maintain the sculpture on a routine and permanent basis. The sculpture maintenance funding source is to be described in the Covenants, Conditions, and Restrictions (CC&R) or covenant filed with the County (see *Recordation of Sculpture Ownership and Maintenance Obligation*, page 22).

b. Sculpture Insurance

Public sculpture must remain permanently installed at the site as a condition of project approval, as stated in the CC&R, or in a recordable agreement, binding on successors to title to the subject property. In the event a sculpture is damaged, destroyed, or stolen, the property owner is legally responsible for repairing or replacing the sculpture (see *Replacement of Sculpture* page 37). The City urges sculpture owners to insure their sculpture for the replacement value, not for the purchase price, as sculpture often increases in value over time.

2. Repairing or Restoring Damaged Sculpture

The property owner is responsible for repairing sculpture in the event of damage and/or vandalism. Damaged sculpture shall be repaired as closely as possible to the original approved sculpture. If repair or restoration is needed, the original artist must be given first refusal on repairs for a reasonable fee. If the original artist is not available or is unwilling to perform the required repairs for a reasonable fee, the owner shall make arrangements for repairs with a reputable art conservator or other qualified professional. Property owners are encouraged to obtain several bids from qualified professionals.

The owner shall submit, in writing, the plan to repair or restore a sculpture, which shall include a description of repairs, timeframe for repairs, and a target date for completion. Property owners shall notify the City once repairs and/or restoration are complete. Sculpture will be inspected by staff to ensure all APP requirements have been satisfied. If temporary removal of a sculpture is necessary to complete repairs or restoration, please see *Temporary Removal of Sculpture*, page 35, for additional requirements.

Repairs shall be completed within 60 days unless otherwise agreed to by the City. Repairs not completed within this timeframe shall be subject to Code Enforcement action and may delay issuance of future building permits, Certificates of Occupancy, or other City related approvals.

3. Modification of Sculpture

Alteration of a sculpture affects the artist's rights and has serious legal consequences for property owners (see *Appendix A, Visual Arts Laws for Artists and Sculpture Owners*, pages 41-43). Sculpture owners wishing to modify or alter a sculpture may not do so without legal written consent from the original artist describing specific changes to which the artist has agreed, who will perform the modification, and any related changes to the maintenance plan.

Any changes agreed to by the artist must be submitted for consideration and approval by the Art in Public Places Committee. Requests for modification of sculpture must be made in writing and include an explanation for the changes, the

artist's consent, and a timeframe for completion. If a sculpture owner is unable to locate the artist or the artist's estate (if the artist is deceased), owners should submit an explanation of steps taken to locate the artist and/or the artist's estate, and submit this with the request for modification of the sculpture.

The City may request submittal of additional items depending upon the nature of the modification. Alteration of sculpture is only approved for the most compelling reasons. Requests for the modification of sculpture may take up to 30 working days for review and approval by the Committee.

Property owners shall notify the City once approved modifications are complete. Sculpture will be inspected by staff to ensure all APP requirements have been satisfied. Approved sculpture modifications must be complete within 60 days of approval unless otherwise agreed to by the City. Approved modifications not completed within this timeframe shall be subject to Code Enforcement action and may delay issuance of future building permits, Certificates of Occupancy, or other City related approvals.

4. Temporary Removal of Sculpture

The temporary removal of a sculpture requires City approval and is only granted for compelling reasons, such as sculpture restoration or risk of damage to a sculpture due to construction on the property. Requests for temporary removal of sculpture must be made in writing and submitted for review and approval by the City, which may take up to 30 working days. The request shall include the following:

- An explanation for the request
- Plan for restoration/repairs (see *Repairing or Restoring Damaged Sculpture*, page 34)
- A timeframe for reinstallation, including date of removal and date for reinstallation
- A plan for safe removal and secure storage of the sculpture

If approved, sculpture must be reinstalled by the date indicated for reinstallation in the request. Sculpture owners shall notify the City when the sculpture has been reinstalled. Sculpture will then be inspected by the City to ensure all APP requirements have been met. Sculpture owners who do not reinstall their sculpture within the approved time frame will be subject to Code Enforcement action and may also delay issuance of future building permits, Certificates of Occupancy, or other City related approvals, unless otherwise agreed to by the City.

5. Relocation or Permanent Removal of Sculpture

The indefinite removal of a sculpture from permanent display affects the artist's rights and has serious legal consequences for the property owner (see *Appendix A*,

Visual Arts Rights Laws for Artists and Sculpture Owners, pages 41-43). Sculpture owners wishing to relocate or permanently remove a sculpture may not do so without legal written consent from the original artist and approval by the City. The City will not authorize permanent removal of public sculpture except under the most extenuating circumstances.

Requests must be made in writing, include the artist's written consent, and a plan with a timeframe for relocation or replacement (see Replacement of Sculpture, page 37). If a sculpture owner is unable to locate the artist or the artist's estate (if the artist is deceased), owners should submit an explanation of steps taken to locate the artist and/or the artist's estate, and submit this with the request for relocation or removal of the sculpture.

Requests for relocation or removal of sculpture must be submitted to the Art in Public Places Committee for their consideration and approval, which may take up to 30 working days. Incomplete submittals may delay the approval process.

Below is a list of items to be submitted for Committee consideration of plans for relocation or permanent removal of sculpture. As circumstances vary, the City may request submittal of additional items.

- An explanation for the request
- The artist's written consent, including the artist's approval for permanent removal or relocation to a new site and any related modifications to the sculpture or sculpture site as originally approved by the City, such as a new base, new lighting plan, landscaping, etc.
- If unable to locate the artist or the artist's estate (if deceased), an explanation of the steps taken to locate the artist and/or estate
- Plans for how the sculpture will be removed without damage and plans for secure storage of the sculpture
- Current maintenance costs, source of ongoing funding, and future maintenance costs and funding source (if applicable)
- Draft of amended CC&R or covenant to be filed with the County reflecting sculpture ownership and maintenance (see Recordation of Sculpture Ownership and Maintenance Obligation, pages 22) should the relocation of the sculpture result in a change in sculpture ownership and ongoing maintenance funding (if approved, final executed copy must be submitted to the City prior to reinstallation)
- Plan and time line for reinstallation
- Budget for reinstallation and unsigned copies of any relevant contracts (signed copies must be submitted to the City if approved)
- Any Sculpture Application items relevant to reinstallation of the sculpture in the new location (e.g. site plan, installation plans approved by a

licensed professional engineer, lighting plans, landscape/irrigation plans, etc.)

If approved, relocated sculpture must be reinstalled by the date for reinstallation indicated in the request or shall be subject to Code Enforcement action. Sculpture owners shall notify the City when the sculpture has been reinstalled. Sculpture will be inspected to ensure all APP requirements have been satisfied. Sculpture owners who do not reinstall their sculpture within the approved time frame will be subject to Code Enforcement action and may delay issuance of future building permits, Certificates of Occupancy, or other City related approvals, unless otherwise agreed to by the City. If approval is given for permanent removal of sculpture, a new sculpture that meets all current APP requirements must be installed as a replacement (see Replacement of Sculpture below).

6. Replacement of Sculpture

In the event the sculpture is destroyed, damaged beyond repair, stolen, or otherwise removed from the site, the property owner shall notify the City in writing as soon after the event as possible. Property owners shall replace the sculpture with a sculpture that complies with all Art in Public Places requirements in effect at the time of replacement. The property owner shall submit Sculpture Application materials (see *What Are the Steps for the Sculpture Application and Approval Process?* on pages 25-31 for more information), along with documentation that the artist or, if deceased, his or her estate, has been notified about the destruction/theft of his or her sculpture, for review and approval by the Art in Public Places Committee. Review and approval may take up to 30 working days. Incomplete application packets will delay the approval process.

The multi-step Sculpture Application, approval, and replacement process shall be completed within one year of sculpture removal/theft unless otherwise agreed to by the City. Property owners who do not replace approved sculpture within the 12 month timeframe will be subject to Code Enforcement action and may delay future issuance of Building Permits, Certificates of Occupancy, or other City approvals for the property.

The minimum required allocation for the replacement sculpture can be calculated in two ways: the fair market appraisal value of the sculpture when it was in good condition prior to damage or destruction as determined by a qualified fine art appraiser or the sculpture allocation calculated when the sculpture was commissioned adjusted for inflation, as calculated by Stanton's Finance Director. Art insurance is highly recommended for sculpture.

XV. MODIFICATIONS OF PROPERTIES WITH EXISTING APP SCULPTURE

A. Construction on Properties with Existing Sculpture

Because of the variety of types of construction and possible ways it may impact existing sculpture, the City urges property owners with existing sculpture on their properties to meet with staff early in the planning process. Art in Public Places staff is available to discuss sculpture requirements as they relate to your proposed project. Even smaller construction projects such as the addition of permanent signage within proximity of a sculpture may require City and/or APP Committee review and approval to ensure changes to the property meet APP requirements.

Property owners should review requirements described in this manual prior to initiating construction on their property. Depending on the nature of the changes to your property and potential impact on the sculpture, approvals by the City may be required prior to issuance of building permits or Certificates of Occupancy.

For development of properties with existing APP sculpture in which existing sculpture will be demolished and new construction adds square footage, see *Development of Properties with Existing APP Sculpture*, page 9.

B. Subdivisions of Properties with an Existing Sculpture

Property owners who wish to subdivide a parcel in which an existing Art in Public Places sculpture is located must submit a plan for the sculpture ownership and maintenance to the City for review and approval prior to subdivision. The City may request additional items depending on the nature of the proposed subdivision and possible impact on the sculpture. Some requests may require review and approval by the Art in Public Places Committee. Review and approval may take up to 30 working days.

The subdivision plan shall include the following:

- The location of the sculpture, current ownership contact information, and current sculpture maintenance funding source
- A map showing the current parcel and a map showing the proposed subdivision Documentation that the current sculpture owners and new proposed owners (if applicable) have approved any changes in sculpture ownership that may result from the subdivision and any changes in the sculpture maintenance funding source
- A draft of new covenant or CC&R (whichever is applicable) reflecting sculpture ownership, maintenance obligation, and funding source (see *Recordation of Sculpture Ownership and Maintenance Obligation*, page 22)

- Following approval, the property owner shall submit a copy of the recorded covenant or CC&R reflecting the addition of requirements for sculpture ownership and the artist's maintenance instructions

XVI. DONATIONS OF ARTWORK TO THE CITY

Individuals, businesses, and/or groups wishing to donate artwork of any style, size, or medium, with an estimated value over \$5,000 shall provide a written request setting forth their offer to the Art in Public Places Committee. The Committee shall use established review criteria to evaluate the proposed work of art, artist, and proposed location. Other considerations may include costs to the City (e.g. transportation, installation, insurance, routine maintenance, and long-term conservation) and the impact of the donation on existing art programs (e.g. number of existing donations by the same artist).

In addition to the established review criteria, donations of memorials shall be reviewed based on the following:

- Does the memorial represent broad community values?
- Does the significance of the person(s) or event being memorialized have a timeless quality and make a statement to future generations?
- Is there some specific geographic justification for the memorial being placed at the proposed location?

If the donation is an outdoor sculpture or is a proposal to create an outdoor sculpture for display on public property (e.g. Stanton Civic & Cultural Center, Stanton Community Center, City parks), the proposal shall be referred to the Art in Public Places Committee. Proposals which are denied by the Art in Public Places Committee may be appealed to City Council. Formal gifts presented to the City Council by government contacts and sister cities shall only be reviewed according to this procedure at the sole discretion of City Council.

XVII. STANTON'S ART IN PUBLIC PLACES COMMITTEE

A. Responsibilities

The Art in Public Places Committee is the formal body responsible for reviewing all Sculpture Applications in order to ensure compliance with the Art in Public Places program criteria, as established by City Ordinance. Responsibilities include attending all public sculpture review meetings, exercising judgment that is fair and consistent with policy guidelines, advising City Council on all public art related issues, and upholding the reputation and integrity of the Art in Public Places Program and the City of Stanton. The Committee meets on an as needed basis.

The Committee consists of:

- Two Council Members of the Stanton City Council appointed by the Mayor
- City Manager
- Community & Economic Development Director

B. Length of Term

Each member is appointed for a term of two years, commencing with appointment at the first Council meeting of the calendar year. Upon term expiration, the Mayor will appoint members to the Art in Public Places Committee. There are no limits to the number of terms, or number of consecutive terms, a member may serve on the Art in Public Places Committee.

Appendix A: Visual Arts Laws for Artists and Sculpture Owners

Several federal and state laws protect the rights of visual artists and art owners. The following is only a partial listing. For more details, the City recommends that the artist and/or owner consult a lawyer specializing in visual art and copyright laws. NOTE: The laws and codes cited in this Appendix are subject to change without prior notice.

I. 1980 California Art Preservation Act

California Civil Code Section 987 et seq. applies to artwork sold or created after 1980. The Civil Code states that no person except the artist can deface, mutilate, alter or destroy a piece of art. "...The physical alteration, or destruction of fine art, which is an expression of the artist's personality, is detrimental to the artist's reputation and therefore have an interest in protecting their works of fine art against any alteration or destruction."

II. Visual Artists Rights Act of 1990

The Visual Artists Rights Act of 1990 (VARA) 17 USC Sections 101, 106A, 107, 113, 301, 411, 412, 501, 506, amends copyright law providing new rights for visual artists for artworks sold or created after June 1, 1991. The rights contained in the law extend for the life of the artist. The legislation creates a uniform, national standard for protecting visual artists' rights. It provides a mechanism for the visual artist to claim authorship of a work he or she created, as well as to prevent the use of his or her name on a work he or she did not create. The bill makes clear that this right includes the right to publish a work anonymously or under a pseudonym. The artist also has a right to demand that his or her name be removed from a work in the event of a distortion, mutilation, or other modification of the work to which the artist has not consented, and is prejudicial to his or her honor or reputation. In addition, the Act provides for a legal course of action to allow an artist under specified circumstances to prevent the destruction, distortion, mutilation, or modification of a work of visual art. In any such action, the artist has the burden of establishing that the alteration of the work is harmful to his or her professional honor or reputation.

A. Works Covered

The Visual Artists Rights Act of 1990 is limited only to "work of visual art," defined as a painting, drawing, print, or sculpture existing in a single copy or in a limited edition of 200 copies or less. The copies of a limited edition must be signed and consecutively numbered by the artist. In the case of multiple casts, carved or fabricated sculpture, the work must be a limited edition of 200 or less, be consecutively numbered by the artist, and bear the signature or "other identifying mark" of the artist.

The destruction of a work of recognized stature by an intentional act or an act of gross negligence is a violation of the artist's right and would subject the person destroying the work to suit for damages by the artist.

This law states several exceptions to the artist's rights. First, a modification of a work that is a result of the passage of time or the inherent nature of the materials is not actionable. Second, the modification of a work that is the result of conservation or the public presentation of the work including lighting and placement is not actionable unless the modification of the work is caused by gross negligence.

If a work was created prior to the effective date, the rights under the statute apply if title to the work has not been transferred prior to the effective date.

B. Transfer and Waiver

Only the artist has the rights created by VARA 1990. No rights may be transferred under this Act. Rights may be waived if the artist agrees to waive his/her rights in writing. In the case of a joint work, a waiver made by one artist waives the rights for all artists of the joint work. The transfer of ownership of a copy of a work of visual art does not constitute a waiver of rights.

C. State Law Preemption

The Visual Artists Rights Act attempts to create a uniform national standard with respect to the rights of integrity and attribution. Therefore, the Act preempts or extinguishes all legal or equitable rights that are equivalent to the rights conferred by the Visual Artists Rights Act. This general rule of preemption is subject to three important exceptions. First, the Act does not preempt rights, which are not equivalent to the rights contained in the bill; for example, California's resale royalty statute would not be preempted by this Act. Second, the statutes, which extend rights beyond the life of the artist, are not preempted by this Act. Finally, this Act does not preempt a cause of action arising from undertakings commenced before the effective date of the statute.

D. Remedy

Like copyright infringement, an artist who seeks to assert his or her rights under the statute may do so by filing a lawsuit in federal court. An artist may seek an injunction to claim authorship or disclaim false authorship of a work or to prevent distortion, mutilation or destruction of a work as outlined above. If the distortion, mutilation or destruction has already occurred, the artist can sue for damages. The artist can either establish the actual damage to his or her honor or reputation or claim the statutory damages of up to \$10,000. If the artist prevails in court, the judge may also order the defendant to pay the artist's attorney fees.

E. Removal of Visual Art from Buildings

1. If a work of visual art has been incorporated or made part of a building in such a manner that removal of the work would cause the destruction, distortion, mutilation or other modification of that work, the rights shall not apply if the artist consented to the installation of the work in the building before the effective date of the law. In addition, these rights shall not apply if the artist and the building owner have executed a written statement that installation of work may subject the work to destruction, distortion, mutilation, or other modification, by reason of its removal.
2. If the owner of building wishes to remove a work from a building and the work can be removed without its destruction, distortion, etc., the artist's rights will apply but there are exceptions. The right will not apply if the owner has notified the artist, in writing, that he or she intends to remove the work, and the artist has failed to respond to the owner's notice that the artist must either remove the work or pay for its removal within ninety days after receiving the owner's written notice. The written notice must be sent by registered mail to the artist at his or her most recent address. If the work is removed at the artist's expense, title to that copy of the work belongs to the artist.
3. In order to give the artist the practical opportunity to remove works which have been incorporated into buildings, the Register of Copyrights has established a system or records whereby the artist of work that has been incorporated in or made part of a building can record his or her identity and current address. This system provides the artist with the opportunity to update his/her personal information. In addition, the system provides the owners of buildings with the opportunity to record evidence of their efforts to comply with the law.

F. Relevant Codes

A copy of the law can be found: Federal Code; Visual Rights Act of 1990, 17 USC Sections 101, 106A, 107, 113, 301, 411, 412, 501, 506. Materials written above were excerpted from "Congress Passes Visual Artists Rights Act," National Artists Equity, autumn 1990.

City of Stanton Art in Public Places Program

Appendix B: Developer Acknowledgment of APP Requirement

The Art in Public Places (APP) program provides developers a way to make a lasting and visible contribution to the community to mitigate impacts of development. The current APP Ordinance No. 1072 was adopted by Stanton City Council in 2017. The current APP Manual was adopted by City Council Resolution No. 2017-43 on November 14, 2017. The APP requirement is also found in City of Stanton Zoning Code section 20.408.040 subsection C.4.

APP requirements are described in Stanton's APP Policy Manual. Projects valued at \$300,000 or more must allocate 1 percent of the total project building valuation (based on ICC Building Valuation Data tables in effect at the time building permits are issued) to install permanent outdoor sculpture by a qualified artist at the project site. Sculpture is to remain on the property in perpetuity, with a covenant approved by the City, executed and filed with the County of Orange Recorder binding on successors to title of the subject property, which describes sculpture ownership responsibilities, the sculpture maintenance funding source, and includes a copy of the Comprehensive Maintenance Plan provided by the artist. Projects with a total project building valuation of between \$300,000 and \$3,999,999 have the option of contributing to the sculpture allocation to Stanton's Art Fund. Projects with a total building valuation of \$4,000,000 million or more must install permanent on-site outdoor sculpture designed and fabricated by a qualified artist selected by the developer and approved by the City.

All requirements are described in Stanton's current APP Manual. Satisfaction of the APP requirement is a multi-step process with deadlines that should be considered when developing a construction schedule. As part of the process, developers are required to:

- A. Meet with Community Development staff to discuss their project and the sculpture requirement and satisfy Part 1 of the Sculpture Application or, for projects with a total building valuation between \$1.5 and \$3.99 million who opt to contribute sculpture allocation funds, submit a Notification to Contribute Sculpture Funds, prior to issuance of Building Permits for their project.
- B. Submit Part 2 of the Sculpture Application with all required materials and schedule a Committee review date or, for projects with a total building valuation between \$1.5 and \$3.99 million who opt to contribute sculpture allocation funds, contribute the confirmed sculpture allocation amount to Stanton's Art Fund, within 6 months of issuance of building permits. Noncompliance will result in the issuance of a stop work notice.
- C. Install approved sculpture and related components, satisfy Part 3 of the Sculpture Application, and complete the sculpture inspection requirement or, for projects with a total building valuation between \$300,000 and \$3.99 million who opt to contribute sculpture allocation funds, contribute any outstanding sculpture allocation amount to Stanton's Art Fund, prior to issuance of Certificates of Occupancy for the project.

Project Name: _____ Project Location: _____

Developer: _____ Phone: _____

Address: _____ Email: _____

Estimated Art Allocation: _____

I attest to the fact that I have read and understand, and agree to be bound by, the requirements of Stanton's Art in Public Places Program as a condition of approval of my Project.

Signature _____ Date _____

City of Stanton Art in Public Places Program

Appendix C: ART IN PUBLIC PLACES APPLICATION COVERSHEET

Date Submitted:	
Estimated Minimum Sculpture Allocation:	Total Building Valuation:
Project Name:	
Project Location/Address:	
Developer:	Contact Person:
Address:	
Phone:	Email:
Property Owner:	
Address:	
Phone:	Email:
Art Consultant:	
Address:	
Phone:	Email:
Artist:	
Address:	
Phone:	Email:

City of Stanton Art in Public Places Program

Appendix D: ARTIST'S HISTORY OF PUBLIC SCULPTURE COMMISSIONS

Please list works similar to the proposed sculpture in order from most recent to older commissions.
See *Verification of Artist's Past Public Sculpture Commissions* on page 15 for details. Use additional sheets if needed.

Artist Name _____ Project _____

Title	Medium	Dimensions	Purchaser, Phone Number, and Email	Location	Date of Commission	Commission Amount
Proposed work for Stanton:					To be determined	

City of Stanton Art in Public Places Program

Appendix E: Artist Warranties of Title and Originality

The City of Stanton's Art in Public Places (APP) Program provides opportunities for artists to integrate their unique perspectives permanently into the cityscape. Sculpture is to be conceptualized, designed, fabricated, and installed by qualified artists (see *Artists Qualifications*, pages 14-15 of Stanton's APP Policy Manual), their staff, and/or contractors. Sculpture is to be original or an edition of 5 or fewer; similar editions may not be displayed within a 50 mile radius of the project site without prior approval by the City. Sculpture requirements are described in Stanton's Art in Public Places Policy Manual, City of Stanton Ordinance No. 1072, and City of Stanton Zoning Code section 20.408.040 subsection C.4.

A. The Artist represents and warrants that:

The Sculpture is solely the result of the artistic effort of the Artist; and

The Artist has full and complete legal authority to create and transfer complete ownership of the Sculpture to the Developer; and

Except as otherwise disclosed in writing to the City and the Developer, the Sculpture is unique and original, or an edition of ___ of five or less, and does not infringe upon any copyright or other intellectual property right; and

No similar edition is on display within a 50 mile radius of the project site.

Artist Name: _____

Title of Sculpture: _____

Project Location: _____

Developer: _____

Artist Phone: _____

Artist Address: _____

I declare under penalty of perjury under the laws of the State of California that all of the above information is true and accurate, and that if found to be other than true and accurate, I may be eliminated from current and future consideration for participation in this program.

Signature

Date

SAMPLE

City of Stanton Art in Public Places

Appendix F: Sculpture Allocation Breakdown

Artist Design	\$ _____
Sculpture Materials	\$ _____
Sculpture Fabrication	\$ _____
Art Consultant (If applicable)	\$ _____
Transportation of Sculpture	\$ _____
Sculpture Base	\$ _____
Structural Engineering	\$ _____
Lighting/Electrical (for sculpture only)	\$ _____
Water Related Expenses (if applicable)	\$ _____
Art Appraisal (if applicable)	\$ _____
Other Expenses (please list)	
_____	_____
_____	_____
_____	_____
_____	_____
*TOTAL	\$ _____

**The total should equal or exceed the minimum sculpture allocation for the project.*

SAMPLE

City of Stanton Art in Public Places

Appendix G: CONTRACT OF SALE FOR A WORK OF ART

[NOTE: ARTIST AND COLLECTOR MUST OBTAIN THEIR OWN LEGAL ADVICE BEFORE RELYING ON OR USING THIS FORM OF AGREEMENT]

AGREEMENT made as of the ___ day of _____ in the year _____ between _____ -
 _____ (herein referred to as the Collector) located in
 _____ and _____ (herein referred to as the Artist)
 located in _____, with respect to the sale of a sculpture (herein referred
 to as the Work).

WHEREAS the Artist has created the Work and has full right, title, and interest therein;
 and

WHEREAS, the Artist wishes to sell the Work; and

WHEREAS, the Collector has viewed the Work and wishes to purchase it.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual obligations, covenants, and conditions hereinafter set forth, and other valuable considerations, the parties hereto agree as follows:

A. DESCRIPTION OF THE ARTWORK AND WARRANTY:

[Include title, style, medium, dimensions, weight, year of creation, and any other description.]

The Artist represents and warrants that:

The Work is solely the result of the artistic effort of the Artist; and

The Artist has full and complete legal authority to create, sell and transfer complete ownership of the Work to the Collector; and

Except as otherwise disclosed in writing to the City and the Collector, the Work is unique and original, or an edition of ___ of five or less, and does not infringe upon any copyright or other intellectual property right; and

No similar edition is on display within a 50 mile radius of the project site.

B. SALE AND PAYMENT

The Artist hereby agrees to sell the Work and Collector agrees to purchase the Work for a purchase price of _____. Payment shall be made in _____ installments:

- a. A deposit of \$_____ (____%) upon the signing of this Agreement.
- b. A payment of \$_____ (____%) upon _____.
- c. A final payment of \$_____ (____%) upon delivery of the completed Work.

C. DELIVERY AND INSTALLATION

[Specify location of delivery and who is responsible for shipping and installation charges.]

D. RISK OF LOSS AND INSURANCE

The risk of loss or damage to the Work shall pass to Collector upon completion of installation. The provision of any insurance to cover such loss or damage shall be the responsibility of the Collector upon completion of installation.

E. MAINTENANCE

The Collector agrees to abide by the Maintenance Instructions of the Artist listed below, as a condition of sale of the Work.

[Artist instructions, including methods, materials, frequency of routine cleaning, and suggested practices for occasional preservation treatments or conservation.]

F. NON-DESTRUCTION

Collector will not undertake or permit any intentional destruction, damage, or modification to the Work.

G. RESTORATION

Artist agrees to be responsible for repairs, not arising from intentional damage or neglect, for up to ____ year(s) (typically one year), without charge to the Collector. Collector agrees to notify Artist before any restoration is undertaken and the Artist shall have first opportunity to restore the Work, for a reasonable fee, if beyond the aforementioned time limit.

H. FUNDING SOURCE

Collector agrees to establish a funding source for necessary on-going maintenance. A homeowner's association has been designated (if applicable) to fund and care for the Work on the Collector's behalf, as specified by the Artist in this Agreement.

I. COPYRIGHT AND REPRODUCTION

The Artist reserves all reproduction rights, including the right to claim statutory copyright, in the Work. All approved reproduction shall bear copyright notice with the Artist's name and date. Artist agrees that he or she shall not permit more than five (5) editions of the Work to exist.

J. MISCELLANEOUS

The Agreement shall be binding upon the parties hereto, their heirs, successors, assigns and personal representatives. The Agreement constitutes the entire understanding between the parties; only an instrument in writing assigned by all parties can modify its terms. A waiver of any breach of any of the provisions of this Agreement shall not be construed as a continuing waiver of other breaches of the same or other provisions hereof. The laws of the State of California shall govern this Agreement.

IN WITNESS WHEREOF the parties hereto have signed this Agreement as the date first set forth above.

ARTIST

DATE

COLLECTOR

DATE

[NOTE: ART CONSULTANT AND HOA ARE NOT PARTIES TO THIS AGREEMENT]

Sculpture Maintenance Contact (the City will contact this person for future needs)

Person Name, Title: _____

Company: _____

Mailing Address: _____

Phone/Fax: _____

E-mail: _____

Appendix H: COMMITTEE CHECKLIST

Date: _____ Developer: _____

Project Name: _____ Project Location: _____

Artist: _____ Sculpture Title: _____

Committee Members: _____

Criteria	Meets Criteria	Does not Meet Criteria	Comments
I. Art Consultant Qualifications			
Experience with public art projects of Similar scope			
II. Artist Qualifications			
Education/Training in sculpture			
Exhibit records & collections			
Commissions/experience with large scale permanent outdoor artwork of similar scope/materials			
Verification of past commission amounts			
Copy of contract			
III. Artwork Site			
Clearly visible to motorists & pedestrians from a public street			
No more than 50 feet from public street			
No signage, utility boxes, landscaping, or other items limiting public view.			

Criteria	Meets Criteria	Does not Meet Criteria	Comments
IV. Artwork Concept/Design			
Conceptualized and designed by approved artist			
Original and does not infringe upon any copyright (editions limited to 5)			
Artwork is site specific or site appropriate			
Scale: 5' or larger (excluding base)			
Considered place in the APP Collection			
Proposal demonstrates how work will engage public interest (e.g. provokes discussion, intrigues, entertains, etc.)			
Is community input/survey requested?			
Artistic Content (for discussion only): <ul style="list-style-type: none"> Expressive properties (mood, feeling, message, symbolism) Formal properties (balance, emphasis, color, repetition/rhythm, unity, form/shape, texture) 			
V. Artwork Materials/Maintenance			
Comprehensive maintenance plan			
List/samples of materials, finishes, manufacturer information, fabricator information, fabrication plans			
Permanent, weather and rust resistant media, armature, and base; foundry materials breakdown by percentage			
Is art conservator or public art expert input requested?			
Resistant to vandalism and graffiti			
Landscape will not pose future visibility or conservation problems			

Criteria	Meets Criteria	Does not Meet Criteria	Comments
Irrigation plan indicates water spray is directed away from sculpture			
Maintenance plan demonstrates the work is low maintenance			
Is art conservator or public art expert input requested?			
Maintenance fund established?			
VI. Installation			
Base well integrated to landscape			
Lighting plan and lighting instruments			
Sculpture identification plaque location indicated			
Installation plans approved by Licensed Professional Engineer			
Poses no liability or safety problems			
VII. Forms/Contracts/Documentation			
Signed Developer Acknowledgment of APP Requirement			
Signed copy of contract with artist			
Signed Artist Warranties of Title & Originality			
Signed copy of contract with art consultant (if applicable)			
Copy of recorded covenant			

Committee requests for input, conditions of approval, etc.:

CITY OF STANTON

REPORT TO THE CITY COUNCIL

TO: Honorable Mayor and Members of the City Council

DATE: November 28, 2017

SUBJECT: **APPEAL OF PLANNING COMMISSION'S REVOCATION OF CONDITIONAL USE PERMIT C17-04, WHICH ALLOWED FOR THE CONTINUED OPERATION OF A MASSAGE ESTABLISHMENT AT THE PROPERTY LOCATED AT 10450 BEACH BLVD., #104 IN THE CG (COMMERCIAL GENERAL) ZONE; SUBMITTED BY BILL MINH, THE ESTABLISHMENT OPERATOR**

REPORT IN BRIEF:

Consideration of an appeal of the Planning Commission's decision to revoke Conditional Use Permit C17-04, which allowed for the operation of a massage establishment at the property located at 10450 Beach Blvd. #104. The basis for the revocation was several violations of Stanton Municipal Code Section 20.400.190 as well as several violations of Conditional Use Permit C17-04.

RECOMMENDED ACTION:

1. The City Council hold a public hearing; and
2. Declare the project exempt from CEQA under Section 15321 (Enforcement Actions by Regulatory Agencies)
3. The City Council consider Resolution No. 2017-48 upholding the Planning Commission's revocation of Conditional Use Permit C17-04 and denying the appeal.

BACKGROUND:

On May 17, 2017, the Planning Commission held a public hearing to consider the business owner's request for Conditional Use Permit C17-04, which would allow for the continued operation of Red Rose Massage, located at 10450 Beach Blvd., Suite 104. Staff presented a report to the Commission describing the inspections conducted by the City prior to the public hearing. At that time, although violations were noted, none of the violations were identified as serious in nature. As such, at the conclusion of the public hearing, the Commission voted to adopt Planning Commission Resolution No. 2433 ("Resolution of Approval"), approving the Conditional Use Permit, subject to conditions of approval and adherence to the Stanton Municipal Code requirements.

A Conditional Use Permit allows the Planning Commission to consider specific characteristics and the proposed location of an individual land use when deciding whether to approve or deny the establishment of the proposed use. A conditional use permit also allows the Commission to attach conditions of approval to a permit that would limit adverse impacts to surrounding uses and properties.

The business owner received a copy of the Resolution of Approval and recorded the document with the County of Orange as Document No. 2017000321086. The business owner also began the process of filing for a Massage Establishment License, which, to date, has not yet been completed.

After the Planning Commission hearing, City staff conducted a number of inspections of the subject business. During these inspections, a number of serious violations of the Resolution of Approval and Municipal Code were identified, resulting in staff's recommendation that the Planning Commission revoke the Conditional Use Permit.

On October 18, 2017, the Planning Commission held a public hearing to consider revocation of Conditional Use Permit C17-04, which allowed for the continued use of the existing massage establishment. At the conclusion of the public hearing, the Planning Commission unanimously determined that the massage establishment had violated operational standards set forth in the Stanton Municipal Code related to Massage Establishments and certain conditions of approval set forth in Conditional Use Permit C17-04. As such, the Planning Commission revoked Conditional Use Permit C17-04. Within the 10-day appeal period, the operator of Red Rose Massage, Mr. Bill Minh, filed an appeal of the Planning Commission's action to revoke CUP No. C17-04.

ANALYSIS/JUSTIFICATION:

PROJECT LOCATION/DESCRIPTION- The subject property is located at 10450 Beach Boulevard, Suite 104, a 1.5 acre parcel located north of the northeast corner of Beach Boulevard and Cerritos Avenue. In addition to this massage establishment, the shopping center, C & S Plaza, is home to a number of businesses including other massage establishments, a nail salon, a restaurant, and various retail uses.

The site is located in the CG (Commercial General) zone and carries a General Plan land use designation of General Commercial. Surrounding zoning and uses include a U.S. Post Office and retail and restaurant uses in the CG (Commercial General) zone to the north, a convenience store and various restaurants in the CG zone to the south, Continental Garden Apartments in the RH (High Density Residential) zone to the east and the Indoor Swap Meet in the CG zone to the west.

OPERATIONS – Red Rose Massage opened in August 2013 and according to City business license information, currently has two massage technicians and one receptionist. The business has three private massage rooms, a shower room, an employee area, a waiting room and a unisex restroom. Red Rose Massage is open daily from 9 am to 10 pm.

CITY INSPECTIONS AND CITATIONS- Staff inspected the site on four occasions since Conditional Use Permit C17-04 was approved and noted the following violations of State or Local Codes:

Inspection (May 2017) - Staff inspected Red Rose Massage on May 25, 2017. When staff arrived, they were greeted by the owner. Staff noted that in addition to the owner, there were two employees in the employee breakroom, one male customer, each, in two massage rooms, and an unidentified individual lying on the shower table at the site. Staff asked the owner and the employees for their identification and CAMTC cards and found that the only CAMTC-

certified massage technician on-site was the owner. One of the employees, the receptionist, had a business license, and the other employee neither had a CAMTC certification nor a City business license. When staff questioned the owner who was performing massages on the multiple customers, he stated he was the only massage technician performing massages on all three customers.

When staff entered one of the massage rooms to conduct an inspection, they found an unwrapped condom on the shelf, indicating that sexual activity likely takes place at the massage establishment. City staff immediately asked the owner about the condom, and he provided no explanation but offered an apology. The presence of sexual paraphernalia, such as condoms, which are designed for use in connection with specified sexual activities are prohibited by the Stanton Municipal Code related to Massage Establishments (20.400.190). Additionally, the presence of an employee working without a City business license is a violation of the Stanton Municipal Code. The owner was given an administrative citation for having an employee work at the establishment without a business license and for the presence of sexual paraphernalia at the establishment. Staff also issued an administrative citation to the employee for working without a City business license. Neither of the citees contested the citations, and both paid the fines, thereby accepting liability for the violations.

Inspection (July 2017) - Staff conducted another inspection on July 12, 2017. When staff arrived, they found the front lobby door open, with the open sign and lights on inside the location. No one was in the front lobby. After ringing the doorbell to the interior employee section several times, City staff received no response. As such, City staff waited outside of the suite until a receptionist exited the storefront, shut the door, and locked it behind her. When asked to provide her identification, staff noted that she was a receptionist who was licensed with the City. Staff asked her if they could inspect the location, to which she answered she did not have a key to unlock the front door and that no one else was inside. However, while waiting in the parking lot, City staff observed two women exiting the establishment. City staff approached them to ask them for identification. One of the women had a current city business license as a receptionist and the other woman did not have a business license and could not provide a reason why she was at the massage establishment. The three individuals who were seen leaving the establishment escorted City staff inside the establishment to allow them to conduct the inspection. Upon entering, City staff found that there were no customers nor additional employees inside, and that no licensed massage technicians were on-site. Per SMC, a licensed massage technician is required to be on-site during business hours. Administrative citations were issued to the employee for not having a City business license. Also, the business owner and property owner were cited for having an employee without a City business license. The citees did not contest the citation, and they paid the fines, thereby accepting liability for the violations.

Inspection (August 2017) - Staff conducted another inspection on August 15, 2017. When staff arrived, they noticed an employee escorting a customer outside the hallway door and to the exit. City staff asked all employees on-site to provide identification. When the employee who was observed escorting a customer out to the exit was asked to provide her identification, she refused. City staff called the Sheriff's Department to request that an officer assist City staff with an identification check. Staff continued to conduct the inspection and noted that a worker who only had a business license for receptionist duties and no CAMTC certification was observed coming out a closed massage room with another customer. While conducting the

inspection, staff observed the employee who refused to provide identification running out the door and through the parking lot. Staff requested that she come back into the establishment until sheriff deputies arrived, and she returned to the business. Once sheriff deputies arrived, that employee provided the Sheriff Deputy with a passport, and staff noted that she did not have a City business license to work at the establishment, which is a violation of SMC 5.04.010, which provides that all independent contractors must first obtain a business license. Staff issued administrative citations to one of the employees for performing massage without a valid CAMTC certificate, as the employee's business license only entitled her to provide receptionist duties. Staff also issued an administrative citation to the employee who attempted to leave the premises during the inspection for not having a City business license. Administrative citations were also issued to the business owner and property owner for having an employee without a business license, not providing City staff with a register of all of the establishment's workers, and for allowing an employee to provide massage services without a valid CAMTC license. The citees did not contest the citation and paid the fines, thereby accepting liability for the violations.

Inspection (September 2017) - Staff conducted another inspection on September 15, 2017. When staff arrived, they were greeted by two employees, both whom had City-issued business licenses, but neither were the designated manager on-site. Per the SMC, a designated manager is required to be on-site during business hours. Staff continued the inspection and noted that the store front window was covered, which is a violation of SMC 20.400.190 (C)(4), which provides that storefront windows shall be transparent to provide clear visibility into the unit during operating hours. Administrative citations were issued to the business owner and property owner for failing to have a designated manager on-site and for having obstructed store front windows. The citees did not contest the citation and paid the fines, thereby accepting liability for the violations.

PLANNING COMMISSION HEARING AND BASIS FOR REVOCATION – Section 20.630.050 of the Stanton Municipal Code allows the Planning Commission to set a public hearing to consider revocation of a conditional use permit for noncompliance with the performance standards set forth in the Municipal Code and also the approved resolution if the review authority first makes any one of the following findings:

1. Circumstances under which the permit or approval was granted have been changed by the applicant to an extent that one or more of the findings that justified the original approval can no longer be made, and the public health, safety, and welfare require the modification or revocation;
2. The permit or other approval was granted, in whole or in part, on the basis of a fraud, misrepresentation, or omission of a material statement in the application, or in the applicant's testimony presented during the public hearing, for the permit or approval;
3. One or more of the conditions of the original permit or approval have not been substantially fulfilled or have been violated;
4. The approved use or structure, except those approved under a Conditional Use Permit and Minor Use Permit, was not commenced within the time period specified in the approval, permit, or this Zoning Code;

5. The approved use or structure has ceased to exist or has been suspended for a period of at least 180 days;
6. An improvement authorized in compliance with the permit or approval is in violation of any applicable code, law, ordinance, regulation, or statute; or
7. The improvement/use allowed by the permit or approval has become detrimental to the public health, safety, or welfare or the manner of operation constitutes or is creating a nuisance.

At the October 18, 2017 public hearing to consider revocation of Conditional Use Permit C17-04, the Planning Commission found that there were substantial grounds to revoke the conditional use permit based on the above findings, specifically #1, #3 and #7. Based on the recent inspections conducted by city staff, the business owner has demonstrated noncompliance with the conditions contained in Planning Commission Resolution No. 2433, specifically:

Condition #7: The Community Development Director, City Manager, or authorized representatives shall have the right to enter any and all portions of the massage establishment, from time to time, unannounced, for the purpose of making reasonable inspections to observe and enforce compliance with this approval and any City or State requirement. (SMC 20.400.190(C)(4))

Condition #8: If it is observed by City representatives that individuals are avoiding, evading, and/or delaying City inspection or interview by, among other things, leaving the premises, locking doors, hiding within the business and/or otherwise denying access to any other portion of the facility besides the main lobby, the City shall consider the applicant to be denying the City inspection of the premises, and such actions shall be grounds for an administrative citation and review of the conditional use permit.

Condition #15: The storefront windows of the massage establishment shall be transparent to provide clear visibility into the unit. The windows shall not be obscured by curtains, blinds, or other temporary devices during operating hours. (SMC 20.400.190(C)(4))

Condition #16: A massage business licensee shall have the premises supervised at all times when open for business by the operator or a designated manager. A person designated as the responsible managing officer shall be on the premises at all times of operation and must be registered with the City Manager by the owner to receive all complaints and citations. The appointment of a managing officer in charge must be in writing with the managing officer in charge acknowledging this appointment. The violation upon the premises of any massage establishment of any provision of this chapter by any agent, employee or independent contractor of the holder of a massage business license shall constitute a violation by the licensee. (SMC 20.400.190(D)(1))

Condition #17: Each massage establishment shall have at least one person who has a valid CAMTC certification on the premises at all times while the establishment is open for business. (SMC 20.400.190(D)(2))

Condition #18: The operator of a massage establishment shall maintain a register of all persons employed as a massage technician and their CAMTC certification numbers, along with all receptionists, or other employees of the establishment. Such register shall be provided to the City upon application of a massage establishment license and business license, and shall be updated when an employee, massage technician, or independent contractor is added or discontinues services at the establishment. Notification shall be provided to the City within 10 calendar days of the date an employee, massage technician, or independent contractor is added or discontinues service at the establishment. The register shall also be made available for inspection by representatives of the City at any time during the establishment's business hours. If the register is not made available during inspection, the establishment may receive an administrative citation, along with any individual, not including patrons, at the establishment that cannot be verified as a legal employee. (SMC 20.400.190(D)(3))

Condition #24: There shall be no display, storage, or use of any instruments, devices, or paraphernalia which are designed for use in connection with specified sexual activities, including, but not limited to, vibrators, dildos, or condoms, or any goods or items which are replicas of, or which simulate, specified anatomical areas, or pornographic magazines, videos, or other material. (SMC 20.400.190(D)(9))

Condition #44: Any person providing massage or any other service at this location shall hold a valid City of Stanton business license. (SMC 5.04.010)

Condition #45: Prior to an individual performing services on patrons, the proper State issued licenses including but not limited to cosmetology, esthetician, barber, and/or massage shall be obtained.

Stanton Municipal Code Section 20.400.190 (I) *Massage Establishments, Nuisances* further provides that "any massage establishment operated, conducted, or maintained contrary to the provisions of this chapter shall be unlawful and a public nuisance...". Because Red Rose Massage has a demonstrated pattern of violating the SMC provisions applicable to the operation and Massage Establishments, it is a public nuisance. Therefore the continuation of this use at this location would adversely affect the public convenience, health, interest, safety and general welfare, constitute a nuisance, and be materially detrimental to the improvements, persons, property, or uses in the vicinity and zone in which the property is located. There is substantial evidence that Red Rose Massage has allowed or facilitated illicit sexual activity to occur on the premises, as evidenced by a condom found in the massage room during a City inspection. Sexually-related paraphernalia within a massage establishment is strictly prohibited by the City and its Code.

Further, allowing massage technicians to provide massage services to customers without valid CAMTC licenses directly harms the health, safety, and welfare of the community because the State only certifies massage technicians who have the requisite education and training to provide massages. Certified technicians have paid the appropriate fees to the State and are in "good standing" with the State, which investigates massage technicians, as necessary. Massage technicians may not legally provide massage services to customers without a valid State-certification. Moreover, Red Rose Massage has failed to provide adequate supervision of the business by not having the required designated manager on-site, which also harms its

clients and the surrounding community. In addition, Red Rose Massage has obstructed in City investigations by refusing to provide information about its employee register, locking the door to the establishment during business hours when City staff has attempted to conduct an inspection, and employing an individual who tried to leave the premises during City investigations so that she would not be questioned by staff. These actions resulted in the City being unable to fully evaluate the establishment's business operations, as required by the Stanton Municipal Code.

After consideration of public testimony from the business owner via an interpreter, the staff report, resolution and entire record, the Planning Commission voted to revoke Conditional Use Permit C17-04.

APPEAL – On October 30, 2017, Mr. Minh filed an appeal of the Planning Commission's decision to revoke Conditional Use Permit C17-04 to the City Council. The basis of the appeal stated by Mr. Minh and provided in Attachment B, can be summarized with the Appellant's assertion that the violations were not sufficient to provide grounds for revocation of the conditional use permit.

City Staff's Response to Appeal

1. The appellant asserts that the Planning Commission's revocation is not supported by the evidence and that the violations were minor, not serious in nature.

City Response: Condition of Approval #1 of Resolution No. 2433 which approved the conditional use permit to allow the continued operation of Red Rose Massage provides that if the City discovers *any* violation of the CUP, the City has discretion to review the CUP. Specifically, the condition provides:

"Based on violations found during inspections and/or complaints received from police reports, abutting property owners, and/or businesses, the Planning Division may schedule the conditional use permit for immediate review by the Planning Commission to consider modifying any condition of the permit or adding new conditions, or the Planning Commission may also consider revoking the permit if the applicant has violated any permit condition, the Stanton Municipal Code (SMC), or State or federal law."

An account of each inspection conducted by staff was included in the staff report provided to the Planning Commission and also included in this report. Based on recent inspections conducted by city staff, the business owner has demonstrated noncompliance with the conditions contained in Planning Commission Resolution No. 2433, including: obstructing and evading City inspection or interview (Planning Condition #8), obscured storefront windows during operating hours (Planning Condition #15), lack of manager on the premises while open for business (Planning Condition #16), lack of employee register or list (Planning Condition #18), an employee/contractor working without a business license (Planning Condition #44), and the presence of a condom in the massage room (Planning Condition #24).

The SMC does not designate that certain offenses are more "serious" than others, or that

the City may only reconsider the permit when certain "serious" violations occur. Rather, the SMC and the Conditional Use Permit simply provide that *any* violation of any permit condition or the SMC may cause the Planning Commission to reconsider a permit. However, City staff notes that the violations that were discovered at the establishment were particularly harmful to the public health, welfare, and safety. For example, the lack of a CAMTC certified massage therapist on-site constitutes a serious violation because the State only certifies massage technicians who have the requisite education and training to provide massages. Certified technicians have paid the appropriate fees to the State and are in "good standing" with the State, which investigates massage technicians, as necessary. Massage technicians may not legally provide massage services to customers without a valid State-certification. Additionally, the massage establishment is also likely allowing or facilitating illicit sexual activity on the premises, as evidenced by an unwrapped condom found on the shelf in a massage room.

2. The appellant states that there was no evidence of sexual activity.

City Response: The Stanton Municipal Code does not require that staff observe sexual activity on the premises in order for the City to revoke a conditional use permit. Rather, Section 20.400.190.D.9 of the Stanton Municipal Code provides, "there shall be no display, storage, or use of any instruments, devices, or paraphernalia which are designed for use in connection with specified sexual activities, including, but not limited to, vibrators, dildos, or *condoms ...*" (Emphasis added.) Eight days after the Planning Commission granted the underlying Conditional Use Permit, staff observed an unwrapped condom in a massage room. Condoms are specifically called out in the City's Code as paraphernalia that are designed for use in connection with sexual activities. As such, the Conditional Use Permit may be revoked due to the presence of a condom on the premises.

3. The appellant states that new licensed personnel were hired to replace to Code offenders, as such, the appellant has acted in good faith to comply with the SMC and the Conditional Use Permit.

City Response: The Appellant's replacement of personnel who previously violated the City's Code does not absolve the owner/operator of the violations that took place at the establishment. Section 20.400.190.D.1 of the SMC provides that the violation of the City's massage regulations upon the premises of any massage establishment "by any agent, employee or independent contractor of the holder of a massage business license shall constitute a violation by the licensee." The business owner is responsible for understanding the City's massage establishment regulations, as identified in the City's Code, and is also responsible for ensuring that employees understand those regulations. Indeed, the Appellant was deemed to have understood the conditions attached to the Conditional Use Permit; the appellant recorded the conditions against the property on August 3, 2017. Although the Appellant took steps to address the City's concerns by allegedly hiring new individuals to replace employees who violated Code regulations, those actions do not negate the fact that the violations existed.

4. Responding to the inspection of August 15, 2017, the appellant claims that the non-massage technician in the massage room was a receptionist who was serving as an interpreter between the massage technician and the customer. The Appellant claims that

during the inspection of, August 15, 2017 City staff misidentified cleaning staff as masseuses.

City Response: The Appellant indicates that the receptionist who was cited for performing massage without a CAMTC certification was only in the massage room to be a language interpreter for the patron and massage therapist. However, City staff noted that at the time of the inspection, the receptionist was observed coming out of the massage room which had the door closed with a male customer inside without a certified massage technician in the room. If the receptionist was in the room to provide translation services, then the licensed and certified massage therapist should have also been in the room at the same time as the receptionist.

Regarding the allegation that City staff misidentified cleaning staff as the masseuse, an employee was observed escorting a patron through the hallway and to the exit, and then proceeded to leave the premises to avoid being questioned. Even if the individual was employed as a member of the cleaning staff, she was still found to be working at the establishment without a city business license because even cleaning staff are required to have City business licenses to work in the City.

5. A lesser penalty than revocation would be more appropriate.

City Response: Conditional Use Permit C17-04 was approved to allow the continued operation of the massage establishment. The conditional use permit contained conditions of approval relating to operational standards and also allows the Planning Commission to consider revocation of the permit if the operator violates *any* of the conditions of approval or Stanton Municipal Code. Based on the violations which occurred during City inspections after the approval of the conditional use permit, staff identified a number of serious violations at the premises that could put the public health and welfare in jeopardy. City staff also observed sexual paraphernalia on-site, which indicates that illicit sexual activity likely occurs on the premises. As such, the Planning Commission deemed revocation as the appropriate measure for this massage establishment.

The Appellant has not provided any evidence to dispute the City's inspection records as part of the Appellant's appeal letter. In the letter, the Appellant does not dispute the fact that, among other things, a condom was found on the premises, unlicensed and uncertified massage therapists were identified on-site during the identified inspections, and the business was in operation without a CAMTC-certified massage therapist on-site. Although the Appellant worked to correct some of the violations after the City cited the Appellant, the Appellant's actions do not negate the fact that the violations occurred at the premises in violation of the City's Code and in violation of the Conditional Use Permit.

FISCAL IMPACT:

None.

ENVIRONMENTAL IMPACT:

In accordance with the requirements of the CEQA this project has been determined to be categorically exempt under Section 15321(Enforcement Actions by Regulatory Agencies).

PUBLIC NOTIFICATION:

Notice of Public Hearing was mailed to all property owners within a five hundred-foot radius of the subject property, posted at three public places, and made public through the agenda-posting process.

STRATEGIC PLAN:

1 – Provide a Safe Community

Prepared by,



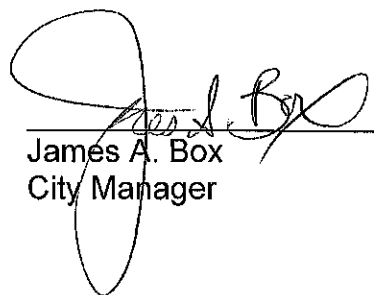
Rose Rivera
Associate Planner

Reviewed by,



Kelly Hart
Community & Economic
Development Director

Approved by,



James A. Box
City Manager

ATTACHMENTS

- A. City Council Resolution No. 2017-48 for the denial of the appeal
- B. Letter of Appeal from Business Owner (dated October 30, 2017)
- C. Planning Commission staff report and attachments (dated October 18, 2017)

RESOLUTION NO. 2017-48

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA UPHOLDING THE PLANNING COMMISSION'S REVOCATION OF CONDITIONAL USE PERMIT C17-04, WHICH, ALLOWED FOR CONTINUED OPERATION OF A MASSAGE ESTABLISHMENT FOR THE PROPERTY LOCATED AT 10450 BEACH BOULEVARD, SUITE 104 IN THE CG (COMMERCIAL GENERAL) ZONE, AND DENYING THE APPELLANT'S APPEAL

WHEREAS, on May 17, 2017, the Planning Commission held a public hearing to consider Conditional Use Permit C17-04 to allow for the continued operation of Red Rose Massage, located at 10450 Beach Blvd., Suite 104; and

WHEREAS, said Commission, after due consideration of all reports and testimony at said hearing, adopted Planning Commission Resolution No. 2433 approving Conditional Use Permit C17-04 subject to conditions of approval and adherence to the Stanton Municipal Code requirements; and

WHEREAS, the business owner received a copy of the Resolution of Approval and recorded the document with the County as document No. 2017000321086 on August 3, 2017 and also began the process of filing for a Massage Establishment License with the City of Stanton; and

WHEREAS, since the Planning Commission's approval of Resolution No. 2433, City staff has conducted inspections of the subject business and found a number of serious violations of the Resolution of Approval and Municipal Code Section 20.400.190 *Massage Establishments* including: an employee working without a CAMTC certification, the presence of a condom in a massage room, the absence of a designated manager on-site at all times, not having a CAMTC certified massage technician on-site at all times, employing individuals who obstructed in City investigations and who fled the premises during City inspections, which resulted in the City being unable to fully evaluate the establishment's business operations, failing to provide an employee register and the tinting of storefront windows of the massage establishment, which did not provide clear visibility into the unit. These violations resulted in the action to propose revocation of the Conditional Use Permit to the Planning Commission; and

WHEREAS, on October 18, 2017, the Planning Commission of the City of Stanton held a public hearing to consider revocation of Conditional Use Permit C17-04 which allowed for the continued operation of Red Rose Massage; and

WHEREAS, said Commission, after due consideration of all reports and testimony at said hearing, including arguments from Bill Minh, the massage establishment's owner/operator, adopted Planning Commission Resolution No. 2450 revoking Conditional Use Permit C17-04; and

WHEREAS, on October 30, 2017, Bill Minh, owner of Red Rose Massage, submitted an appeal of the Planning Commission's decision to revoke Conditional Use Permit C17-04 to the City Council within the 10-day appeal period; and

WHEREAS, on November 28, 2017, the City Council held a duly-noticed public hearing and considered the staff report, recommendations by staff, and public testimony concerning the appeal; and

WHEREAS, the Council has carefully considered all pertinent testimony and information contained in the staff report prepared for this appeal as presented at the public hearing; and

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

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF STANTON DOES HEREBY FIND:

SECTION 1: Recitals. The City Council hereby finds that all of the facts, findings and conclusions set forth above in this resolution are true and correct.

SECTION 2: CEQA. Based upon the environmental form the City Council exercises its independent judgment and finds that the project, as conditioned hereby, is categorically exempt from environmental review under the California Environmental Quality Act, Section 15321(Enforcement Actions by Regulatory Agencies) because the project involves the revocation of an existing conditional use permit.

SECTION 3: Findings. On the basis of substantial evidence on the record, including, but not limited to, the written and oral staff reports, together with all written documents and all testimony presented at the public hearing, the City Council finds, in accordance with the requirements as set forth in Section 20.630.050 of the Stanton Municipal Code, as follows:

- A. Circumstances under which the permit or approval was granted have been changed by the applicant to an extent that one or more of the findings that justified the original approval can no longer be made, and the public health, safety, and welfare require the modification or revocation.**

Conditional Use Permit C17-04 was approved subject to the Planning Division's standard conditions and conditions specific to massage establishments intended to minimize the likelihood that illegal or illicit activity would occur. In addition, the CUP provided that any evidence that the establishment violated the SMC or any of the conditions of approval could lead to the immediate reconsideration of the Conditional Use Permit by the Planning Commission and potential revocation of the approval.

During the recent inspections conducted by City staff since Conditional Use Permit C17-04 was approved, the operator of Red Rose Massage has

demonstrated violations of Section 20.400.190 *Massage Establishments* and SMC 5.04.010 *Business Licenses and Regulations, License Required*. The establishment has allowed uncertified massage therapists to provide services to customers, which directly harms the health, safety, and welfare of the community. Individuals who do not have valid certification from the State may not provide massage services to customers. Additionally, there is substantial evidence that Red Rose Massage has allowed or facilitated illicit sexual activity to occur on the premises, as evidenced by an unwrapped condom found on a shelf in a massage room. Further, Red Rose Massage has failed to provide adequate supervision of the business by having a designated manager on-site at all times, and the lack of oversight harms customers and the surrounding community. Finally, Red Rose Massage has shown to obstruct in City investigations by employing individuals who did not allow City staff access to the premises or who did not provide necessary identification to City staff, which results in the City being unable to fully evaluate the establishment's business operations, as required by Condition of Approval #8 Conditional Use Permit 17-04.

These actions demonstrate that the business no longer meets the finding for the conditional use permit, specifically, "the proposed is allowed within the applicable zone and complies with all other applicable provisions of this Zoning Code and Municipal Code"; as well the finding which provides, "the site's suitability ensures that the type, density, and intensity of use being proposed will not adversely affect the public convenience, health, interest, safety, or general welfare, constitute a nuisance, or be materially detrimental to the improvements, persons, property, or uses in the vicinity and zone in which the property is located." This massage establishment has a pattern of violations that harm the health, welfare and safety of the public. The business is directly adjacent to multifamily housing units and commercial uses including restaurants, retail stores, and personal service businesses. The violations and likely illicit sexual activity associated with this business are incompatible with businesses catering to the needs of the community at large and the adjacent residential units. Sexual activity is prohibited at the site, and the use of massage technicians who do not have valid State-certification directly and negatively impacts the health, safety, and welfare of the community and residents who use the business' services. Without a State-certification, it is unknown whether the massage therapist has the proper education to provide massage services to customers or are otherwise in good standing with the State, which is the investigatory arm for massage technicians.

B. One or more of the conditions of the original permit or approval have not been substantially fulfilled or have been violated.

Inspections conducted by City staff on various occasions have found that the massage establishment was in violation of the conditions of approval for Conditional Use Permit C17-04, specifically:

Condition #7: The Community Development Director, City Manager, or authorized representatives shall have the right to enter any and all portions of the

Resolution No. 2017-48

Page 3

massage establishment, from time to time, unannounced, for the purpose of making reasonable inspections to observe and enforce compliance with this approval and any City or State requirement; and,

Condition #8: If it is observed by City representatives that individuals are avoiding, evading, and/or delaying City inspection or interview by, among other things, leaving the premises, locking doors, hiding within the business and/or otherwise denying access to any other portion of the facility besides the main lobby, the City shall consider the applicant to be denying the City inspection of the premises, and such actions shall be grounds for an administrative citation and review of the conditional use permit.

During an inspection conducted on July 12, 2017, Staff noted that upon initial arrival to conduct the inspection during business hours, there was no employee responding to the doorbell. While City staff waited outside for an employee to come out, an employee exited the establishment, locked its door, and then attempted to leave without being questioned. When staff asked the exiting employee if they could inspect the location, the employee stated that she did not have a key to unlock the business and that no one else was inside. City staff later observed two other women exiting the establishment.

In addition, during an inspection conducted on August 15, 2017, City staff observed an employee who was unwilling to provide identification upon request by City staff, and who left the establishment despite City staff's requests that she stay. The employee who left the establishment against City staff's requests was later found to not have a business license. Based on these two inspections, Red Rose Massage has shown to obstruct in City investigations by employing individuals who did not allow City staff access to the premises and also who did not provide necessary identification to City staff, which results in the City being unable to fully evaluate the establishment's business operations, as required by the conditions of approval for Conditional Use Permit C17-04.

Condition #15: The storefront windows of the massage establishment shall be transparent to provide clear visibility into the unit. The windows shall not be obscured by curtains, blinds, or other temporary devices during operating hours.

Based on observations by City staff at an inspection conducted on September 15, 2017 the front window was covered, a violation of SMC 20.400.190 (C)(4) which provides that storefront windows shall be transparent to provide clear visibility into the unit during operating hours.

Condition #16: A massage business licensee shall have the premises supervised at all times when open for business by the operator or a designated manager. A person designated as the responsible managing officer shall be on the premises at all times of operation and must be registered with the City Manager by the owner to receive all complaints and citations. The appointment of a managing officer in charge must be in writing with the managing officer in charge acknowledging this appointment. The violation upon the premises of any massage establishment of any provision of this chapter by any agent, employee

or independent contractor of the holder of a massage business license shall constitute a violation by the licensee.

During an inspection conducted on September 15, 2017, City staff noted that a designated manager was not on-site, which is a violation of SMC 20.400.190(D)(1).

Condition #17: Each massage establishment shall have at least one person who has a valid CAMTC certification on the premises at all times while the establishment is open for business; and

Condition #45: Prior to an individual performing services on patrons, the proper State issued licenses including but not limited to cosmetology, esthetician, barber, and/or massage shall be obtained.

During inspections conducted on July 12, 2017 and September 15, 2017, City staff noted that a CAMTC certified massage technician was not on-site which is a violation of SMC 20.400.190(D)(2).

Condition #18: The operator of a massage establishment shall maintain a register of all persons employed as a massage technician and their CAMTC certification numbers, along with all receptionists, or other employees of the establishment. Such register shall be provided to the City upon application of a massage establishment license and business license, and shall be updated when an employee, massage technician, or independent contractor is added or discontinues services at the establishment. Notification shall be provided to the City within 10 calendar days of the date an employee, massage technician, or independent contractor is added or discontinues service at the establishment. The register shall also be made available for inspection by representatives of the City at any time during the establishment's business hours. If the register is not made available during inspection, the establishment may receive an administrative citation, along with any individual, not including patrons, at the establishment that cannot be verified as a legal employee.

During inspections conducted on August 15, 2017, City staff noted the business operator failed to provide the City with a register of employees, which is a violation of SMC 20.400.190(D)(3).

Condition #24: There shall be no display, storage, or use of any instruments, devices, or paraphernalia which are designed for use in connection with specified sexual activities, including, but not limited to, vibrators, dildos, or condoms, or any goods or items which are replicas of, or which simulate, specified anatomical areas, or pornographic magazines, videos, or other material.

City staff observed the presence of an unwrapped condom found on a massage room shelf during an inspection conducted on May 25, 2017. When City staff questioned the operator about the condom, the operator offered no explanation and merely apologized for the violation. The presence of sexual paraphernalia, such as condoms, which are designed for use in connection with specified sexual activities are prohibited per SMC 20.400.190(D)(9).

C. The improvement/use allowed by the permit or approval has become detrimental to the public health, safety, or welfare or the manner of operation constitutes or is creating a nuisance.

Stanton Municipal Code Section 20.400.190 (l) *Massage Establishments, Nuisances* provides that "any massage establishment operated, conducted, or maintained contrary to the provisions of this chapter shall be unlawful and a public nuisance...". Because Red Rose Massage has a demonstrated pattern of violating the SMC provisions applicable to the operation and Massage Establishments, including operating without a CAMTC licensed individual on-site, operating without a designated manager on-site, locking the business during business hours to evade City inspection, failing to provide a register of all employees and the presence of sexual paraphernalia on-site, it is deemed a public nuisance. Therefore, the continuation of this use at this location would adversely affect the public convenience, health, interest, safety and general welfare, constitute a nuisance, and be materially detrimental to the improvements, persons, property, or uses in the vicinity and zone in which the property is located.

Red Rose Massage has a demonstrated pattern of violating applicable provisions of the Municipal Code, including the provisions of Section 20.400.190 *Massage Establishments*, which are intended to prevent illegal and illicit activity, including illicit sexual activity. There is substantial evidence that Red Rose Massage has allowed or facilitated illicit sexual activity to occur on the premises, as evidenced by an unwrapped condom found on a massage room shelf during an inspection. Moreover, the establishment appears to allow uncertified massage therapists to provide services to customers, which directly harms the health, safety, and welfare of the community. The State's certification of massage therapists ensures that the therapist has the required training to provide services, have paid their fees, and are in good standing. Massage therapists who do not have valid certification from the State may not provide massage services to customers. Further, Red Rose Massage has failed to provide adequate supervision of the business by having the required designated manager and CAMTC-certified employees on-site, which also harms its clients and the surrounding community. In addition, Red Rose Massage has obstructed in City investigations by refusing to provide information about its employee register, locking the door to the establishment during business hours when City staff attempted to conduct an inspection, and employing an individual who tried to leave the premises during City investigations so that she would not be questioned by staff. These actions resulted in the City being unable to fully evaluate the establishment's business operations, as required by the Stanton Municipal Code.

SECTION 4: That based upon the above findings and on the entirety of the record including the staff report, written and oral testimony, and this Resolution, the City Council hereby upholds the Planning Commission's approval of the revocation of Conditional Use Permit C17-04, which allowed for the operation of a massage

establishment at 10450 Beach Boulevard #104, in the CG (Commercial General) and the General Mixed Use Overlay and denies Appellant's appeal.

SECTION 5: The documents and materials associated with this Resolution that constitute the record of proceedings on which these findings are based are located at Stanton City Hall, 7800 Katella Ave. Stanton, California, 90680. The Community Development Director is the custodian of the record of proceedings.

SECTION 6: If any provision of this Resolution is held invalid, the remainder of this Resolution shall not be affected by such invalidity, and the provisions of this Resolution are severable.

SECTION 7: Certification. The City Clerk shall certify to the adoption of this Resolution and cause a copy to be transmitted to the City Clerk.

ADOPTED, SIGNED AND APPROVED by the City Council of the City of Stanton at a regular meeting held on November 28, 2017 by the following vote, to wit:

CAROL WARREN, MAYOR

ATTEST:

PATRICIA A. VAZQUEZ, CITY CLERK

APPROVED AS TO FORM:

MATTHEW E. RICHARDSON, CITY ATTORNEY

ATTEST:

I, PATRICIA A. VAZQUEZ, City Clerk of the City of Stanton, California DO HEREBY CERTIFY that the foregoing Resolution, being Resolution No. 2017-48 has been duly signed by the Mayor and attested by the City Clerk, all at a regular meeting of the Stanton City Council, held on November 28, 2017, and that the same was adopted, signed and approved by the following vote to wit:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

PATRICIA A. VAZQUEZ, CITY CLERK



CITY OF STANTON

APPEAL FORM AND HANDOUT

City Clerk's Office
7800 Katella Avenue, Stanton, CA 90680
Phone: (714) 379-9222 Fax: (714) 890-1443

CITY OF STANTON

PAID

CITY OF STANTON
ONLY

OCT 30 2017

OCT 30 2017

CITY CLERK'S OFFICE

An appeal shall be filed within ten (10) calendar days after the final action of the Planning Commission.

APPEAL OF: ☒ Planning Commission Decision (\$1,235 fee)

Type of Permit (example: Conditional Use Permit): CONDITIONAL USE PERMIT Permit Number: C17-04

Address of Project: 10450 BEACH BLVD, Suite 104 Decision Date: OCT 18, 2017

APPELLANT INFORMATION

Name of Applicant (Appellant): RED ROSE MASSAGE, by owner Bill Minh

Mailing Address: 10450 BEACH BLVD, Suite 104, STANTON

Telephone Number: () - - Email: ALL INQUIRIES TO GO THROUGH ATTORNEY'S OFFICE Below

In what capacity is the appellant filing? ☐ Recorded Property Owner ☐ Interested Party ☒ Effected Party

PROPERTY OWNER INFORMATION (IF KNOWN)

Name of Property Owner: _____

Mailing Address: _____

Telephone Number: () - - Email: _____

Describe what portion(s) of the decision you are appealing: THE REVOCATION OF THE CUP.

Describe the Purpose for Your Appeal (be specific): REVOCATION IS NOT SUPPORTED BY THE EVIDENCE

THE VIOLATIONS WERE MINOR, NOT SERIOUS. THERE WAS NO EVIDENCE OF SEXUAL ACTIVITY;

NEW LICENSED PERSONNEL WERE HIRED TO REPLACE THE OFFENDERS; A RECEPTIONIST IS ALLOWED

TO BE A LANGUAGE INTERPRETER IN ANY ROOM OF THE BUSINESS; CITY STAFF MISIDENTIFIED

CLEANING STAFF AS MASSCUSES; A LEWER DISCIPLINE WOULD BE MORE APPROPRIATE

APPLICANT CERTIFICATION:

I hereby certify that all information contained in this application is, to the best of my knowledge, true and correct. FALSE OR MISLEADING INFORMATION GIVEN IN THIS APPLICATION SHALL BE GROUNDS FOR DENYING APPLICATION. I hereby grant the City authority to post required public notices.

Signature: _____

Date: 10-29-2017

ATTORNEY FOR OWNER, Bill Minh

RONALD TALMO, ATTORNEY



CITY OF STANTON REPORT TO THE PLANNING COMMISSION

TO: Chairperson and Members of the Planning Commission

DATE: October 18, 2017

**SUBJECT: PUBLIC HEARING TO CONSIDER THE REVOCATION OF
CONDITIONAL USE PERMIT C17-04 FOR A MASSAGE
ESTABLISHMENT LOCATED AT 10450 BEACH BOULEVARD, SUITE
104 IN THE CG (COMMERCIAL GENERAL) ZONE.**

RECOMMENDED ACTION

That the Planning Commission:

- Conduct a public hearing;
- Declare that the project is categorically exempt per the California Environmental Quality Act (CEQA), Section 15321 (Enforcement Actions by Regulatory Agencies); and
- Adopt Resolution No. 2450 revoking Conditional Use Permit C17-04 and making the corresponding findings.

BACKGROUND

On May 17, 2017, the Planning Commission held a public hearing to consider the Conditional Use Permit C17-04 to allow for the continued operation of Red Rose Massage, located at 10450 Beach Blvd., Suite 104. Staff presented a report to the Commission itemizing the inspections conducted by the City prior to the public hearing. At that time, although violations were noted, none of the violations were identified as serious in nature. As such, at the conclusion of the public hearing, the Commission voted to adopt Planning Commission Resolution No. 2433 ("Resolution of Approval"), approving the Conditional Use Permit subject to conditions of approval and adherence to the Stanton Municipal Code requirements.

A Conditional Use Permit allows the Planning Commission to consider specific characteristics and the proposed location of an individual use when deciding whether to approve or deny establishment of the proposed use. A conditional use permit also allows the Commission to attach conditions of approval to a permit that would limit adverse impacts to surrounding uses and properties.

The business owner received a copy of the Resolution of Approval and recorded the document with the County as document No. 2017000321086. The business owner also began the process of filing for a Massage Establishment License.

After the Planning Commission hearing, City staff conducted a number of inspections of the subject business. During these inspections, a number of serious violations of the Resolution of Approval and Municipal Code were identified, resulting in the action to propose revocation of the Conditional Use Permit to the Planning Commission.

ANALYSIS/JUSTIFICATION

PROJECT LOCATION/DESCRIPTION- The subject property is located at 10450 Beach Boulevard, Suite 104, a 1.5 acre parcel located near the northeast corner of Beach Boulevard and Cerritos Avenue. In addition to this massage establishment, the shopping center, C & S Plaza, is home to a number of businesses including massage establishments, a nail salon, a restaurant, and various retail uses.

The site is located in the CG (Commercial General) zone and carries a General Plan land use designation of General Commercial. Surrounding zoning and uses include a U.S. Post Office and retail and restaurant uses in the CG (Commercial General) zone to the north, a convenience store and various restaurants in the CG zone to the south, Continental Garden Apartments in the RH (High Density Residential) zone to the east and the Indoor Swap Meet in the CG zone to the west.

OPERATIONS – Red Rose Massage opened in August 2013 and according to City business license information, currently has two massage technicians and one receptionist. The business has three private massage rooms, a shower room, an employee area, a waiting room and a unisex restroom. Red Rose Massage is open daily from 9 am to 10 pm.

CITY INSPECTIONS AND CITATIONS- Staff has inspected the site on four occasions since Conditional Use Permit C17-04 was approved and noted the following violations of State or Local Codes:

Inspection (May 2017) - Staff inspected Red Rose Massage on May 25, 2017. When staff arrived, they were greeted by the owner. Staff noted that there were two workers, two customers and an unknown person in the third room. Staff asked all of the workers for their identification and CAMTC cards and found that the only licensed massage technician on-site was the owner. The receptionist had a business license and another employee found on-site did not have a CAMTC license or a City business license. When staff questioned the owner who was performing massages on the multiple customers, he stated he was the only one performing massages on all three customers.

When staff entered a massage room in the establishment to conduct the inspection, they found an unwrapped condom on the shelf, indicating that sexual activity likely takes place at the massage establishment. When City staff asked the owner about the condom, he provided no explanation and only offered an apology. The presence of sexual paraphernalia, such as condoms, which are designed for use in connection with specified sexual activities are prohibited by the Stanton Municipal Code related to Massage Establishments (20.400.190). In addition, the presence of an individual working without a City business license is a violation of the Stanton Municipal Code. An administrative citation for having an employee working without a business license and the presence of sexual paraphernalia was issued to the business owner. Staff also issued an administrative citation to the employee for working without a City business license. The citees did not contest the citations and paid the fines.

Inspection (July 2017) - Staff conducted another inspection on July 12, 2017. When staff arrived, they found the front lobby door open, with the open sign and lights on inside the location. After ringing the doorbell to the interior employee section several times, there was no response so City staff waited outside of the suite until a receptionist exited the storefront and shut the door and locked it behind her. When asked to provide her identification, staff noted that she was a receptionist who was licensed with the City. Staff asked her if they could inspect the location, to which she answered she did not have a key to unlock the front door and that no one else was inside. However, while waiting in the parking lot, City staff observed two women exiting the establishment. City staff approached them to ask them for identification. One of the women had a current city business license as a receptionist and the other woman did not have a business license and could not provide a reason why she was at the massage establishment. City staff was granted permission to conduct the inspection and found that no licensed massage technicians were on-site. Per SMC, a licensed massage technician is required to be on-site during business hours. Administrative citations were issued to the employee for not having a City business license. Also, the business owner and property owner were cited for having an employee without a City business license. The citees did not contest the citation and paid the fines.

Inspection (August 2017) - Staff conducted another inspection on August 15, 2017. When staff arrived, they noticed an employee escorting a customer outside the hallway door and to the exit. City staff asked all employees on-site to provide identification, and when the employee who was observed escorting the customer out to the exit was asked to provide her identification, she refused. City staff called the Sheriff's Department to send an officer to assist with an identification check. Staff continued to conduct the inspection and noted that a worker who only had a business license for receptionist duties and no CAMTC certification was observed coming out a massage room with another customer. While conducting the inspection, staff observed the employee who refused to provide identification running out the door and through the parking lot. Staff required that she come back into the establishment until sheriff deputies arrived, and she returned to the business. Once sheriff deputies arrived, the employee was able to provide a passport, and staff noted that she did not have a City business license to work at the establishment. Staff issued administrative citations to an employee for performing massage without a valid CAMTC certificate, as the employee's business

license only entitles her to provide receptionist duties and also to the employee who attempted to leave the premises during the inspection for not having a City business license. Administrative citations were also issued to the business owner and property owner for having an employee without a business license, not providing a valid list of all workers and having an employee performing massage without a valid CAMTC license. The citees did not contest the citation and paid the fines.

Inspection (September 2017) - Staff conducted another inspection on September 15, 2017. When staff arrived, they were greeted by two employees, both whom had city issued business licenses, but were not the designated manager on-site. Per the SMC, a designated manager is required to be on-site during business hours. Staff continued the inspection and noted that the store front window was covered, a violation of SMC 20.400.190 (C)(4) which provides that storefront windows shall be transparent to provide clear visibility into the unit during operating hours. Administrative citations were issued to the business owner and property owner for failing to have a designated manager on-site and for having obstructed store front windows. The citees did not contest the citation and paid the fines.

Staff performs dozens of massage establishment inspections citywide each year, and seldom finds conclusive evidence of sexual activity. Indeed, most businesses have demonstrated improvements in their compliance with State and City licensing requirements and adherence to the City's Massage Establishment Ordinances adopted in January 2015. Staff inspections of Red Rose Massage, however, show a decline in business practices, and serious violations of the Stanton Municipal Code, California Massage Therapy Council regulations, and State Law at the site.

REVOCATION CONSIDERATION – As established in the approval of Conditional Use Permit C17-04, any evidence that the establishment violates the SMC or any of the conditions of approval may lead to immediate reconsideration of the conditional use permit by the Planning Commission and potential revocation of the permit approval. Further, Section 20.630.050 of the Stanton Municipal Code allows the Planning Commission to set a public hearing to consider revocation of a conditional use permit for noncompliance with the performance standards set forth in the Municipal Code and also the approved resolution if the review authority first makes any one of the following findings:

1. Circumstances under which the permit or approval was granted have been changed by the applicant to an extent that one or more of the findings that justified the original approval can no longer be made, and the public health, safety, and welfare require the modification or revocation;
2. The permit or other approval was granted, in whole or in part, on the basis of a fraud, misrepresentation, or omission of a material statement in the application, or in the applicant's testimony presented during the public hearing, for the permit or approval;
3. One or more of the conditions of the original permit or approval have not been substantially fulfilled or have been violated;

4. The approved use or structure, except those approved under a Conditional Use Permit and Minor Use Permit, was not commenced within the time period specified in the approval, permit, or this Zoning Code;
5. The approved use or structure has ceased to exist or has been suspended for a period of at least 180 days;
6. An improvement authorized in compliance with the permit or approval is in violation of any applicable code, law, ordinance, regulation, or statute; or
7. The improvement/use allowed by the permit or approval has become detrimental to the public health, safety, or welfare or the manner of operation constitutes or is creating a nuisance.

Staff believes there is sufficient evidence to confirm that there are adequate grounds to revoke the conditional use permit based on the above findings, specifically #1, #3 and #7. Based on the recent inspections conducted by city staff, the business owner has demonstrated noncompliance with the conditions contained in Planning Commission Resolution No. 2433, specifically:

Condition #7: The Community Development Director, City Manager, or authorized representatives shall have the right to enter any and all portions of the massage establishment, from time to time, unannounced, for the purpose of making reasonable inspections to observe and enforce compliance with this approval and any City or State requirement.

Condition #8: If it is observed by City representatives that individuals are avoiding, evading, and/or delaying City inspection or interview by, among other things, leaving the premises, locking doors, hiding within the business and/or otherwise denying access to any other portion of the facility besides the main lobby, the City shall consider the applicant to be denying the City inspection of the premises, and such actions shall be grounds for an administrative citation and review of the conditional use permit.

Condition #15: The storefront windows of the massage establishment shall be transparent to provide clear visibility into the unit. The windows shall not be obscured by curtains, blinds, or other temporary devices during operating hours. (SMC 20.400.190(C)(4))

Condition #16: A massage business licensee shall have the premises supervised at all times when open for business by the operator or a designated manager. A person designated as the responsible managing officer shall be on the premises at all times of operation and must be registered with the City Manager by the owner to receive all complaints and citations. The appointment of a managing officer in charge must be in writing with the managing officer in charge acknowledging this appointment. The violation upon the premises of any massage establishment of any provision of this chapter by any agent, employee or independent contractor of the holder of a massage business license shall constitute a violation by the licensee. (SMC 20.400.190(D)(1))

Condition #17: Each massage establishment shall have at least one person who has a valid CAMTC certification on the premises at all times while the establishment is open for business. (SMC 20.400.190(D)(2))

Condition #18: The operator of a massage establishment shall maintain a register of all persons employed as a massage technician and their CAMTC certification numbers, along with all receptionists, or other employees of the establishment. Such register shall be provided to the City upon application of a massage establishment license and business license, and shall be updated when an employee, massage technician, or independent contractor is added or discontinues services at the establishment. Notification shall be provided to the City within 10 calendar days of the date an employee, massage technician, or independent contractor is added or discontinues service at the establishment. The register shall also be made available for inspection by representatives of the City at any time during the establishment's business hours. If the register is not made available during inspection, the establishment may receive an administrative citation, along with any individual, not including patrons, at the establishment that cannot be verified as a legal employee. (SMC 20.400.190(D)(3))

Condition #24: There shall be no display, storage, or use of any instruments, devices, or paraphernalia which are designed for use in connection with specified sexual activities, including, but not limited to, vibrators, dildos, or condoms, or any goods or items which are replicas of, or which simulate, specified anatomical areas, or pornographic magazines, videos, or other material. (SMC 20.400.190(D)(9))

Condition #45: Prior to an individual performing services on patrons, the proper State issued licenses including but not limited to cosmetology, esthetician, barber, and/or massage shall be obtained.

Stanton Municipal Code Section 20.400.190 (I) *Massage Establishments, Nuisances* further provides that "any massage establishment operated, conducted, or maintained contrary to the provisions of this chapter shall be unlawful and a public nuisance...". Because Red Rose Massage has a demonstrated pattern of violating the SMC provisions applicable to the operation and Massage Establishments, it is a public nuisance. Therefore the continuation of this use at this location would adversely affect the public convenience, health, interest, safety and general welfare, constitute a nuisance, and be materially detrimental to the improvements, persons, property, or uses in the vicinity and zone in which the property is located. There is substantial evidence that Red Rose Massage has allowed or facilitated illicit sexual activity to occur on the premises, as evidenced by a condom found in the massage room during a City inspection. Sexually-related paraphernalia within a massage establishment is strictly prohibited by the City and its Code.

Further, operating without a valid CAMTC license directly harms the health, safety, and welfare of the community because the State only certifies massage technicians who have the requisite education and training to provide massages. Certified technicians have paid the appropriate fees to the State and are in "good standing" with the State,

which investigates massage technicians, as necessary. Massage technicians may not legally provide massage services to customers without a valid State-certification. Moreover, Red Rose Massage has failed to provide adequate supervision of the business by having the required CAMTC-certified employees on-site, which also harms its clients and the surrounding community. In addition, Red Rose Massage has obstructed in City investigations by refusing to provide information about its employee register, locking the door to the establishment during business hours when City staff has attempted to conduct an inspection, and employing an individual who tried to leave the premises during City investigations so that she would not be questioned by staff. These actions resulted in the City being unable to fully evaluate the establishment's business operations, as required by the Stanton Municipal Code.

ENVIRONMENTAL IMPACT

In accordance with the requirements of the CEQA this project has been determined to be categorically exempt under Section 15321(Enforcement Actions by Regulatory Agencies).

PUBLIC NOTIFICATION


Notice of Public Hearing was mailed to all property owners within a five hundred-foot radius of the subject property, posted at three public places, and made public through the regular agenda-posting process.

Prepared by,



Rose Rivera
Associate Planner

Approved by,



Kelly Hart
Community & Economic
Development Director

ATTACHMENTS

- A. Planning Commission Resolution No. 2450
- B. Planning Commission Resolution No. 2433
- C. Vicinity Map
- D. Inspection Photos
- E. Administrative Citations

RESOLUTION NO. 2450

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF STANTON, CALIFORNIA, REVOKING CONDITIONAL USE PERMIT C17-04, WHICH PERMITTED THE CONTINUED OPERATION OF A MASSAGE ESTABLISHMENT FOR THE PROPERTY LOCATED AT 10450 BEACH BOULEVARD, SUITE 104 IN THE CG (COMMERCIAL GENERAL) ZONE (RED ROSE MASSAGE)

WHEREAS, on May 17, 2017, the Planning Commission of the City of Stanton, after giving notice thereof as required by law, held a public hearing concerning the requested conditional use permit to allow for the operation of a massage establishment located at 10450 Beach Boulevard, Suite 104 in the CG (Commercial General) zone; and

WHEREAS, the Planning Commission voted to adopt Planning Commission Resolution No. 2433 ("Resolution of Approval"), approving the conditional use permit subject to conditions of approval and adherence to the Stanton Municipal Code requirements; and

WHEREAS, the business owner received a copy of the Resolution of Approval and recorded the document with the County on August 3, 2017 as document No. 2017000321086; and

WHEREAS, since the Planning Commission's approval of Resolution No. 2433, City staff has conducted inspections of the subject business and found a number of serious violations of the Resolution of Approval and Municipal Code Section 20.400.190 *Massage Establishments* including: an employee working without a CAMTC certification, the presence of a condom in a massage room, the absence of a designated manager on-site at all times, not having a CAMTC licensed massage technician on-site at all times, failing to provide an employee register and the tinting of storefront windows of the massage establishment, which did not provide clear visibility into the unit; and

WHEREAS, pursuant to the City's Code, any evidence that a massage establishment violates the Stanton Municipal Code or any of the conditions of approval may lead to immediate reconsideration of the conditional use permit by the Planning Commission and potential revocation of the approval; and

WHEREAS, the Commission has carefully considered all pertinent testimony and information contained in the staff report prepared for this application as presented at the public hearing; and

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

NOW, THEREFORE, THE PLANNING COMMISSION OF THE CITY OF STANTON DOES HEREBY FIND:

SECTION 1: The Planning Commission hereby finds that all of the facts, findings and conclusions set forth above in this resolution are true and correct.

SECTION 2: Based upon the environmental form the Planning Commission exercises its independent judgment and finds that the project is categorically exempt from environmental review under the California Environmental Quality Act, Section 15321 (Enforcement Actions by Regulatory Agencies).

SECTION 3: On the basis of substantial evidence on the record, including, but not limited to, the written and oral staff reports, together with all written documents and all testimony presented at the public hearing, the Planning Commission finds, in accordance with the requirements as set forth in Section 20.630.050 of the Stanton Municipal Code, as follows:

A. Circumstances under which the permit or approval was granted have been changed by the applicant to an extent that one or more of the findings that justified the original approval can no longer be made, and the public health, safety, and welfare require the modification or revocation.

Conditional Use Permit C17-04 was approved subject to the Planning Division's standard conditions and conditions specific to massage establishments intended to minimize the likelihood that illegal or illicit activity would occur. In addition, any the CUP provided that evidence that the establishment violated the SMC or any of the conditions of approval could lead to immediate reconsideration of the Conditional Use Permit by the Planning Commission and potential revocation of the approval.

During the recent inspections conducted by City staff since Conditional Use Permit C17-04 was approved, the operators of Red Rose Massage have demonstrated violations of Section 20.400.190 *Massage Establishments* and SMC 5.04.010 *Business Licenses and Regulations, License Required*. The establishment has allowed uncertified massage therapists to provide services to customers, which directly harms the health, safety, and welfare of the community. Individuals who do not have valid certification from the State may not provide massage services to customers. Further, there is substantial evidence that Red Rose Massage has allowed or facilitated illicit sexual activity to occur on the premises, as evidenced by an unwrapped condom found on a shelf in a massage room. Finally, Red Rose Massage has failed to provide adequate supervision of the business by having the required manager on-site at all times, and the lack of oversight is harms customers and the surrounding community.

These actions demonstrate that the business no longer meets the finding for the conditional use permit, specifically, "the proposed is allowed within the applicable zone and complies with all other applicable provisions of this Zoning Code and Municipal Code"; as well the finding which provides, "the site's suitability ensures that the type, density, and intensity of use being proposed will not adversely affect the public convenience, health, interest, safety, or general welfare, constitute a nuisance, or be materially detrimental to the improvements, persons, property, or uses in the vicinity and zone in which the property is located."

B. One or more of the conditions of the original permit or approval have not been substantially fulfilled or have been violated.

Inspections conducted by City staff on various occasions have found that the massage establishment was in violation of the conditions of approval for Conditional Use Permit C17-04, specifically:

Condition #7: The Community Development Director, City Manager, or authorized representatives shall have the right to enter any and all portions of the massage establishment, from time to time, unannounced, for the purpose of making reasonable inspections to observe and enforce compliance with this approval and any City or State requirement; and,

Condition #8: If it is observed by City representatives that individuals are avoiding, evading, and/or delaying City inspection or interview by, among other things, leaving the premises, locking doors, hiding within the business and/or otherwise denying access to any other portion of the facility besides the main lobby, the City shall consider the applicant to be denying the City inspection of the premises, and such actions shall be grounds for an administrative citation and review of the conditional use permit.

During an inspection conducted on July 12, 2017, Staff noted that upon initial arrival to conduct the inspection during business hours, there was no employee responding to the doorbell. While City staff waited outside for an employee to come out, an employee exited the establishment, locked its door, and then attempted to leave without being questioned. When staff asked the exiting employee if they could inspect the location, the employee stated that she did not have a key to unlock the business and that no one else was inside. City staff later observed two other women exiting the establishment.

In addition, during an inspection conducted on August 15, 2017, City staff observed an employee who was unwilling to provide identification upon request by City staff, and who left the establishment despite City staff's requests that she stay. The employee who left the establishment against City staff's requests was later found to not have a business license. Based on these two inspections, Red Rose Massage has shown to obstruct in City investigations by employing individuals who did not allow City staff access to the premises and also who did not provide necessary identification to City staff, which results in the City being unable to fully evaluate the establishment's business operations, as required by the Stanton Municipal Code.

Condition #15: The storefront windows of the massage establishment shall be transparent to provide clear visibility into the unit. The windows shall not be obscured by curtains, blinds, or other temporary devices during operating hours.

Based on observations by City staff at an inspection conducted on September 15, 2017 the front window was covered, a violation of SMC 20.400.190 (C)(4) which provides that storefront windows shall be transparent to provide clear visibility into the unit during operating hours.

Condition #16: A massage business licensee shall have the premises supervised at all times when open for business by the operator or a designated manager. A person designated as the responsible managing officer shall be on the premises at all times of operation and must be registered with the City Manager by the owner to receive all complaints and citations. The appointment of a managing officer in charge must be in writing with the managing officer in charge acknowledging this appointment. The violation upon the premises of any massage establishment of any provision of this chapter by any agent, employee or independent contractor of the holder of a massage business license shall constitute a violation by the licensee.

During an inspection conducted on September 15, 2017, City staff noted that a designated manager was not on-site, which is a violation of SMC 20.400.190(D)(1).

Condition #17: Each massage establishment shall have at least one person who has a valid CAMTC certification on the premises at all times while the establishment is open for business; and

Condition #45: Prior to an individual performing services on patrons, the proper State issued licenses including but not limited to cosmetology, esthetician, barber, and/or massage shall be obtained.

During inspections conducted on July 12, 2017 and September 15, 2017, City staff noted that a CAMTC certified massage technician was not on-site which is a violation of SMC 20.400.190(D)(2).

Condition #18: The operator of a massage establishment shall maintain a register of all persons employed as a massage technician and their CAMTC certification numbers, along with all receptionists, or other employees of the establishment. Such register shall be provided to the City upon application of a massage establishment license and business license, and shall be updated when an employee, massage technician, or independent contractor is added or discontinues services at the establishment. Notification shall be provided to the City within 10 calendar days of the date an employee, massage technician, or independent contractor is added or discontinues service at the establishment. The register shall also be made available for inspection by representatives of the City at any time during the establishment's business hours. If the register is not made available during inspection, the establishment may receive an administrative citation, along with any individual, not including patrons, at the establishment that cannot be verified as a legal employee.

During inspections conducted on August 15, 2017, City staff noted the business operator did not provide a register of employees which is a violation of SMC 20.400.190(D)(3).

Condition #24: There shall be no display, storage, or use of any instruments, devices, or paraphernalia which are designed for use in connection with specified sexual activities, including, but not limited to, vibrators, dildos, or condoms, or

any goods or items which are replicas of, or which simulate, specified anatomical areas, or pornographic magazines, videos, or other material.

City staff observed the presence of an unwrapped condom found on a massage room shelf during an inspection conducted on May 25, 2017. The presence of sexual paraphernalia, such as condoms, which are designed for use in connection with specified sexual activities are prohibited per SMC 20.400.190(D)(9).

C. The improvement/use allowed by the permit or approval has become detrimental to the public health, safety, or welfare or the manner of operation constitutes or is creating a nuisance.

Stanton Municipal Code Section 20.400.190 (I) *Massage Establishments, Nuisances* provides that "any massage establishment operated, conducted, or maintained contrary to the provisions of this chapter shall be unlawful and a public nuisance...". Because Red Rose Massage has a demonstrated pattern of violating the SMC provisions applicable to the operation and Massage Establishments, including operating without a CAMTC licensed individual on-site, operating without a designated manager on-site, failure to provide a register of all employees and the presence of sexual paraphernalia on-site, it is deemed a public nuisance. Therefore, the continuation of this use at this location would adversely affect the public convenience, health, interest, safety and general welfare, constitute a nuisance, and be materially detrimental to the improvements, persons, property, or uses in the vicinity and zone in which the property is located.

Red Rose Massage has a demonstrated pattern of violating applicable provisions of the Municipal Code, including the provisions of Section 20.400.190 *Massage Establishments*, which are intended to prevent illegal and illicit activity, including illicit sexual activity. There is substantial evidence that Red Rose Massage has allowed or facilitated illicit sexual activity to occur on the premises, as evidenced by an unwrapped condom found on a massage room shelf during an inspection. Moreover, the establishment appears to allow uncertified massage therapists to provide services to customers, which directly harms the health, safety, and welfare of the community. The State's certification of massage therapists ensures that the therapist has the required training to provide services, have paid their fees, and are in good standing. Massage therapists who do not have valid certification from the State may not provide massage services to customers. Further, Red Rose Massage has failed to provide adequate supervision of the business by having the required designated manager and CAMTC-certified employees on-site, which also harms its clients and the surrounding community. In addition, Red Rose Massage has obstructed in City investigations by refusing to provide information about its employee register locking the door to the establishment during business hours when City staff attempted to conduct an inspection, and employing an individual who tried to leave the premises during City investigations so that she would not be questioned by staff. These actions

resulted in the City being unable to fully evaluate the establishment's business operations, as required by the Stanton Municipal Code.

SECTION 4: That based upon the above findings and on the entirety of the record including the staff report, written and oral testimony, and this Resolution, the Planning Commission hereby REVOKES Conditional Use Permit C17-04 which allowed for the operation of a massage establishment at 10450 Beach Boulevard, Suite 104 in the CG (Commercial General) zone.

SECTION 5: The documents and materials associated with this Resolution that constitute the record of proceedings on which these findings are based are located at Stanton City Hall, 7800 Katella Ave. Stanton, California 90680. The Community Development Director is the custodian of the record of proceedings.

SECTION 6: If any provision of this Resolution is held invalid, the remainder of this Resolution shall not be affected by such invalidity, and the provisions of this Resolution are severable.

ADOPTED, SIGNED AND APPROVED by the Planning Commission of the City of Stanton at a regular meeting held on October 18, 2017 by the following vote, to wit:

AYES:	COMMISSIONERS:	_____
NOES:	COMMISSIONERS:	_____
ABSENT:	COMMISSIONERS:	_____
ABSTAIN:	COMMISSIONERS:	_____

Elizabeth Ash, Chairperson
Stanton Planning Commission

Kelly Hart
Community & Economic
Development Director

RECORDING REQUESTED BY:

RED ROSE MASSAGE

AND WHEN RECORDED MAIL TO:

10450 BEACH BLVD.
SUITE #104
STANTON, CA 90680

Recorded in Official Records, Orange County
Hugh Nguyen, Clerk-Recorder



NO FEE

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JP
ISP
IFF

TITLE OF DOCUMENT:

RESOLUTION NO. 2433
FROM CITY STANTON.

RECEIVED

AUG - 3 2017

COMMUNITY DEVELOPMENT

ATTACHMENT B

RECORDING EXEMPTION

CODE 22207.5

RESOLUTION NO. 2433

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF STANTON, CALIFORNIA, APPROVING CONDITIONAL USE PERMIT C17-04 TO ALLOW FOR THE OPERATION OF A MASSAGE ESTABLISHMENT FOR THE PROPERTY LOCATED AT 10450 BEACH BOULEVARD, #104 IN THE CG (COMMERCIAL GENERAL) ZONE; SUBMITTED BY GILBERT NGUYEN (RED ROSE MASSAGE)

WHEREAS, pursuant to Cal. Const. Art. XI, Sec. 7 and under the City's general police powers, the City of Stanton ("City") is empowered and charged with responsibility for the health, safety, and welfare of its citizens; and

WHEREAS, the City is authorized by State law, including, without limitation, Government Code Section 51030 *et seq.* and Business & Professions Code Section 16000 *et seq.* to regulate massage establishments; and

WHEREAS, in 2014, Governor Jerry Brown signed Assembly Bill 1147 (AB 1147), which restored local agencies' ability to impose reasonable zoning, business licensing, and health and safety requirements on massage establishments; and

WHEREAS, among other things, AB 1147 set forth the Legislature's intent that "broad control over land use in regulation of massage establishments be vested in local governments so that they may manage those establishments in the best interests of the individual community"; and

WHEREAS, in response to AB 1147, the City enacted a comprehensive and reasonable permitting scheme to regulate massage establishments in the City, as codified in Stanton Municipal Code Chapter 5.16 and Section 20.400.190. The City's regulatory scheme requires a massage establishment to obtain a Conditional Use Permit (CUP) in order to locate a massage establishment in the City's Commercial General zone and requires an operator to obtain a Massage Establishment License in order to operate a massage establishment. Additionally, the City's regulatory scheme allows the City to impose conditions of approval upon a massage establishment to protect residents' health, safety, and welfare; and

WHEREAS, the City enacted its massage establishment regulatory scheme because of the increase in police and code enforcement calls for service to many massage establishments that had opened in the City following the passage of Senate Bill 731 ("SB 731") (2008). SB 731 had removed the City's power to regulate massage establishments; and

WHEREAS, following the passage of SB 731, dozens of massage establishments located in the City, and City inspectors found violations at many of those establishments including illegal tenant improvements to create massage rooms, unauthorized massage technicians and personnel, violations of employment and labor laws, unsanitary facility conditions, including evidence of used contraceptive devices, massage technicians dressed inappropriately, including the exposure of specified anatomical areas, establishments operating beyond approved hours of operation, persons using the

SECTION 3: That in accordance with the findings as set forth in Section 20.550.060 of the Stanton Municipal Code:

- A. The proposed application is consistent with the General Plan and any applicable specific plan including the following General Plan goals, strategies, and actions: Goal LU-1.1 of the General Plan is to "create an economic and fiscal balance of residential, commercial, and industrial uses." Moreover, Strategy ED-3.1.1 is to "attract new businesses to the city while supporting and promoting those already located within Stanton." In January of 2015, the City Council adopted Ordinance No. 1032, which created new requirements and regulations for massage establishments in the City, including a requirement that all existing massage establishments located within the CG Zone obtain and maintain a Conditional Use Permit and a Massage Establishment License. Approval of this Conditional Use Permit creates employment in the City, contributes to the City's commercial base, and allows an existing business to continue its operations in the City.

Strategy LU-1.1.2 of the General Plan is to "ensure adjacent land uses are compatible with one another." The proposed massage establishment is in the CG zone, but surrounding zoning and uses include an apartment complex to the east of the site. The massage establishment does not have a history of major Code violations. Rather, during periodic City inspections, the City has observed either none or minor Code violations found on-site. Generally, when the Code violations were raised, the establishment owner or manager resolved the issue. The City did not observe evidence of illicit activity occurring on the premises including sexually-related activity or alcohol use. As such, the proposed massage establishment appears to operate legally and without detriment to the surrounding land uses. In order to ensure that the massage establishment is compatible with other surrounding land uses, conditions of approval will be imposed on the massage establishment including requirements that the establishment comply with the Stanton Municipal Code, a prohibition of sexually-related paraphernalia on the premises, requirements that the establishment allow periodic, unannounced inspections by City officials, and a requirement that all massage technicians be licensed by the State.

The City's General Plan has a general strategy to eliminate non-conforming uses in the City. (See, e.g., Action LU-2.2.1(b) ["Revise the non-conforming use regulations to aggressively eliminate non-conforming uses."]). With the enactment of Ordinance No. 1032, the existing massage establishment became a non-conforming use. The approval of this CUP application will bring the existing massage establishment into conformity with the City's Code.

Goal LU-6-1 is to "ensure compliance with the City's land use code to improve the overall character of Stanton's neighborhoods." Moreover, Goal CHS-4.4 is to "provide safe communities by discouraging criminal activity...." Here, several City inspections found some violations of the massage establishment ordinance (e.g., employees working without business licenses), but no evidence of sexually-related activity or illicit items. Moreover, once the massage establishment

massage establishment is compatible with existing land uses in the vicinity because most of the surrounding land uses are similarly commercial in nature.

Moreover, the existing business has not had an adverse effect upon abutting properties. Based on periodic City inspections of the massage establishment over the past three years, the business does not appear to create any adverse effects to the peace, health, safety, or welfare of persons residing or working in or around the surrounding area. Code violations that do not involve illicit activity have been promptly resolved by the applicant. City staff have not observed illicit activity or discovered evidence of illicit activity at the business. The operator has cooperated with the City during inspections. Because the proposed massage establishment appears to be responsibly operated, the Orange County Sheriff's Department reports no calls for service attributable to this business, within the past twelve months for this business, and the City's Code Enforcement Division has not received any complaints related to this business within the past 12 months the proposed use will not be detrimental to adjacent or nearby uses.

Finally, the Conditional Use Permit imposes reasonable standards and conditions on the massage operators and technicians in the operation of the massage establishment. These conditions will provide adequate safeguards against illicit and illegal activity that has been documented at some massage establishments within the City of Stanton and are designed to protect residents' and customers' health, welfare, and safety.

- D. The site is physically suitable in terms of its design, location, shape, size and operating characteristics of the proposed use; the provision of public and emergency vehicle access; public protection services; the provision of utilities; and served by highways and streets adequate in width and improvement to carry the kind and quantity of traffic the proposed use would likely generate. The site can be accessed from a driveway on Beach Boulevard. The proposed project is an existing massage establishment and would not affect the streets and public right-of-ways utilized by emergency service vehicles. Moreover, the existing massage establishment subject property is already served by utilities and public protection services.
- E. The site's suitability ensures that the type, density, and intensity of use being proposed will not adversely affect the public convenience, health, interest, safety or general welfare, constitute a nuisance, or be materially detrimental to the improvements, persons, property, or uses in the vicinity and zone in which the property is located. The subject property is a 1.5 acre commercial center located near the northeast corner of Beach Boulevard and Cerritos Avenue. The site is located in the CG (Commercial General) zone and carries a General Plan land use designation of General Commercial. The existing massage establishment operates within an existing 730 square foot unit in a shopping center it shares several massage establishments, a nail salon, a restaurant, and various retail uses. The operation of a massage establishment is compatible with existing land uses in the vicinity because the site is physically separated from the neighboring

4. The Applicant(s)/Owner(s) shall comply with all requirements of the SMC, as it pertains to this application, and such requirements shall be made a condition of permit approval.
5. Project shall comply with all applicable sections of the SMC, including but not limited to Chapter 5.16 (Massage Establishments), Section 20.215.020 (Commercial Zones), Section 20.320.030 (Off-Street Parking), and Section 20.400.190 (Massage Establishments).
6. The Applicant(s)/Owner(s) shall agree and consent in writing to these Conditions of Approval, as adopted by the Planning Commission, within 30 days of Resolution No. 2433's effective date. In addition, the Applicant shall record the Conditions of Approval in the Office of the County Recorder and provide proof of recordation to the Planning Division within 60 days of Resolution No. 2433's effective date.
7. The Community Development Director, City Manager, or authorized representatives shall have the right to enter any and all portions of the massage establishment, from time to time, unannounced, for the purpose of making reasonable inspections to observe and enforce compliance with this approval and any City or State requirement.
8. If it is observed by City representatives that individuals are avoiding, evading, and/or delaying City inspection or interview by, among other things, leaving the premises, locking doors, hiding within the business and/or otherwise denying access to any other portion of the facility besides the main lobby, the City shall consider the applicant to be denying the City inspection of the premises, and such actions shall be grounds for an administrative citation and review of the conditional use permit.
9. Based on increased service calls or input from police reports, abutting property owners, and/or businesses, the Community Development Director or the Chief of Police may require, at the Director or Chief's discretion, the Applicant(s)/Owner(s) to provide additional security measures on the premises at the Applicant(s)/Owner(s) sole cost.
10. If security cameras are being utilized, the footage shall be recorded and kept for a minimum of 30 days. Such footage shall be made available to the Stanton Police Services upon request.
11. In addition to this Conditional Use Permit, the business owner must obtain and maintain a massage establishment license.
12. A recognizable and readable sign shall be posted at the main entrance identifying the establishment as a massage establishment; provided that all such signs shall be in conformance with Chapter 20.325 (Sign Standards) of the SMC.

administrative citation, along with any individual, not including patrons, at the establishment that cannot be verified as a legal employee.

19. In no circumstance shall any owner, operator, responsible managing employee, manager, licensee, employee or independent contractor expose any of his or her specified anatomical areas, as defined in the Stanton Municipal Code, to another person or persons while at the massage establishment.
20. In no circumstance shall any specified sexual activities, as defined in the Stanton Municipal Code, take place at any time at the massage establishment.
21. No person or persons shall be allowed to live or reside inside the massage establishment at any time. No food of any kind shall be prepared for sale or sold in the establishment unless an appropriate food vending license is obtained. There shall be no beds located in areas not designated specifically as massage rooms, including, without limitation, employee areas. Locker facilities shall be provided for all employees and independent contractors. All personal items of the employees or independent contractors shall be kept in the lockers while at the establishment.
22. This establishment shall not operate as a school of massage, nor use the facilities as that of a school of massage.
23. This massage establishment shall not be equipped with tinted or one-way glass in any room or office.
24. There shall be no display, storage, or use of any instruments, devices, or paraphernalia which are designed for use in connection with specified sexual activities, as defined in the Stanton Municipal Code, including, but not limited to, vibrators, dildos, or condoms, or any goods or items which are replicas of, or which simulate, specified anatomical areas, or pornographic magazines, videos, or other material.
25. Each service offered, the price thereof, and the minimum length of time such service shall be performed shall be posted in a conspicuous public location. All letters and numbers shall be capitals not less than one inch in height. No services shall be performed and no sums shall be charged for services other than those posted. All arrangements for services to be performed shall be made in a room that is not used for massage therapy.
26. Alcoholic beverages may not be sold, served, furnished, kept, consumed, imbibed, or possessed on the premises without a Conditional Use Permit approved in compliance with Chapter 20.550 (Use Permits - Minor and Conditional) and any applicable California Department of Alcoholic Beverage Control licenses.

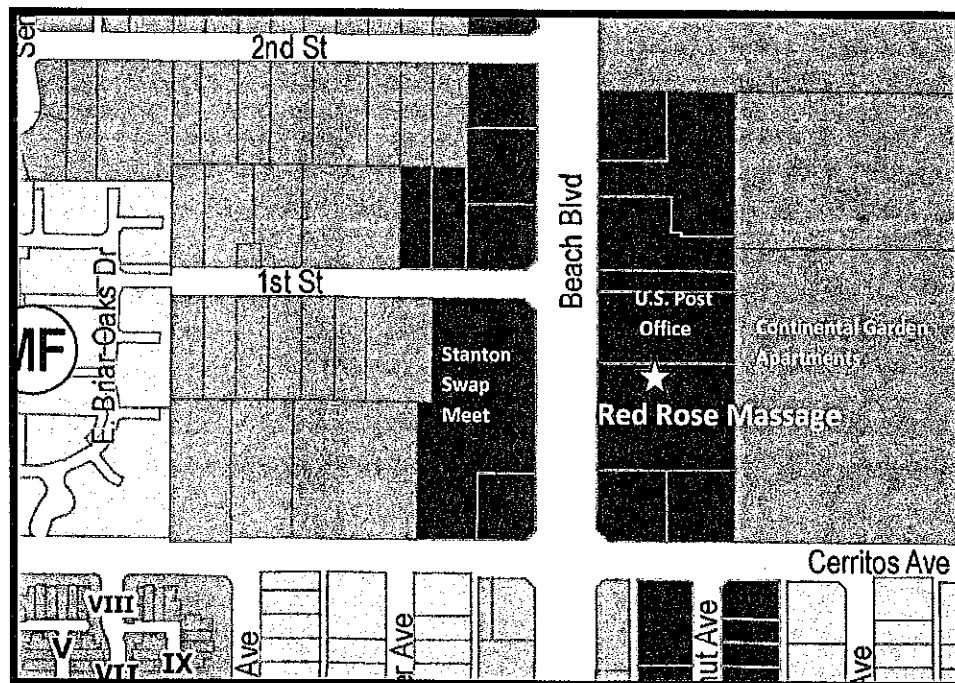
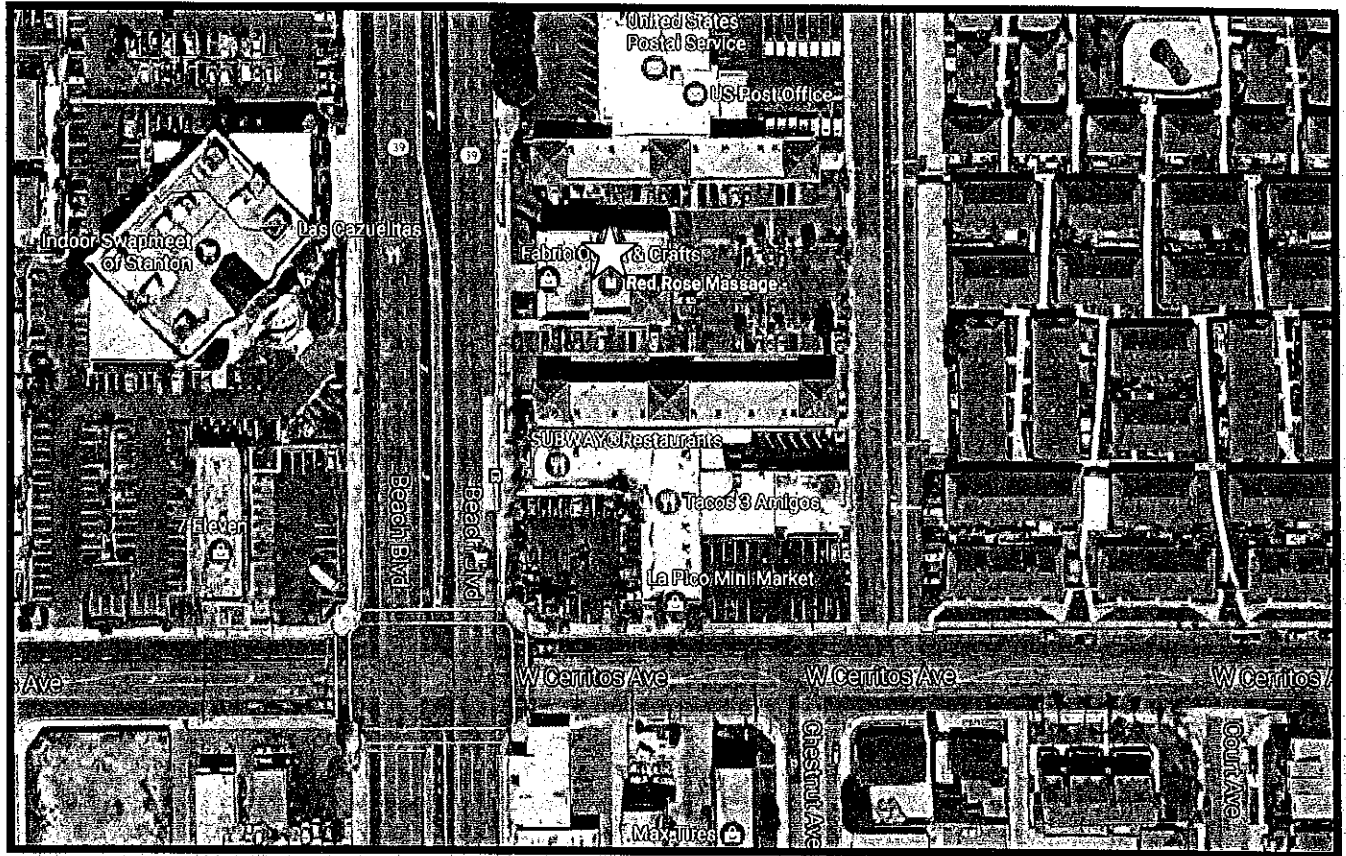
- b. Swim attire, if not providing a water-based massage modality approved by CAMTC.
 - c. A manner that exposes the massage technician's specified anatomical areas.
 - d. A manner that constitutes a violation of Section 314 of the Penal Code.
 - e. A manner that is otherwise deemed by CAMTC to constitute unprofessional attire based on the custom and practice of the profession in California.
38. In approving a Conditional Use Permit to establish a massage use, the review authority may impose conditions (e.g., security and safety measures, light, noise buffers, parking, etc.) on the use to ensure that it operates in a manner that provides adequate protection to the public health, safety, and general welfare.
39. Any massage establishment operated, conducted, or maintained contrary to the provisions of this chapter shall be unlawful and a public nuisance, and the city attorney may in the exercise of discretion, in addition to or in lieu of prosecuting a criminal action hereunder, commence an action or actions, proceeding or proceedings, for the abatement, removal or enjoinder thereof, in a manner provided by law. Violations of this chapter or any permit provided pursuant to this chapter shall also be subject to enforcement under Title 1 of this Code or suspension, revocation, or non-renewal of any applicable permit.
40. In accordance with policies adopted by the City, the Applicant(s)/Owner(s) shall be responsible for any cost incurred as a result of local law enforcement or code enforcement investigation/inspections that result in a finding of violation of any applicable laws and/or conditions of approval.
41. No appointment shall be accepted nor any service be provided and/or made that would cause the patron to be on the premises before or after the posted opening and/or closing time, respectively, and in no event shall a patron be on the premises before 9:00 a.m. or later than 10:00 p.m. No person may be in the premises of the business overnight, an hour after the posted closing time or an hour before the posted opening time except security personnel.
42. All employees and independent contractors shall have a driver's license or any other form of government issued identification with them at all times along with a business license and State service license.
43. A City of Stanton business license shall be permanently maintained on a continuous basis by the subject business.
44. Any person providing massage or any other service at this location shall hold a valid City of Stanton business license.

aisle shall be clearly indicated and such other devices provides as may be necessary to ensure safe movement of vehicles.

60. A copy of this resolution shall be provided to all business employees and/or contractors.
 61. The Applicant(s)/Owner(s) shall maintain **AT ALL TIMES** a copy of the Conditions of Approval set forth in Resolution No. 2433 at the place of business. Said Resolution shall be available for review by the City or any applicable agency when conducting routine inspections at the site.
 62. The Planning Commission shall have the right to review this conditional use permit after six months of approval, and may request an additional review period at any time in order to determine whether the applicant is in compliance with the permit, conditions thereto, and local, State and federal law. The Planning Commission may take action on the permit, including revoking the permit, if the applicant is found in violation of this permit, conditions thereto, and/or any local, State, or federal law.
 63. Termination: Upon approval, the permit shall become null and void 180 days after such time the approved use at the approved location ceases to be operated as noted by lapse of City business license, lapse of State Board of Equalization permit, or date noted by city official with proper site verification of abandonment or discontinuance. This permit shall be deemed immediately terminated should the approved location be occupied by a use not in accord with this approval.
 64. As a condition of issuance of this approval, the applicant shall agree, at its sole cost and expense, to defend, indemnify, and hold harmless the City, its officers, employees, agents, and consultants, from any claim, action, or proceeding brought by a third-party against the City, its officers, agents, and employees, which seeks to attack, set aside, challenge, void, or annul an approval of the City Council, Planning Agency, or other decision-making body, or staff action concerning this project. The City agrees to promptly notify the applicant of any such claim filed against the City and fully co-operate in the defense of any such action. The City may, at its sole cost and expense, elect to participate in the defense of any such action under this condition.
- B. That all conditions of the Building Department be met.
- C. That all conditions of the Engineering Department be met.
- D. That all conditions of the Orange County Sheriff's Department be met.

SECTION 5: That based upon the above findings, the Planning Commission hereby **APPROVES** Conditional Use Permit C17-04 subject the conditions of approval provided herein.

VICINITY MAP
10450 Beach Blvd. #104



RED ROSE MASSAGE
MAY 25, 2017 INSPECTION PHOTOS



City of Stanton
Code Enforcement Division
Administrative Citation

AC 003775

DATE 5/25/17 DAY OF WEEK Thurs TIME 3:00 AM PM

LOCATION OF VIOLATION: 10430 Beach Blvd #104

NAME (FIRST, MIDDLE, LAST) Thuy Thi Bich Nguyen

☐ PROPERTY OWNER ☐ OTHER ☐ DL or ID: [REDACTED]

BUSINESS NAME Red Rose Massage

☐ BUSINESS OWNER ☐ TENANT [REDACTED]

You are being issued an Administrative Citation for the following code provision(s)

Count	SMC Sec(s)	Description
1	5.05.010	Business License Required
2		
3		

☐ This is a continuing violation, fines may continue to accrue if the violation(s) described above do not cease.

ORDER

☐ You are ordered to correct or otherwise remedy this/these violation(s) by taking the following action(s) by the following date:

Repeated occurrence or continuation of the violation(s) is prohibited.
☐ You are further ordered to pay an Administrative Fine as prescribed in the schedule below for each count listed above. Payment must be paid in full by the compliance date to avoid additional fines.

THE TOTAL CITATION FINE DUE IS \$ 140

ADMINISTRATIVE FINE SCHEDULE

<input type="checkbox"/> Fireworks Violation (SMC Ch. 17.04)	\$1,000.00 per count
<input type="checkbox"/> Notice of Violation (only required for building, plumbing, electrical, or similar structural or zoning violation)	
<input checked="" type="checkbox"/> 1st citation	\$100.00 per count
<input type="checkbox"/> 2nd citation in a 12-month period	\$200.00 per count (same offense)
<input type="checkbox"/> 3rd and subsequent citation in a 12-month period	\$500.00 per count (same offense)

Failure to correct the violation and pay the Administrative Fine within 30 days will result in late payment charges.

IT IS THE DESIRED INTENT OF THE CITY TO ACHIEVE VOLUNTARY COMPLIANCE. HOWEVER, FAILURE TO COMPLY WITH THIS CITATION WILL RESULT IN FUTURE REMEDIAL ACTION INCLUDING, BUT NOT LIMITED TO, THE ISSUANCE OF FUTURE CITATIONS, STATEMENT OF THE CONDITIONS OR OTHER LEGAL REMEDIES PERMITTED BY LAW. PLEASE NOTICE THAT ALL COSTS INCLUDING ATTORNEYS' FEES ASSOCIATED WITH ANY NECESSARY ACTION MAY BE ASSESSED TO ALL RESPONSIBLE PARTIES.


Name & Signature of Issuing Enforcement Officer [Signature] Badge # 251

Date of Service 5/25/17

Type of Service
☐ Personal
☐ Certified Mail
☐ U.S. Mail

(Refusal or failure to sign does not affect the validity of this Citation.)

SEE REVERSE SIDE FOR PAYMENT AND OTHER INFORMATION
WHITE: FILE • YELLOW: PROCESSING • PINK: VIOLATOR

	
City of Stanton Code Enforcement Division Administrative Citation	
DATE: <u>5/25/17</u>	TIME: <u>3:00 PM</u>
DAY OF WEEK: <u>Fri</u>	
LOCATION OF VIOLATION: <u>10450 Bant Rd #1/A</u>	
NAME (FIRST, MIDDLE, LAST) <u>B:11 A.M.H</u>	
<input type="checkbox"/> PROPERTY OWNER	<input checked="" type="checkbox"/> OTHER _____
BUSINESS NAME <u>Red Rose Massage</u>	
<input checked="" type="checkbox"/> BUSINESS OWNER	TENANT _____
You are being issued an Administrative Citation for the following code provision(s)	
Count	SMC Section Description
<u>1</u>	<u>A.S.C.O.B. Business License Required</u>
<u>2</u>	<u>C.O.U.O.A.U (DB) Falsely Labeled Signs</u>
<u>3</u>	
<input checked="" type="checkbox"/> This is a continuing violation; fines may continue to accrue if the violation(s) described above do not cease.	
ORDER	
You are ordered to correct or otherwise remedy this/these violation(s) by taking the following action(s) by the following date: <u>Water fund with no business license</u>	
Repeat occurrence or continuation of the violation(s) is prohibited. If you are further ordered to pay an Administrative Fine as prescribed in the schedule below for each count listed above. Payment must be paid in full by the compliance date to avoid additional fines.	
THE TOTAL CITATION FINE DUE IS \$ <u>200</u>	
ADMINISTRATIVE FINE SCHEDULE	
<input type="checkbox"/> Fireworks Violation (SMC Ch. 17.04)	\$1,000.00 per count
<input type="checkbox"/> Notice of Violation (only required for building, plumbing, electrical, or similar structural or zoning violation)	\$100.00 per count
<input type="checkbox"/> 1st citation	\$200.00 per count (same offense)
<input checked="" type="checkbox"/> 2nd citation in a 12-month period	\$500.00 per count (same offense)
<input type="checkbox"/> 3rd and subsequent citation in a 12-month period	\$500.00 per count (same offense)
Failure to correct the violation and pay the Administrative Fine within 30 days will result in late payment charges.	
IT IS THE DESIRED INTENT OF THE CITY TO UPHOLD VOLUNTARY COMPLIANCE WITH ALL ORDINANCES AND TO ENFORCE THEM ONLY WHEN NECESSARY. IT IS NOT INTENDED TO IMPOSE FINES OR PENALTIES FOR UNWILLING CITIZENS. PLEASE NOTE THAT ANY CITIZEN WHOSE ATTORNEY'S FEES ARE ASSUMED BY LAW, MAY BE HELD RESPONSIBLE FOR COSTS INCURRED TO ALL RESPONSIBLE PARTIES.	
Name & Signature of Issuing Enforcement Officer <u>Cheryl Smith</u>	Date of Service <u>5/25/17</u>
Signature of Violator <u>[Signature]</u>	Type of Service <input checked="" type="checkbox"/> Personal <input type="checkbox"/> Certified Mail <input type="checkbox"/> U.S. Mail
SEE REVERSE SIDE FOR PAYMENT AND OTHER INFORMATION	

WHITE: PHE - YELLOW: PROCESSING - PINK: VIOLATOR

U.S. Postal Service
CERTIFIED MAIL® RE
Domestic Mail Only

POSTAGE INFORMATION

OFFICIAL

Certified Mail Fee 3.35

Extra Services & Fees (check box, add fee as appropriate)

<input checked="" type="checkbox"/> Return Receipt (hardcopy)	\$ <u>2.30</u>
<input type="checkbox"/> Return Receipt (electronic)	\$ _____
<input type="checkbox"/> Certified Mail Restricted Delivery	\$ _____
<input type="checkbox"/> Adult Signature Required	\$ _____
<input type="checkbox"/> Male Signature Restricted Delivery	\$ _____

Postage 44

Total Postage and Fees 47.35

Sent to 13.11 pm

Street and Apt. No., or PO Box No.
City, State, ZIP+4®

05 03 2017
US POSTAGE

ZIP 90630
91101163221

REPORT

\$00.002

ZIP 90640

91101163223



City of Stanton
Code Enforcement Division
Administrative Citation
DATE 7/1/17
TIME 8:00 AM
DAY OF WEEK Wed
LOCATION OF VIOLATION: 10450 BENDL BUD #102
NAME (FIRST, MIDDLE, LAST) B. H. Mink
DATE 7/1/17
TIME 8:00 AM
DAY OF WEEK Wed
LOCATION OF VIOLATION: 10450 BENDL BUD #102
NAME (FIRST, MIDDLE, LAST) B. H. Mink



City of Stanton
Code Enforcement Division
Administrative Citation
DATE 7/1/17
TIME 8:00 AM
DAY OF WEEK Wed
LOCATION OF VIOLATION: 10450 BENDL BUD #102
NAME (FIRST, MIDDLE, LAST) B. H. Mink
DATE 7/1/17
TIME 8:00 AM
DAY OF WEEK Wed
LOCATION OF VIOLATION: 10450 BENDL BUD #102
NAME (FIRST, MIDDLE, LAST) B. H. Mink

AC 004102
DATE 7/1/17
TIME 8:00 AM
DAY OF WEEK Wed
LOCATION OF VIOLATION: 10450 BENDL BUD #102
NAME (FIRST, MIDDLE, LAST) B. H. Mink
DATE 7/1/17
TIME 8:00 AM
DAY OF WEEK Wed
LOCATION OF VIOLATION: 10450 BENDL BUD #102
NAME (FIRST, MIDDLE, LAST) B. H. Mink

AC 004100
DATE 7/1/17
TIME 8:00 AM
DAY OF WEEK Wed
LOCATION OF VIOLATION: 10450 BENDL BUD #102
NAME (FIRST, MIDDLE, LAST) B. H. Mink
DATE 7/1/17
TIME 8:00 AM
DAY OF WEEK Wed
LOCATION OF VIOLATION: 10450 BENDL BUD #102
NAME (FIRST, MIDDLE, LAST) B. H. Mink

BUSINESS NAME - [REDACTED]
RESIDENCE OR ADDRESS - [REDACTED]
DATE 7/1/17
TIME 8:00 AM
DAY OF WEEK Wed
LOCATION OF VIOLATION: 10450 BENDL BUD #102
NAME (FIRST, MIDDLE, LAST) B. H. Mink
DATE 7/1/17
TIME 8:00 AM
DAY OF WEEK Wed
LOCATION OF VIOLATION: 10450 BENDL BUD #102
NAME (FIRST, MIDDLE, LAST) B. H. Mink

BUSINESS NAME - [REDACTED]
RESIDENCE OR ADDRESS - [REDACTED]
DATE 7/1/17
TIME 8:00 AM
DAY OF WEEK Wed
LOCATION OF VIOLATION: 10450 BENDL BUD #102
NAME (FIRST, MIDDLE, LAST) B. H. Mink
DATE 7/1/17
TIME 8:00 AM
DAY OF WEEK Wed
LOCATION OF VIOLATION: 10450 BENDL BUD #102
NAME (FIRST, MIDDLE, LAST) B. H. Mink

Count SNIC Sect(s) Description
1 S. 6.4.018 Business License Required
2 S. 6.4.530 Manager License Required
3
This is a continuing violation. Fines may continue to accrue if the violation(s) described above do not cease.
ORDER
You are ordered to correct or otherwise remedy the above violation(s) by taking the following action(s) by the following date:
WORKER HANDLED IN FACTORY WITHIN 24 HOURS
\$100.00 per count
\$200.00 per count
\$500.00 per count
Failure to correct the violation and pay the Administrative Fine within 30 days will result in late payment charges.

Count SNIC Sect(s) Description
1 S. 6.4.018 Business License Required
2 S. 6.4.530 Manager License Required
3
This is a continuing violation. Fines may continue to accrue if the violation(s) described above do not cease.
ORDER
You are ordered to correct or otherwise remedy the above violation(s) by taking the following action(s) by the following date:
WORKER HANDLED IN FACTORY WITHIN 24 HOURS
\$100.00 per count
\$200.00 per count
\$500.00 per count
Failure to correct the violation and pay the Administrative Fine within 30 days will result in late payment charges.

THE TOTAL CITATION FINE DUE IS \$1,000.00
ADMINISTRATIVE FINE SCHEDULE
Fireworks Violation (SNIC Ch. 17.04) \$1,000.00 per count
Notice of Violation (only required for building, plumbing, electrical, or similar structural or zoning violation) \$100.00 per count
1st citation \$200.00 per count (same offense)
2nd citation in a 12-month period \$500.00 per count (same offense)
3rd and subsequent citation in a 12-month period \$500.00 per count (same offense)
Failure to correct the violation and pay the Administrative Fine within 30 days will result in late payment charges.

THE TOTAL CITATION FINE DUE IS \$1,000.00
ADMINISTRATIVE FINE SCHEDULE
Fireworks Violation (SNIC Ch. 17.04) \$1,000.00 per count
Notice of Violation (only required for building, plumbing, electrical, or similar structural or zoning violation) \$100.00 per count
1st citation \$200.00 per count (same offense)
2nd citation in a 12-month period \$500.00 per count (same offense)
3rd and subsequent citation in a 12-month period \$500.00 per count (same offense)
Failure to correct the violation and pay the Administrative Fine within 30 days will result in late payment charges.

Signature of Violator
Date of Service
Type of Service
Personal
Certified Mail
U.S. Mail
SEE REVERSE SIDE FOR PAYMENT AND OTHER INFORMATION
WHITE: FILE - YELLOW: PROCESSING - PINK: VIOLATOR

Signature of Violator
Date of Service
Type of Service
Personal
Certified Mail
U.S. Mail
SEE REVERSE SIDE FOR PAYMENT AND OTHER INFORMATION
WHITE: FILE - YELLOW: PROCESSING - PINK: VIOLATOR



City of Stanton
Code Enforcement Division
Administrative Citation
AC 004105

DATE: 7/12/17 TIME: 8:35 AM
DAY OF WEEK: Wed

LOCATION OF VIOLATION: 10450 Brand Blvd #104

NAME (FIRST, MIDDLE, LAST): Carlos Pineda LLC

PROPERTY OWNER: ☒ OTHER: ☐ DOB: [REDACTED]

BUSINESS NAME: Red Rose Massage

☐ BUSINESS OWNER ☐ TENANT

You are being issued an Administrative Citation for the following code provisions(s):

Count	SAC Sec(s)	Description
1	SAC 1.0	Business License Required
2	SAC 2.0	Massage License Required

☒ This is a continuing violation, fines may continue to accrue if the violation(s) described above do not cease.

ORDER: You are ordered to correct or otherwise remedy this/these violation(s) by taking the following action(s) by the following date: 7/12/17 and 7/13/17

Repeated occurrence or continuation of the violation(s) is prohibited. You are further ordered to pay an Administrative Fine as prescribed in the schedule below for each count listed above. Payment must be paid in full by the compliance date to avoid additional fines.

THE TOTAL CITATION FINE DUE IS \$ 700

ADMINISTRATIVE FINE SCHEDULE

- ☐ Fireworks Violation (SAC C.B. 17.04) \$1,000.00 per count
- ☐ Notice of Violation (only required for building, plumbing, electrical, or similar structural or zoning violation) \$100.00 per count
- ☒ 1st citation \$200.00 per count (same offense)
- ☐ 2nd citation in a 12-month period \$500.00 per count (same offense)
- ☐ 3rd and subsequent citation in a 12-month period \$500.00 per count (same offense)

Failure to correct the violation and pay the Administrative Fine within 30 days will result in late payment charges.

IT IS THE DESIRED INTENT OF THE CITY TO ACHIEVE VOLUNTARY COMPLIANCE. HOWEVER, IT WILL BE TO COMPLY WITH THIS CITATION WITH RESULT IN FUTURE REPEATED VIOLATIONS, NOT TO VIOLATE THE CITY ORDINANCES OR OTHER LEGAL REQUIREMENTS. STATEMENT OF THE VIOLATIONS OR OTHER LEGAL REQUIREMENTS MUST BE SUBMITTED TO THE CITY CLERK WITHIN 30 DAYS OF THE CITATION DATE TO AVOID ADDITIONAL FINES.

Name & Signature of Issuing Enforcement Officer: [Signature] Date of Service: 7/12/17

Signature of Violator: [Signature] Date of Service: 7/12/17

SEE REVERSE SIDE FOR PAYMENT AND OTHER INFORMATION
WHITE: FINE - YELLOW: PROTESTING - PINK: VIOLATOR



City of Stanton
Code Enforcement Division
Administrative Citation
AC 004102

DATE: 7/12/17 TIME: 8:35 AM
DAY OF WEEK: Wed

LOCATION OF VIOLATION: 10450 Brand Blvd #104

NAME (FIRST, MIDDLE, LAST): EC117 Nguyen

PROPERTY OWNER: ☒ OTHER: ☐ DOB: [REDACTED]

BUSINESS NAME: Red Rose Massage

☐ BUSINESS OWNER ☐ TENANT

You are being issued an Administrative Citation for the following code provisions(s):

Count	SAC Sec(s)	Description
1	SAC 1.0	Business License Required
2	SAC 2.0	Massage License Required

☒ This is a continuing violation, fines may continue to accrue if the violation(s) described above do not cease.

ORDER: You are ordered to correct or otherwise remedy this/these violation(s) by taking the following action(s) by the following date: 7/12/17 and 7/13/17

Repeated occurrence or continuation of the violation(s) is prohibited. You are further ordered to pay an Administrative Fine as prescribed in the schedule below for each count listed above. Payment must be paid in full by the compliance date to avoid additional fines.

THE TOTAL CITATION FINE DUE IS \$ 700

ADMINISTRATIVE FINE SCHEDULE

- ☐ Fireworks Violation (SAC C.B. 17.04) \$1,000.00 per count
- ☐ Notice of Violation (only required for building, plumbing, electrical, or similar structural or zoning violation) \$100.00 per count
- ☒ 1st citation \$200.00 per count (same offense)
- ☐ 2nd citation in a 12-month period \$500.00 per count (same offense)
- ☐ 3rd and subsequent citation in a 12-month period \$500.00 per count (same offense)

Failure to correct the violation and pay the Administrative Fine within 30 days will result in late payment charges.

IT IS THE DESIRED INTENT OF THE CITY TO ACHIEVE VOLUNTARY COMPLIANCE. HOWEVER, IT WILL BE TO COMPLY WITH THIS CITATION WITH RESULT IN FUTURE REPEATED VIOLATIONS, NOT TO VIOLATE THE CITY ORDINANCES OR OTHER LEGAL REQUIREMENTS. STATEMENT OF THE VIOLATIONS OR OTHER LEGAL REQUIREMENTS MUST BE SUBMITTED TO THE CITY CLERK WITHIN 30 DAYS OF THE CITATION DATE TO AVOID ADDITIONAL FINES.

Name & Signature of Issuing Enforcement Officer: [Signature] Date of Service: 7/12/17

Signature of Violator: [Signature] Date of Service: 7/12/17

SEE REVERSE SIDE FOR PAYMENT AND OTHER INFORMATION
WHITE: FINE - YELLOW: PROTESTING - PINK: VIOLATOR



City of Stanton
Code Enforcement Division
Administrative Citation

AC 004102

DATE

7/12/17

DAY OF WEEK

Wed

TIME

840

AM PM

LOCATION OF VIOLATION:

10450 Brent #104

NAME (FIRST, MIDDLE, LAST)

Ed Rose

☐ PROPERTY OWNER ☐ OTHER

BUSINESS NAME

Red Rose Massage

☐ BUSINESS OWNER ☐ TENANT

You are being issued an Administrative Citation for the following code provisions(s)

Count SMC Sec(s)

Description

1 S.M.C. 17.04

Business License Required

3

☒ This is a continuing violation, fines may continue to accrue if the violation(s) described above do not cease.

ORDER

☐ You are ordered to correct or otherwise remedy this/these violation(s) by taking the following action(s) by the following date:

Repeated occurrence or continuation of the violation(s) is prohibited.
☒ You are further ordered to pay an Administrative Fine as prescribed in the schedule below for each count listed above. Payment must be paid in full by the compliance date to avoid additional fines.

THE TOTAL CITATION FINE DUE IS \$ 100

ADMINISTRATIVE FINE SCHEDULE

☐ Fireworks Violation (SMC Ch. 17.04)

\$1,000.00 per count

☐ Notice of Violation (only required for building, plumbing, electrical, or similar structural or zoning violation)

☐ 1st citation

\$100.00 per count

☐ 2nd citation in a 12-month period

\$200.00 per count (same offense)

☐ 3rd and subsequent citation in a 12-month period

\$500.00 per count (same offense)

Failure to correct the violation and pay the Administrative Fine within 30 days will result in late payment charges.

IT IS THE DESIRED INTENT OF THE CITY TO ACHIEVE VOLUNTARY COMPLIANCE. IF THE VIOLATION IS NOT CORRECTED WITHIN THE 30 DAY PERIOD, THE CITY WILL TAKE ENFORCEMENT ACTION INCLUDING, BUT NOT LIMITED TO, THE ISSUANCE OF FUTURE CITATIONS, STATEMENT OF THE CONDITIONS OR OTHER LEGAL REMEDIES PERMITTED BY LAW. PLEASE NOTICE THAT ALL COSTS INCLUDING ATTORNEY'S FEES ASSOCIATED WITH ANY NECESSARY ACTION MAY BE ASSESSED TO ALL RESPONSIBLE PARTIES.

Name & Signature of Issuing Enforcement Officer

Badge #:

Date of Service

7/12/17

(Refusal or failure to sign does not affect the validity of this Citation.)

Type of Service
☐ Personal
☐ Certified Mail
☐ U.S. Mail

SEE REVERSE SIDE FOR PAYMENT AND OTHER INFORMATION

WHITE: FILE • YELLOW: PROCESSING • PINK: VIOLATOR



City of Stanton
Code Enforcement Division
Administrative Citation

AC 004100

DATE

7/12/17

DAY OF WEEK

Wed

TIME

840

AM PM

LOCATION OF VIOLATION:

10450 Brent #104

NAME (FIRST, MIDDLE, LAST)

Ed Rose

☐ PROPERTY OWNER ☐ OTHER

BUSINESS NAME

Red Rose Massage

☐ BUSINESS OWNER ☐ TENANT

You are being issued an Administrative Citation for the following code provisions(s)

Count SMC Sec(s)

Description

1 S.M.C. 17.04

Business License Required

3

☒ This is a continuing violation, fines may continue to accrue if the violation(s) described above do not cease.

ORDER

☐ You are ordered to correct or otherwise remedy this/these violation(s) by taking the following action(s) by the following date:

Repeated occurrence or continuation of the violation(s) is prohibited.
☒ You are further ordered to pay an Administrative Fine as prescribed in the schedule below for each count listed above. Payment must be paid in full by the compliance date to avoid additional fines.

THE TOTAL CITATION FINE DUE IS \$ 100

ADMINISTRATIVE FINE SCHEDULE

☐ Fireworks Violation (SMC Ch. 17.04)

\$1,000.00 per count

☐ Notice of Violation (only required for building, plumbing, electrical, or similar structural or zoning violation)

☐ 1st citation

\$100.00 per count

☐ 2nd citation in a 12-month period

\$200.00 per count (same offense)

☐ 3rd and subsequent citation in a 12-month period

\$500.00 per count (same offense)

Failure to correct the violation and pay the Administrative Fine within 30 days will result in late payment charges.

IT IS THE DESIRED INTENT OF THE CITY TO ACHIEVE VOLUNTARY COMPLIANCE. IF THE VIOLATION IS NOT CORRECTED WITHIN THE 30 DAY PERIOD, THE CITY WILL TAKE ENFORCEMENT ACTION INCLUDING, BUT NOT LIMITED TO, THE ISSUANCE OF FUTURE CITATIONS, STATEMENT OF THE CONDITIONS OR OTHER LEGAL REMEDIES PERMITTED BY LAW. PLEASE NOTICE THAT ALL COSTS INCLUDING ATTORNEY'S FEES ASSOCIATED WITH ANY NECESSARY ACTION MAY BE ASSESSED TO ALL RESPONSIBLE PARTIES.

Name & Signature of Issuing Enforcement Officer

Badge #:

Signature of Violator

Date of Service

7/12/17

(Refusal or failure to sign does not affect the validity of this Citation.)

Type of Service
☐ Personal
☐ Certified Mail
☐ U.S. Mail

SEE REVERSE SIDE FOR PAYMENT AND OTHER INFORMATION

WHITE: FILE • YELLOW: PROCESSING • PINK: VIOLATOR



City of Stanton
Code Enforcement Division
Administrative Citation

AC 004105

DATE: 7/21/17 DAY OF WEEK: Wed TIME: 8:35 AM (PM)

LOCATION OF VIOLATION: 10450 Beach Blvd. Bldg. 104

NAME (FIRST, MIDDLE, LAST)
Cano S Plaza LLC

☒ PROPERTY OWNER ☐ OTHER

DL or ID: DOB:

BUSINESS NAME: Red Rose Massage

☐ BUSINESS OWNER ☐ TENANT

RESIDENCE OR MAILING ADDRESS

You are being issued an Administrative Citation for the following code provisions(s)

Count	SMC Sec(s)	Description
1	5.04.00	Business License Required
2	5.04.53	Massage Establishment
3		

☐ This is a continuing violation, fines may continue to accrue if the violation(s) described above do not cease.

ORDER

☒ You are ordered to correct or otherwise remedy this/these violation(s) by taking the following action(s) by the following date:

Make and location not in compliance with city code requirements

Repeated occurrence or continuation of the violation(s) is prohibited.

☒ You are further ordered to pay an Administrative Fine as prescribed in the schedule below for each count listed above. Payment must be paid in full by the compliance date to avoid additional fines.

THE TOTAL CITATION FINE DUE IS \$ 200

ADMINISTRATIVE FINE SCHEDULE

- ☐ Fireworks Violation (SMC Ch. 17.04) \$1,000.00 per count
- ☐ Notice of Violation (only required for building, plumbing, electrical, or similar structural or zoning violation)
- ☒ 1st citation \$100.00 per count
- ☐ 2nd citation in a 12-month period \$200.00 per count (same offense)
- ☐ 3rd and subsequent citation in a 12-month period \$500.00 per count (same offense)

Failure to correct the violation and pay the Administrative Fine within 30 days will result in late payment charges.

IT IS THE DESIRED INTENT OF THE CITY TO ACHIEVE VOLUNTARY COMPLIANCE. HOWEVER, FAILURE TO COMPLY WITH THIS CITATION WILL RESULT IN FUTURE REMEDIAL ACTION INCLUDING, BUT NOT LIMITED TO, THE ISSUANCE OF FUTURE CITATIONS, STATEMENT OF THE CONDITIONS OR OTHER LEGAL REMEDIES PERMITTED BY LAW. PLEASE NOTICE THAT ALL COSTS INCLUDING ATTORNEYS' FEES ASSOCIATED WITH ANY NECESSARY ACTION MAY BE ASSESSED TO ALL RESPONSIBLE PARTIES.

Name & Signature of Issuing Enforcement Officer: [Signature] Badge: 251

Signature of Violator

Date of Service: 7/21/17

(Refusal or failure to sign does not affect the validity of this Citation.)

Type of Service
☐ Personal
☒ Certified Mail
☐ U.S. Mail

SEE REVERSE SIDE FOR PAYMENT AND OTHER INFORMATION

WHITE: FILE • YELLOW: PROCESSING • PINK: VIOLATOR



City of Stanton
Code Enforcement Division
Administrative Citation

AC 004275

DATE

8/15/17

DAY OF WEEK

Thurs

TIME

7:20

AM

(PM)

LOCATION OF VIOLATION:

10450 Redwood #104

NAME (FIRST, MIDDLE, LAST)

3:11 A.M.

☐ PROPERTY OWNER ☐ OTHER

BUSINESS NAME

☐ BUSINESS OWNER ☐ TENANT

☐ RESIDENT OR MAILING ADDRESS

CITY

You are being issued an Administrative Citation for the following code provisions(s)

Count

SMC Sec(s)

Description

1

804.00.140 (D15)

Redwood Avenue Mailage

2

804.00.140 (D15)

Redwood Avenue Mailage

3

804.00.140 (D15)

Redwood Avenue Mailage

☐ This is a continuing violation, fines may continue to accrue if the violation(s) described above do not cease.

ORDER

☐ You are ordered to correct or otherwise remedy this/these violation(s) by taking the following action(s) by the following date:

8/15/17

8/15/17

8/15/17

8/15/17

8/15/17

8/15/17

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City of Stanton
Code Enforcement Division
Administrative Citation

AC 004279

DATE

8/15/17

DAY OF WEEK

Thurs

TIME

7:20

AM

(PM)

LOCATION OF VIOLATION:

10450 Redwood #104

NAME (FIRST, MIDDLE, LAST)

3:11 A.M.

☐ PROPERTY OWNER ☐ OTHER

BUSINESS NAME

☐ BUSINESS OWNER ☐ TENANT

☐ RESIDENT OR MAILING ADDRESS

CITY

You are being issued an Administrative Citation for the following code provisions(s)

Count

SMC Sec(s)

Description

1

804.00.140 (D15)

Redwood Avenue Mailage

2

804.00.140 (D15)

Redwood Avenue Mailage

3

804.00.140 (D15)

Redwood Avenue Mailage

☐ This is a continuing violation, fines may continue to accrue if the violation(s) described above do not cease.

ORDER

☐ You are ordered to correct or otherwise remedy this/these violation(s) by taking the following action(s) by the following date:

8/15/17

8/15/17

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8/15/17



City of Stanton
Code Enforcement Division
Administrative Citation

AC 004488

DATE 9/15/17 TIME 330 AM
DAY OF WEEK Fri

LOCATION OF VIOLATION: 10450 Beach Blvd #1105

NAME (FIRST, MIDDLE, LAST)
J. L. Smith

DL ☐ PROPERTY OWNER ☐ OTHER

BUSINESS NAME

☐ BUSINESS OWNER ☐ TENANT

RESIDENCE OR MAILING ADDRESS

CITY

You are being issued an Administrative Citation for the following code provisions(s)

- Count SMC Sec(s) Description
1 20.400.190 (C) 1. Listed Building - Not on Site
2 20.400.190 (C) 1. Listed Building - Not on Site

☒ This is a continuing violation, fines may continue to accrue if the violation(s) described above do not cease.

ORDER

☒ You are ordered to correct or otherwise remedy this/these violation(s) by taking the following action(s) by the following date:

Repeated occurrence or continuation of the violation(s) is prohibited.
☒ You are further ordered to pay an Administrative Fine as prescribed in the schedule below for each count listed above. Payment must be paid in full by the compliance date to avoid additional fines.

THE TOTAL CITATION FINE DUE IS \$ 1000

ADMINISTRATIVE FINE SCHEDULE

- ☐ Fireworks Violation (SMC Ch. 17.04) \$1,000.00 per count
☐ Notice of Violation (only required for building, plumbing, electrical, or similar structural or zoning violation)
☐ 1st citation \$100.00 per count
☐ 2nd citation in a 12-month period \$200.00 per count (same offense)
☒ 3rd and subsequent citation in a 12-month period \$500.00 per count (same offense)

Failure to correct the violation and pay the Administrative Fine within 30 days will result in late payment charges.

IT IS THE DESIRED INTENT OF THE CITY TO ACHIEVE VOLUNTARY COMPLIANCE. HOWEVER, FAILURE TO COMPLY WITH THIS CITATION WILL RESULT IN FUTURE REMEDIAL ACTION INCLUDING, BUT NOT LIMITED TO, THE ISSUANCE OF FUTURE CITATIONS, STATEMENT OF THE CONDITIONS OR OTHER LEGAL REMEDIES PERMITTED BY LAW. LATE NOTICE THAT A VIOLATION EXISTS AND/OR THAT FEES ASSOCIATED WITH ANY NECESSARY ACTION MAY BE ASSESSED TO ALL RESPONSIBLE PARTIES.

Name & Signature of Issuing Enforcement Officer

Badge#

Signature of Violator

Date of Service

(Refusal or failure to sign does not affect the validity of this Citation.)

Type of Service
☒ Personal
☐ Certified Mail
☐ U.S. Mail

SEE REVERSE SIDE FOR PAYMENT AND OTHER INFORMATION

WHITE: FILE • YELLOW: PROCESSING • PINK: VIOLATOR



City of Stanton
Code Enforcement Division
Administrative Citation

AC 004489

DATE 9/15/17 TIME 330 AM
DAY OF WEEK Fri

LOCATION OF VIOLATION: 10450 Beach Blvd #1105

NAME (FIRST, MIDDLE, LAST)
Stephen Zukutyski

DL or ID: ☐ PROPERTY OWNER ☐ OTHER DOB:

BUSINESS NAME

☐ BUSINESS OWNER ☐ TENANT

RESIDENCE OR MAILING ADDRESS

CITY

You are being issued an Administrative Citation for the following code provisions(s)

- Count SMC Sec(s) Description
1 20.400.190 (C) 1. Listed Building - Not on Site
2 20.400.190 (C) 1. Listed Building - Not on Site

☒ This is a continuing violation, fines may continue to accrue if the violation(s) described above do not cease.

ORDER

☒ You are ordered to correct or otherwise remedy this/these violation(s) by taking the following action(s) by the following date:

Repeated occurrence or continuation of the violation(s) is prohibited.
☒ You are further ordered to pay an Administrative Fine as prescribed in the schedule below for each count listed above. Payment must be paid in full by the compliance date to avoid additional fines.

THE TOTAL CITATION FINE DUE IS \$ 1000

ADMINISTRATIVE FINE SCHEDULE

- ☐ Fireworks Violation (SMC Ch. 17.04) \$1,000.00 per count
☐ Notice of Violation (only required for building, plumbing, electrical, or similar structural or zoning violation)
☐ 1st citation \$100.00 per count
☐ 2nd citation in a 12-month period \$200.00 per count (same offense)
☒ 3rd and subsequent citation in a 12-month period \$500.00 per count (same offense)

Failure to correct the violation and pay the Administrative Fine within 30 days will result in late payment charges.

IT IS THE DESIRED INTENT OF THE CITY TO ACHIEVE VOLUNTARY COMPLIANCE. HOWEVER, FAILURE TO COMPLY WITH THIS CITATION WILL RESULT IN FUTURE REMEDIAL ACTION INCLUDING, BUT NOT LIMITED TO, THE ISSUANCE OF FUTURE CITATIONS, STATEMENT OF THE CONDITIONS OR OTHER LEGAL REMEDIES PERMITTED BY LAW. LATE NOTICE THAT A VIOLATION EXISTS AND/OR THAT FEES ASSOCIATED WITH ANY NECESSARY ACTION MAY BE ASSESSED TO ALL RESPONSIBLE PARTIES.

Name & Signature of Issuing Enforcement Officer

Badge#

Signature of Violator

Date of Service

(Refusal or failure to sign does not affect the validity of this Citation.)

Type of Service
☒ Personal
☐ Certified Mail
☐ U.S. Mail

SEE REVERSE SIDE FOR PAYMENT AND OTHER INFORMATION

WHITE: FILE • YELLOW: PROCESSING • PINK: VIOLATOR

ORDINANCE NO. 1050

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, AMENDING CHAPTER 20.325 OF THE STANTON MUNICIPAL CODE RELATING TO POLITICAL SIGNS AND TEMPORARY NONCOMMERCIAL SIGNS

WHEREAS, Government Code, Section 65800 *et seq.* authorizes the City of Stanton ("City") to adopt and administer zoning laws, ordinances, rules and regulations by cities as a means of implementing the General Plan; and

WHEREAS, the City's Zoning Code includes comprehensive regulations on the display and placement of signs in the City, including the display and placement of political signs; and

WHEREAS, in 2015, the United States Supreme Court issued an opinion that directly addresses campaign sign regulations. The opinion concludes that local agencies may no longer treat political signs differently from other temporary signs (*Reed v. Town of Gilbert* (2015) 135 S. Ct. 2218); and

WHEREAS, following the *Reed* case, the City Council provided direction to City staff to bring back an ordinance repealing portions of the City's Sign Ordinance, particularly political sign regulations, that do not comply with the *Reed* case, and otherwise amending the City's Municipal Code so that it complies with the *Reed* case; and

WHEREAS, the Council wishes to provide private property owners with opportunities to display temporary noncommercial signage, year-round in recognition of individuals' free speech rights; and

WHEREAS, the Council also wishes to provide private property owners with additional opportunities to display temporary noncommercial signage during election periods in recognition of individuals' free speech rights; and

WHEREAS, while the Council wishes to provide private property owners with opportunities to display temporary noncommercial signage year-round and during election periods, the City wishes to regulate the number and size of signs allowed to be displayed in furtherance of the City's ability to place time, place, and manner restrictions on free speech; and

WHEREAS, regulations placed on the number and size of signs are to preserve the aesthetic quality of the City and to protect the public health and safety, since a high proliferation of signs may present a cluttered and visually distracting landscape in the City, and allowing overly large of signs may impede vehicular line-of-sight; and

WHEREAS, on May 9, 2016, the City gave public notice of a Planning Commission public hearing to be held to consider Zoning Code Amendment AZC16-02 by posting the public notice at three public places including Stanton City Hall, the Post Office; and the Stanton Community Services Center, and made the public notice available through the agenda posting process; and

WHEREAS, on May 18, 2016, the Planning Commission held a duly-noticed public hearing and considered the staff report, recommendations by staff, and public testimony concerning amendments to Chapter 20.325 of the Stanton Municipal Code, provided comments on the amendments, and voted to forward the proposed ordinance to the City Council with a recommendation in favor of its adoption; and

WHEREAS, on June 2, 2016, the City gave public notice of a City Council public hearing to be held to consider Zoning Code Amendment AZC16-02 by posting the public notice at three public places including Stanton City Hall, the Post Office, and the Stanton Community Services Center, and made the public notice available through the agenda posting process; and

WHEREAS, on June 14, 2016, the City Council considered the staff report, recommendations by staff and the City Attorney, and public testimony regarding amendments to Title 20 of the Municipal Code, provided additional direction to staff, and continued the item to the June 28, 2016 Council meeting; and

WHEREAS, on June 28, 2016, the City Council considered the staff report, recommendations by staff and the City Attorney, and public testimony regarding amendments to Title 20 of the Municipal Code, provided additional direction to staff, and continued the item to the July 12, 2016 Council meeting; and

WHEREAS, on July 12, 2016, the City Council pulled the public hearing from the agenda to allow staff to further revise the draft ordinance in light of new information; and

WHEREAS, on July 26, 2016, the City Council voted to table to discussion of the Ordinance for a period of one year; and

WHEREAS, on November 2, 2017, the City gave public notice of a City Council public hearing to be held to consider Zoning Code Amendment AZC16-02 by posting the public notice at three public places including Stanton City Hall, the Post Office, and the Stanton Community Services Center, and made the public notice available through the agenda posting process; and

WHEREAS, on November 14, 2017, the City Council considered the staff report, recommendations by staff and the City Attorney, and public testimony regarding amendments to Title 20 of the Municipal Code.

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

SECTION 1. CEQA. The City Council finds that this Ordinance is exempt from the California Environmental Quality Act ("CEQA") pursuant to Section 15061(b)(3) as the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

SECTION 2. Findings. The following findings are made in support of Zoning Code Amendment AZC16-02:

- a. The proposed amendment is consistent with the General Plan, particularly:

Action CD-1.1.2(b): Amend the city's sign ordinance to encourage higher quality and more consistent signs throughout Stanton.

The purpose of the proposed Zoning Code Amendment is to comply with recent U.S. Supreme Court law regarding political sign regulations. As such, the proposed Zoning Code Amendment ensures that the City's Municipal Code is lawful and appropriate.

Goal CD-1.2 Promote an attractive streetscape and public right-of-way, especially along major primary and secondary corridors, that is consistent with the desired vision and image of Stanton.

Strategy CD-1.2.2: Remove visual clutter along the street to both enhance the street's attractiveness and promote pedestrian safety.

The proposed sign code amendments further Goal CD-1.2 and Strategy CD-1.2.2 because temporary noncommercial signs would only be allowed on private property and not the public right-of-way. The prohibition of temporary noncommercial signs on public property promotes a decluttered streetscape and public right-of-way.

- b. The proposed amendment will not be detrimental to the public interest, health, safety, convenience, or welfare of the City.

The proposed amendment will not be detrimental to the public interest, health, safety, convenience, or welfare of the City because under the proposed sign code amendment, individuals will continue to be allowed to display temporary noncommercial signage on private property. This sign code amendment is in the public interest, because recent U.S. Supreme Court law provides that political, ideological, and religious signage may not be treated differently. The proposed sign code amendment does not differentiate between temporary noncommercial signs based on the signs' content.

c. The proposed amendment is internally consistent with other applicable provisions of this Zoning Code.

The proposed amendment is internally consistent with the City's Municipal Code, because temporary noncommercial signs will continue to be disallowed from the public right-of-way. Moreover, temporary noncommercial signage may continue to be displayed on private property. Finally, certain definitions that are unnecessary will be stricken from the Municipal Code.

SECTION 3. Section 20.325.050 of Title 20 of the Stanton Municipal Code is hereby deleted in its entirety and restated to read as follows:

"20.325.050 – Signs Exempt from Sign Permit Requirements

This Section identifies signs and sign maintenance activities that are exempt from sign permit requirements.

A. Standards applicable to exempt signs. Exempt signs shall not be included in the determination of the total allowable number of signs or total allowable sign area for a site or project. However, exempt signs shall comply with the development standards in this Chapter for the applicable sign type. Exempt signs installed or erected without complying with the applicable standards are considered illegal and may be removed in compliance with Section 20.325.170 (Removal of Certain Signs).

B. Nonstructural modifications and maintenance.

1. Changing the copy on conforming manual changeable copy signs.
2. The normal maintenance of conforming signs and nonconforming signs as provided in Subsection 20.325.160.E (Nonconforming Signs – Repair and Painting).

C. Temporary noncommercial signs.

D. On-site directional signs. A traffic control or directional sign that does not exceed four square feet.

E. On-site street address/unit identification signs.

1. **Apartment unit identification.** Apartment unit number identification sign, with a maximum sign area of one square foot.
2. **Site address or identification.** One name plate, street address, or identification sign, with a maximum sign area of one square foot may be placed at any door, loading dock or entrance facing a public street.

F. Incidental signs. Signs or notices that are incidental to an establishment (e.g., hours of operation, "Open" or "Closed" signs, credit card information, emergency contact information, etc.) not exceeding one-half square feet each, provided that the signs do not exceed four square feet in area for all the signs.

G. Government signs.

1. **Official signs.** Official notices of any court, public body, agency, or officer (e.g., legal notices; public transit signs and timetables; directional signs for pedestrian or vehicular traffic; warning signs erected by the City of other public entity, a public utility company, or contractor doing authorized permitted work on public property; public property identification signs; etc.). Public transit seating signs shall be allowed in all zones at the scheduled bus stops. Backlit signs shall be allowed on the ends of the bus shelters. The City reserves the right to review the copy of signs to be placed on bus benches and shelters. The objective is to ensure compatibility of the signs with adjacent development and to ensure public safety.

2. **Public service signs.** Notices posted by a utility or other quasi-public agent in the performance of a public duty or by any person giving due legal notice or information signs regarding a public utility's poles, lines, pipes, or facilities.

3. **Official Neighborhood Watch/Business Watch signs.** Official Neighborhood Watch/Business Watch signs subject to the following requirements:

Type	Number	Sign Area	Sign Height	Illumination Allowed
Freestanding Pole Sign	Maximum one per street block	Maximum 4 sq ft	Maximum 5 ft	No

A. Other on-premises, non-illuminated signs.

1. **Artwork.** A sculpture, statue, relief, mosaic or mural which is a work of art or otherwise decorative and does not contain a commercial message or symbol.

2. **Building markers.** Cornerstones, including names of buildings, dates of erection, and citations that are an integral part of the structure, and memorial signs and plaques not to exceed four square feet each and limited to four per building.

3. **Flags.** A flag of any nation, state, military institution, or City is displayed in a manner that conforms to the Flag Code (36 USCA, Section 173 et seq.).

4. **Interior signs.** Signs within a structure and not visible from the outside. See definition of window sign in Section 20.325.180 (Definitions)."

SECTION 4. Section 20.325.060, subsection "D" of Title 20 of the Stanton Municipal Code is hereby deleted in its entirety and restated to read as follows:

"D. **Unconstitutional Signs.** Signs that are not protected by the First Amendment."

SECTION 5. Section 20.325.140, subsection "H" of Title 20 of the Stanton Municipal Code is hereby deleted in its entirety and restated to read as follows:

"H. **Temporary Noncommercial Signs.** All zones. One temporary noncommercial sign with a sign face no larger than four (4) square feet may be displayed on a private property at any time with the property owner's consent, and one temporary noncommercial sign with a sign face no larger than 8.5 inches by 11 inches may be displayed in a window on private property at any time with the property owner's consent."

SECTION 6. Section 20.325.140, subsection "I" of Title 20 of the Stanton Municipal Code is hereby added to read as follows:

"I. **Temporary Noncommercial Signs During Specified Periods.**

1. **Residential Low and Residential Estates Zones.** Up to six (6) temporary noncommercial signs may be displayed on private property zoned RL (residential low) or RE (residential estate) with the property's owner's consent no earlier than sixty (60) days prior to a federal, state or local election. Such temporary noncommercial signs must be removed no later than 10 days after the corresponding election.
2. **All Other Zones.** Up to ten (10) temporary noncommercial signs may be displayed on all other residentially, commercially, and industrially-zoned private property with the property owner's consent no earlier than sixty (60) days prior to a federal, state or local election. Such temporary noncommercial signs must be removed no later than 10 days after the corresponding election.

- 3 The type of temporary noncommercial signs that may be displayed are wall and stake signs. The maximum size of each sign in the RL and RE zones is twelve (12) square feet. For signs in all other residentially, commercially, and industrially-zones private property, up to two (2) signs may be displayed at a maximum size of thirty-two (32) square feet, and up to eight (8) signs may be displayed at a maximum size of twelve (12) square feet. The maximum height of each sign in all zones is:

- a. Stake Sign: 5feet;
- b. Wall Sign: No higher than the top of the eave or parapet wall.

4. The temporary noncommercial signs permitted under this Section 20.325.140(I) is in addition to the temporary noncommercial signs allowed to be displayed under Section 20.325.140(H)."

SECTION 7. The definition of "Civic Sign" provided in Section 20.325.180 is hereby deleted in its entirety.

SECTION 8. The definition of "Government Sign" provided in Section 20.325.180 is hereby deleted in its entirety and restated to read as follows:

"Government Sign. A sign that identifies or states the location of, describes the services available, the function of, the activities provided, or states the conditions of use of facilities or sites maintained, used or owned by any government entity or quasi-government entity such as a public utility or a public educational institution."

SECTION 9. The definition of "Political Sign" provided in Section 20.325.180 is hereby deleted in its entirety.

SECTION 10. The definition of "Temporary Noncommercial Sign" is hereby added to Section 20.325.180 as follows:

"Temporary Noncommercial Sign. A sign, banner, pennant, valance, or display constructed of cloth, canvas, fabric, cardboard, wall board, or other light nondurable materials, with or without frames, designed to be displayed for a limited period of time that displays a sign message that is not commercial in nature."

SECTION 11. The City Council's actions are made upon review of the Planning Commission's recommendation, the Staff Report, all oral and written comments, and all documentary evidence presented on the Ordinance.

SECTION 12. If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Ordinance for any reason is 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 of this Ordinance. The City Council hereby declares that it would have adopted this Ordinance, and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional.

SECTION 13. The City Clerk shall certify as to the adoption of this Ordinance and shall cause a summary thereof to be published within fifteen (15) days of the adoption and shall post a Certified copy of this Ordinance, including the vote for and against the same, in the Office of the City Clerk, in accordance with Government Code Section 36933.

SECTION 14. This Ordinance is on file and has been available for public review for at least five days prior to the date of this Ordinance, in the City Clerk's office, at Stanton City Hall, 7800 Katella Ave., Stanton, California 90680.

SECTION 15. This ordinance shall be effective thirty days after its adoption.

PASSED, APPROVED, AND ADOPTED this 28th day of November, 2017.

CAROL WARREN, MAYOR

ATTEST:

PATRICIA A. VAZQUEZ, CITY CLERK

APPROVED AS TO FORM:

MATTHEW E. RICHARDSON, CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF STANTON)

I, PATRICIA A. VAZQUEZ, City Clerk of the City of Stanton, California, do hereby certify that the foregoing Ordinance No. 1050 was introduced at a regular meeting of the City Council of the City of Stanton, California, held on the 14th day of November, 2017, and was duly adopted at a regular meeting of the City Council held on the 28th day of November, 2017, by the following roll-call vote, to wit:

AYES: COUNCILMEMBERS: _____

NOES: COUNCILMEMBERS: _____
ABSENT: COUNCILMEMBERS: _____
ABSTAIN: COUNCILMEMBERS: _____

PATRICIA A. VAZQUEZ, CITY CLERK

ORDINANCE NO. 1072

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA ADDING CHAPTER 20.533 TO THE ZONING CODE PERTAINING TO THE IMPLEMENTATION OF AN ART IN PUBLIC PLACES PROGRAM

WHEREAS, it is the City's desire to enhance the cultural and aesthetic environment of the City of Stanton, and to encourage creativity, education through the implementation of an Art in Public Places Program; and

WHEREAS, art located in public places throughout the City is an investment in the cultural vitality and economic development of a community, can increase in value, increase property values, and draw visitors and tenants; and

WHEREAS, an Art in Public Places Program will allow the City to implement a number of goals and policies from the Stanton General Plan Community Design Element, and the Livable Beach Blvd. Mobility Plan; and

WHEREAS, the goals of Stanton's Art in Public Places Program are to distinguish Stanton as a special place to live, work, play, and visit, strengthen cultural awareness, creativity, and innovative thinking in the community, integrate the vision of artists with the perspective of other design professionals into the planning and design of the urban landscape, ensure sculptures are visually accessible to every member of the community, provide a means to counterbalance what many consider to be the "negative" effects of development, build a diverse collection of permanent outdoor sculpture by qualified artists and ensure the collection is continually maintained, and create a vibrant walkable community along the City's Beach Blvd. corridor, civic areas, and community at large; and

WHEREAS, on October 18, 2017, the Planning Commission of the City of Stanton held a duly-noticed public hearing at which the Commission considered oral and written testimony and the entirety of the record, and recommended that the City Council adopt Ordinance No. 1072; and

WHEREAS, on November 14, 2017, the City Council of the City of Stanton held a duly-noticed public hearing at which the Council considered oral and written testimony and the entirety of the record.

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

SECTION 1: CEQA. The City Council finds that this Ordinance is exempt from the California Environmental Quality Act ("CEQA") pursuant to Section 15061(b)(3) as the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that

Ordinance No. 1072

Page 1 of 5

the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

SECTION 2: Findings for Zoning Code Amendments. The City Council of the City of Stanton hereby makes the following findings in support of the Zoning Code Amendments proposed herein:

- A. The proposed amendment is consistent with the General Plan and any applicable Specific Plan. The proposed Zoning Code Amendment is consistent with the goals, policies and general land uses and programs specified in the General Plan, specifically: Goal CD-1.1 to "promote quality development and design that preserves and enhances a positive and unique image of Stanton, and fosters a sense of community pride" and Strategy CD-2.1.2(b) to "develop an Art in Public Space Program to encourage the development of public art in public spaces." The implementation of an Art in Public Places Program will align with the City's goals of enhancing its community image and encouraging a variety of artwork in city public spaces.
- B. The proposed amendment will not be detrimental to the public interest, health, safety, convenience, or welfare of the City. Rather, the proposed amendments help to enhance the cultural and aesthetic environment and also provide standards and guidelines for artwork placement and design.
- C. The proposed amendment is internally consistent with other applicable provisions of this Zoning Code. The proposed amendments will establish procedures for selecting and locating public art within the City, in addition to the creation of an in-lieu fund. Moreover, this Ordinance is being processed in accordance with Stanton Municipal Code Chapter 20.610.

SECTION 3: Adding Chapter 20.533 Art in Public Places Program. Chapter 20.533 of Title 20 of the Stanton Municipal Code is hereby added as follows:

20.553.010 Purpose

The purpose of this Chapter is to enhance the cultural and aesthetic environment of the City of Stanton, and to encourage creativity, education through the implementation of an Art in Public Places Program. This Program will also implement a number of goals and policies in the Stanton General Plan Community Design Element, and the Livable Beach Blvd. Mobility Plan.

20.553.020 Applicability

- A. Except as otherwise provided in this Title, all development projects are subject to the requirements contained in the most recently adopted or amended version of the Arts in Public Places Manual.

- B. All developers of commercial projects, industrial projects, including attached and detached additions to existing commercial and industrial buildings, and residential projects of five (5) dwelling units or more with a total building valuation are required to select, purchase and install permanent outdoor sculpture accessible by the general public. The required minimum art allocation shall be as established in the Art in Public Places Manual. For any custom home development, the art requirement will be based on an estimate of the homes' market value, based on lot size and existing market. If development of a project is to proceed in phases, the phasing plan shall include information reflecting compliance with the Art in Public Places requirements and shall be subject to review and approval, all as specified in the Art in Public Places Manual. Additional requirements of the city's Art in Public Places Program are set forth in the Art in Public Places Manual.

20.553.030 Review Authority

- A. **Art in Public Places Committee.** The Arts in Public Places Advisory Committee is a formal body responsible for reviewing and approving proposed sculptures and ensuring Art in Public Places proposals meet program requirements. The Arts in Public Places Advisory Committee shall include two members of the City Council as designated by Council, the City Manager, and Community Development Director.

20.553.040 Application Requirements

An application for Art in Public Places shall be filed and processed in compliance with the adopted Arts in Public Places Manual. The application shall include the information and materials specified in the Manual, together with payment of the required fee in compliance with the City's Planning Fee Schedule.

20.553.050 Findings and Decision

- A. **Review Authority's Action.** An application for Arts in Public Places may be approved subject to conditions, or disapproved by the review authority.
- B. **Required Findings.** The review authority may approve an Arts in Public Places application only if it first makes all of the following findings:
- a. The design and location of the sculpture is placed in a location that is visible to the public and within an area that does not impact traffic visibility, circulation, or create a hazardous situation; and
 - b. The artwork is consistent with the goals and policies of the City's General Plan and Livable Beach Blvd. Mobility Plan; and
 - c. That the artwork is an enhancement to the site, surrounding neighborhood, and the City as a whole.
- C. **Decision.** A decision on the Art in Public Places application will be rendered within fourteen (14) days after the Review Authority meets to review the application.

20.553.060 Maintenance of Artwork

All property owners are responsible for maintaining the art work in clean, undamaged condition for the lifetime of the art work. The obligation to maintain the art work shall be evidenced by written instrument recorded with the County Recorder setting forth such obligation. A copy of the instrument shall be submitted to the city immediately following recordation.

SECTION 4: Location and Custodian of Records. The documents and materials associated with this Ordinance that constitute the record of proceedings on which these findings are based are located at Stanton City Hall, 7800 Katella Ave., Stanton, California 90680. The City Clerk is the custodian of the record of proceedings.

SECTION 5: Severability. If any section, subsection, sentence, clause, phrase or portion of this Ordinance, 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 of this Ordinance. The City Council of the City of Stanton hereby declares that it would have adopted this Ordinance, and each section, subsection, sentence, clause or phrase hereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses and phrases may be declared invalid or unconstitutional.

SECTION 6: Effective Date. This Ordinance No. 1072 shall be effective 30 days after its adoption.

SECTION 7: Publication. The City Clerk shall certify as to the adoption of this Ordinance and shall cause a summary thereof to be published within fifteen (15) days of the adoption and shall post a Certified copy of this Ordinance, including the vote for and against the same, in the Office of the City Clerk, in accordance with Government Code Section 36933.

PASSED, APPROVED, and ADOPTED this 28th day of November, 2017.

CAROL WARREN, MAYOR

ATTEST:

PATRICIA A. VAZQUEZ, CITY CLERK

APPROVED AS TO FORM

MATTHEW E. RICHARDSON, CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF STANTON)

I, PATRICIA A. VAZQUEZ, City Clerk of the City of Stanton, California, do hereby certify that the foregoing Ordinance No. 1072 was introduced at a regular meeting of the City Council of the City of Stanton, California, held on the 14th day of November, 2017 and was duly adopted at a regular meeting of the City Council held on the 28th day of November, 2017, by the following roll-call vote, to wit:

AYES: COUNCILMEMBERS: _____

NOES: COUNCILMEMBERS: _____

ABSENT: COUNCILMEMBERS: _____

ABSTAIN: COUNCILMEMBERS: _____

PATRICIA A. VAZQUEZ, CITY CLERK

ORDINANCE NO. 1073

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, ESTABLISHING FOUR CITY COUNCIL DISTRICTS FOR A BY-DISTRICT ELECTORAL SYSTEM AND CERTAIN RELATED MATTERS

WHEREAS, the City Council of the City of Stanton ("the City") has historically been elected under an "at-large" election system where City Council Members are elected by voters of the entire city; and

WHEREAS, the City Council desires to change to "by-district" elections where each City Council Member must reside within the designated district boundary and is elected only by the voters in that district and the office of Mayor shall be directly elected; and

WHEREAS, the City Council previously adopted Resolution No. 2017-34 to guide the process of establishing the City Council districts; and

WHEREAS, the City Council solicited, received, and took under consideration input from the community and identified a Preferred District Map that fully complies with all legal requirements and the adopted criteria referenced in Resolution No. 2017-34; and

WHEREAS, the change in the method of electing members of the legislative body is being made in furtherance of the purposes of the California Voting Rights Act of 2001; and

WHEREAS, the City Council has taken all legal prerequisites to the enactment of this Ordinance.

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

SECTION 1. The facts set forth in the Recitals, Part A, of this Ordinance are true and correct.

SECTION 2. Sections 2.04.080, 2.04.090, 2.04.100, and 2.04.110 are added to Chapter 2.04 of Title 2 of the Stanton Municipal Code to read as follows:

Section 2.04.080 Single-Member Voting Districts for City Council

2.04.080 Voting districts established.

At the expiration of the current terms of office of members of the City Council, City Council Members shall be elected by four City Council districts, the boundaries of which shall be adopted by resolution and the office of Mayor shall be directly elected.

2.04.090 Eligibility to hold office.

A. A person is not eligible to hold office as a City Council Member unless he or she resides within the designated district boundary.

B. Persons signing nomination petitions or voting for a City Council Member shall be registered to vote in the district from which the Council Member is to be elected.

2.04.100 Adjusting council district boundaries.

A. The City Council shall adjust district boundaries when required by law and at such other times as deemed appropriate by the City Council. Such proceedings shall be conducted and the district boundaries adjusted in compliance with all legal criteria and such other standards as might be adopted by the City Council.

B. Before adjusting the boundaries of a district, the Council shall hold at least one public hearing on the proposal to adjust the boundaries of the district.

2.04.110 Effect of establishment or change in district boundaries.

The term of office of any member of the City Council shall not be affected by the establishment of or change in boundaries of any district.

SECTION 3. 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 and words of this Ordinance shall remain in full force and effect.

SECTION 4. This Ordinance shall take effect immediately after its adoption, pursuant to Government Code Section 25123.

SECTION 5. The City Clerk of the City of Stanton shall certify to the passage of the Ordinance and shall cause the same to be posted in the manner required by law.

PASSED, APPROVED, AND ADOPTED this 28th day of November, 2017.

CAROL WARREN, MAYOR

ATTEST:

PATRICIA A. VAZQUEZ, CITY CLERK

APPROVED AS TO FORM

MATTHEW E. RICHARDSON, CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF STANTON)

I, PATRICIA A. VAZQUEZ, City Clerk of the City of Stanton, California, do hereby certify that the foregoing Ordinance No. 1073 was introduced at a regular meeting of the City Council of the City of Stanton, California, held on the 14th day of November, 2017, and was duly adopted at a regular meeting of the City Council held on the 28th day of November, 2017, by the following roll-call vote, to wit:

AYES:	COUNCILMEMBERS:	_____

NOES:	COUNCILMEMBERS:	_____
ABSENT:	COUNCILMEMBERS:	_____
ABSTAIN:	COUNCILMEMBERS:	_____

PATRICIA A. VAZQUEZ, CITY CLERK

CITY OF STANTON

REPORT TO CITY COUNCIL

TO: Honorable Mayor and Members of the City Council

DATE: November 28, 2017

SUBJECT: ADOPT AN ORDINANCE AMENDING SECTION 10.08.060 OF TITLE 10 OF THE STANTON MUNICIPAL CODE IN REGARDS TO PERMIT PARKING REGULATIONS

REPORT IN BRIEF:

In April of 2016, the California Attorney General issued a formal opinion that local authorities may not institute preferential parking regulations that discriminate among residents based on the residents' dwelling type. As a result, the City worked with a consultant to determine the viability of a permit parking program in highly impacted areas that was consistent with the Attorney General's opinion. After extensive analysis the consultant determined that there was no version of a parking permit program that was consistent with the Attorney General's opinion and provided permit relief in the impacted areas based on the lack of available parking. Dissolution of the permit parking program was recommended with the preservation of existing permit parking areas.

RECOMMENDED ACTION:

1. City Council declare that the project is exempt from California Environmental Quality Act ("CEQA") under Section 15378(b)(4) – The creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment; and
2. Adopt an Ordinance No.1075, entitled:

"AN ORDINANCE AMENDING SECTION 10.08.060 OF TITLE 10 OF THE STANTON MUNICIPAL CODE IN REGARDS TO PERMIT PARKING REGULATIONS"; and
3. Set said ordinance for adoption at the December 12, 2018 City Council meeting.

BACKGROUND:

In April of 2016, the California Attorney General issued a formal opinion that local authorities may not institute preferential parking regulations that discriminate among residents based on the residents' dwelling type. Consequently, resident-only permits must be made available to all residents of adjacent streets, not just residents of a particular dwelling type. For example, a city could not grant permits to residents of single family dwelling while denying permits to residents a high-density unit.

In June of 2016, the City Council adopted an emergency ordinance to place a moratorium on the City's permit parking program. Beginning in August of the same year, City staff met with the Apartment Association, property owners, residents and other stakeholders on multiple occasions over the next year to discuss parameters of a new program. The program that was developed was viewed negatively by the Apartment Association. As a result, City Council extended the moratorium to evaluate the program.

In May of 2017, the City contracted with Stantec, an engineering services company, to analyze the various ways of crafting permit parking guidelines for neighborhoods in Stanton. There was an attempt to craft the guidelines in such a way to not only satisfy the Attorney General's opinion but also be responsive to the needs of all stakeholders. Numerous attempts were made by the consultant to address all of the issues involved while remaining compliant with the Attorney General's opinion.

ANALYSIS/JUSTIFICATION:

The result of the analysis concluded that there was not sufficient parking available in the affected areas to successfully implement an expansion of the permit parking program. Stantec recommended the dissolution of the program with the exception of previously permitted areas in which parking permits would continue to be issued. This recommendation does not please all stakeholders, however it will avoid monetizing the permit process by charging for spots that do not exist, it is consistent with the Attorney General's opinion and preserves existing permit parking areas.

Additionally, the staff that would be required to effectively manage the permit process as well as effectively enforce the regulations does not exist. The personnel requirements associated with the creation of additional permit parking areas would be significant.

FISCAL IMPACT:

There is no fiscal impact associated with this action.

ENVIRONMENTAL IMPACT:

None

LEGAL REVIEW:

N/A

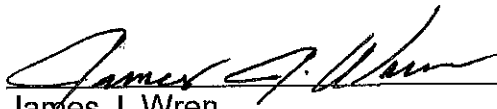
PUBLIC NOTIFICATION:

Through the normal agenda process.

STRATEGIC PLAN OBJECTIVE ADDRESSED:

6 – Maintain and Promote a Responsive, High Quality and Transparent Government

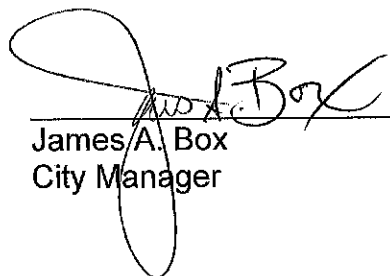
Prepared and Presented for Approval By:


James J. Wren
Public Safety Director

Reviewed By:

Stephen M. Parker, CPA
Administrative Services Director

Approved By:


James A. Box
City Manager

Attachments:

Proposed Ordinance No. 1075

ORDINANCE NO. 1075

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, AMENDING SECTION 10.08.060 OF TITLE 10 OF THE STANTON MUNICIPAL CODE IN REGARDS TO PERMIT PARKING REGULATIONS

WHEREAS, in April 2016, the Attorney General for the State of California published Opinion 14-304 regarding the appropriate interpretation of California Vehicle Code Section 22507; and

WHEREAS, in accordance with the formal Opinion, in issuing of long-term residential permits, local authorities may not distinguish among residents based on the type of dwelling unit in which they live; and

WHEREAS, Urgency Ordinance No. 1055 was adopted by the City Council on June 28, 2016, to place a temporary moratorium on the establishment of new permit parking areas to allow for staff to evaluate the existing program, and determine a path forward to be consistent with the Attorney General Opinion; and

WHEREAS, Urgency Ordinance No. 1058 was adopted by City Council on August 9, 2016 to extend the moratorium until February 9, 2017; and

WHEREAS, during the moratorium period, City staff evaluated the existing program and determined it did not meet the intent of California Vehicle Code Section 22507 as established in the Attorney General Opinion;

WHEREAS, City staff evaluated existing programs in surrounding cities, and the City's residential neighborhoods to draft an appropriate program to comply with the Attorney General Opinion; and

WHEREAS, City staff developed a program perceived to be in compliance with the Attorney General Opinion and presented the program to stakeholders; and

WHEREAS, after evaluation of the program with the stakeholders, it was determined that the proposed program would need to be reevaluated; and

WHEREAS, to provide additional time to reevaluate the program, Urgency Ordinance No. 1062 was adopted by the City Council on February 14, 2017 to reestablish a moratorium on permit parking for a period of one year; and

WHEREAS, the City Council authorized a contract with Stantec, an engineering services company, to assist the City in reevaluating the proposed permit parking program, and drafting an appropriate program that was compliant with the Attorney General Opinion, and did not create a situation where a significant number of permits

were issued above what the actual number of available parking spaces that the neighborhood could accommodate; and

WHEREAS, Stantec evaluated a number of other city's programs to identify components of the programs that may work for the City of Stanton, and conducted several parking analyses associated with sample programs to determine real world implementation of the proposed programs; and

WHEREAS, in every scenario studied by Stantec, it was determined that the programs were either not consistent with the Attorney General Opinion, or they would produce a situation of issuing a number of permits well beyond the available parking within the neighborhood; and

WHEREAS, upon evaluation of the City of Stanton's residential neighborhoods and a number of different scenarios in an attempt to revise the City's permit parking neighborhoods, Stantec provided a professional determination that the most appropriate action for the City would be to discontinue the permit parking program; and

WHEREAS, as the existing permit parking neighborhoods were in existence prior to the Attorney General Opinion, the City intends to maintain the existing neighborhoods as permit parking areas, subject to the provisions of the adopted guidelines; and

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

WHEREAS, on November 28, 2017, the City Council considered the staff report, recommendations by staff, and public testimony regarding the proposed ordinance.

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

SECTION 1. CEQA. The City Council finds that this Ordinance is exempt from the California Environmental Quality Act ("CEQA") pursuant to Section 15061(b)(3) as the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

SECTION 2. Section 10.08.060 is hereby deleted in its entirety and restated to read as follows:

“Section 10.08.060 Permit Parking.

A. Discontinuation of the Permit Parking Program.

The establishment of new permit parking neighborhoods shall be prohibited.

B. Treatment of Existing Permit Parking Neighborhoods.

1. All permit parking neighborhoods approved by resolution of the City Council that were in existence prior to the effective date of the Ordinance No. 1075 disbanding the permit parking program shall be able to remain in effect and operate consistent to the adopted guidelines.
2. The guidelines for the regulation of the existing permit parking neighborhoods may be amended and updated at any time by the City Council by resolution.
3. If any permit parking neighborhood in existence when the program was disbanded chooses to disband the program in their neighborhood in compliance with the adopted guidelines, the permit parking program would not be able to reestablish in the future."

SECTION 3. If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Ordinance for any reason is 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 of this Ordinance. The City Council hereby declares that it would have adopted this Ordinance, and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional.

SECTION 4. The City Clerk shall certify as to the adoption of this Ordinance and shall cause a summary thereof to be published within fifteen (15) days of the adoption and shall post a Certified copy of this Ordinance, including the vote for and against the same, in the Office of the City Clerk, in accordance with Government Code Section 36933.

SECTION 5. The documents and materials associated with this Ordinance that constitute the record of proceedings on which these findings are based are located at Stanton City Hall, 7800 Katella Ave., Stanton, California 90680. The City Clerk is the custodian of the record of proceedings.

SECTION 6. This ordinance shall be effective thirty days after its adoption.

PASSED, APPROVED, and ADOPTED this 14th day of December, 2017.

CAROL WARREN, MAYOR

ATTEST:

PATRICIA A. VAZQUEZ, CITY CLERK

APPROVED AS TO FORM:

MATTHEW E. RICHARDSON, CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF STANTON)

I, PATRICIA A. VAZQUEZ, City Clerk of the City of Stanton, California, do hereby certify that the foregoing Ordinance No. 1075 was introduced at a regular meeting of the City Council of the City of Stanton, California, held on the 28th day of November, 2017 and was duly adopted at a regular meeting of the City Council held on the 14th day of December, 2017, by the following roll-call vote, to wit:

AYES: COUNCILMEMBERS: _____

NOES: COUNCILMEMBERS: _____

ABSENT: COUNCILMEMBERS: _____

ABSTAIN: COUNCILMEMBERS: _____

CITY CLERK, CITY OF STANTON

CITY OF STANTON

REPORT TO THE CITY COUNCIL

TO: Honorable Mayor and Members of the City Council

DATE: November 28, 2017

SUBJECT: **A RESOLUTION TO RE-ESTABLISH FEES FOR STATE FRANCHISED VIDEO SERVICE PROVIDERS**

REPORT IN BRIEF:

As part of our membership in the joint powers authority of the Public Cable Television Authority (PCTA), every ten (10) years the City must approve a resolution and ordinance that reauthorizes local governments to establish and collect Public, Educational, and Governmental Access (PEG) fees from a city's cable and video TV operators. City Council previously adopted Ordinance No. 1064 on March 28, 2017, but with Time Warner Cable LLC's expiring franchise in January 2018, PCTA has asked that City Council re-establish the PEG fees again.

RECOMMENDED ACTION:

1. City Council declare that the project is exempt from the California Environmental Quality Act ("CEQA") under Section 15061(b)(3) as the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA; and

2. Adopt Resolution 2017-50 entitled:

"A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, RE-ESTABLISHING FEES FOR STATE FRANCHISED VIDEO SERVICE PROVIDERS".

3. Introduce for first reading Ordinance No. 1074, entitled:

"AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, RE-ESTABLISHING FEES FOR STATE FRANCHISED VIDEO SERVICE PROVIDERS" and

4. Set said ordinance for adoption at the regular City Council meeting of December 12, 2017.

BACKGROUND:

Local governments have traditionally received compensation for the use of the public right-of-way by cable television companies for the provision of video services in a community. Currently, the City of Stanton receives 5% of the gross revenues from Frontier Communications (formerly Verizon) and Spectrum/Charter (formerly Time Warner Cable) through its membership in the Public Cable Television Authority (PCTA). PCTA is a joint powers authority including the cities of Fountain Valley, Huntington Beach, Stanton and Westminster. Franchise fee revenues received by the City of Stanton in the last year were approximately \$240,000. Federal and California law prohibits the collection of franchise fees on Internet or telephone services provided by cable television companies.

Federal law also allows for local franchise authorities to negotiate additional revenues from cable operators for the support of public, educational, and government (PEG) access channels such as Channel 3 programming that is currently available in Stanton. Typical contemporary franchise agreements establish additional funding for local cable companies to provide capital and operational support for PEG access through production studios, video equipment, and production operational support. The existing franchise agreements with Frontier Communications and Spectrum/Charter do not currently require PEG access channel support with the exception of public access channel management. In the last year, PCTA received approximately \$48,000 in PEG fees.

In September 2006, the Governor signed AB 2987, the Digital Infrastructure and Video Competition Act of 2006 (DIVCA), establishing state franchising of wireline video service providers. This law allows competitive video service providers, including local telephone companies, seeking to provide service to obtain a franchise directly through the state starting April 2007. This law also contains provisions for the conversion of incumbent cable television service providers to statewide franchises.

On April 10, 2007, City Council adopted Ordinance No. 930 to affirm a franchise fee of 5% of gross revenues and establish a PEG Fee of 1% of gross revenues for state video franchise holders.

On March 28, 2017, City Council adopted Ordinance 1064 to re-establish fees for state franchised video service providers.

ANALYSIS/JUSTIFICATION:

In January 2018, Time Warner Cable LLC's state franchise is set to expire. DIVCA Section 5870 states that the fee to support PEG channel facilities "may be reauthorized upon the expiration of the state franchise," but does not explicitly require local agencies to reauthorize those fees via ordinance. Because Section 5870 refers to an ordinance elsewhere – and because substantial funding could be lost unless the 1% fee is

reauthorized – Rutan & Tucker (the firm that represents PCTA) has advised PCTA to proceed with the reauthorization via a resolution and ordinance, and also encourages each PCTA member city to establish a similar resolution and ordinance. Failure to take such action may result in the loss of PEG revenue.

The 1% PEG support fee will continue to be used to offset PCTA expenditures on government access programming and/or augment additional government access programming. At any given time, the PCTA Board could vote on directing the PEG funds directly to each member city as opposed to the current practice.

This resolution is being presented to City Council tonight along with an ordinance that will take effect 30 days after the second reading on December 12, 2017.

FISCAL IMPACT:

If the City does not re-establish the collection of PEG fees from our cable providers, the City could lose the PEG fees that are remitted to PCTA quarterly and are used to enhance access for our residents to government and educational programming and access to other government services.

ENVIRONMENTAL IMPACT:

In accordance with the requirements of the CEQA, this project has been determined to be not a project under Section 15061(b)(3).

LEGAL REVIEW:

Reviewed and approved.


PUBLIC NOTIFICATION:

Through publication and posting of public hearing notices and the normal agenda process.

STRATEGIC PLAN OBJECTIVE ADDRESSED:

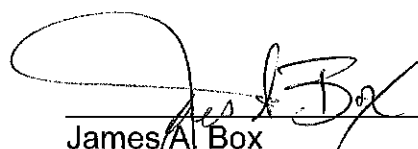
4. Ensure Fiscal Stability and Efficiency in Governance

Prepared By:



Stephen M. Parker, CPA
Administrative Services Director

Approved By:



James A. Box
City Manager

Attachments:

- A.** Resolution No. 2017-50 Re-Establishing Fees for State Franchised Video Service Providers
- B.** Ordinance No. 1074 Re-Establishing Fees for State Franchised Video Service Providers

RESOLUTION NO. 2017-50

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, RE-ESTABLISHING FEES FOR STATE FRANCHISED VIDEO SERVICE PROVIDERS

WHEREAS, the Legislature of the State of California has enacted the Digital Infrastructure and Video Competition Act of 2006 ("Act") set forth in Public Utilities Code section 5800 *et seq.*, which authorizes State Franchises; and

WHEREAS, pursuant to the 2004 Restated and Amended Joint Powers Agreement, the City of Stanton ("City") is a member of the Public Cable Television Authority ("PCTA") for the purposes of exercising the common powers of its member cities relating to cable television, video service providers, and open video systems, and

WHEREAS, pursuant to the Act, the City and the PCTA acquire certain rights and responsibilities with respect to state video franchise holders ("State Franchisees"), and

WHEREAS, effective January 1, 2007, the State of California ("State") has the authority to grant state franchises for the provision of video service including cable television, video service providers, and open video systems, and

WHEREAS, the PCTA adopted Ordinance 930 on March 14, 2007, wherein the PCTA agreed to impose certain fees on cable providers within the PCTA's jurisdiction; and

WHEREAS, included in such rights is the requirement that the City, through the PCTA, receive a state franchise fee as compensation for the use of the public rights-of-way for the provision of video services; and

WHEREAS, all current cable television franchisees pay a state franchise fee equal to five percent (5%) of gross revenues; and

WHEREAS, pursuant to the Act, local entities may, by ordinance, establish a fee (herein after "PEG Support Fee") for the support of public, educational, and governmental access ("PEG") channel facilities; and

WHEREAS, on April 10, 2007, the City adopted Ordinance No. 930 establishing fees for State Franchisees, and

WHEREAS, on March 28, 2017, the City adopted Ordinance No. 1064 re-establishing fees for State Franchisees, and

WHEREAS, the City and PCTA have been authorized to examine the business records of a State Franchisee to the extent reasonably necessary to ensure compensation is in accordance with state law; and

WHEREAS, the PCTA will retain authority, without change, over all PCTA cable franchises until such time as the parties thereto no longer hold a state franchise, or are no longer operating under a current or expired franchise, and

WHEREAS, some State Franchisees within the PCTA's jurisdiction will expire and are expected to be renewed in 2018; and

WHEREAS, Public Utilities Code section 5870(n) could be read, such that PEG fees must be reauthorized upon the expiration of an applicable state franchise.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF STANTON DOES RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. The City Council finds that the above recitations are true and correct and, accordingly, are incorporated as a material part of this Resolution.

SECTION 2. That State Franchisee(s) holders that offer video service within the jurisdictional boundary of the City will calculate and remit, a state franchise fee equal to five percent (5%) of gross revenues as provided in Sections 5860 and 5840(q)(1) of the Act.

SECTION 3. That State Franchisee(s) holders that offer service within the jurisdictional boundary of the City will calculate and remit, an additional PEG Support Fee equal to one percent (1%) of gross revenues to be used in a manner consistent with law as provided in Section 5870(n) of the Act.

SECTION 4. The Franchise Fee and PEG Support Fee shall be remitted to the PCTA on a quarterly basis within 45 days after the end of each quarter for that calendar year. Each payment shall be accompanied by a detailed summary explaining the basis for the calculation of the Franchise Fee and PEG Support Fee.

SECTION 5. Gross Revenues under Sections 2 and 3 above, shall be defined as is consistent with Section 5860 of the Act.

SECTION 6. A late payment charge equal to the highest prime lending rate during the period of delinquency plus one percent (1%) will be applied to any payment made by a State Franchisee for Franchise Fees and PEG Support Fees not received when due under Section 4 above.

SECTION 7. Not more than once annually, the City and/or the PCTA may examine the business records of a State Franchisee(s) to the extent reasonably necessary to ensure compliance with the Act and this Resolution.

SECTION 8. Any Franchise Fee and PEG Support Fee levied and collected by the PCTA pursuant to this Act shall constitute a credit against any Franchise Fee or PEG Support Fee imposed herein.

SECTION 9. Not more than once annually, the City and/or the PCTA may examine the business records of a State Franchisee(s) to the extent reasonably necessary to ensure compliance with the Act and this Resolution.

SECTION 10. If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Resolution, 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 of this Resolution. The City Council hereby declares that it would have adopted this Resolution, and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional.

ADOPTED, SIGNED AND APPROVED this 28th day of November, 2017.

CAROL WARREN, MAYOR

APPROVED AS TO FORM:

MATTHEW E. RICHARDSON, CITY ATTORNEY

ATTEST:

I, PATRICIA A. VAZQUEZ, City Clerk of the City of Stanton, California DO HEREBY CERTIFY that the foregoing Resolution, being Resolution No. 2017-50 has been duly signed by the Mayor and attested by the City Clerk, all at a regular meeting of the Stanton City Council, held on November 28, 2017, and that the same was adopted, signed and approved by the following vote to wit:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

PATRICIA A. VAZQUEZ, CITY CLERK

ORDINANCE NO. 1074

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, RE-ESTABLISHING FEES FOR STATE FRANCHISED VIDEO SERVICE PROVIDERS

WHEREAS, the Legislature of the State of California has enacted the Digital Infrastructure and Video Competition Act of 2006 ("Act") set forth in Public Utilities Code section 5800 *et seq.*, which authorizes State Franchises; and

WHEREAS, pursuant to the 2004 Restated and Amended Joint Powers Agreement, the City of Stanton ("City") is a member of the Public Cable Television Authority ("PCTA") for the purposes of exercising the common powers of its member cities relating to cable television, video service providers, and open video systems, and

WHEREAS, pursuant to the Act, the City and the PCTA acquire certain rights and responsibilities with respect to state video franchise holders ("State Franchisees"), and

WHEREAS, effective January 1, 2007, the State of California ("State") has the authority to grant state franchises for the provision of video service including cable television, video service providers, and open video systems, and

WHEREAS, the PCTA adopted Ordinance 930 on March 14, 2007, wherein the PCTA agreed to impose certain fees on cable providers within the PCTA's jurisdiction; and

WHEREAS, included in such rights is the requirement that the City, through the PCTA, receive a state franchise fee as compensation for the use of the public rights-of-way for the provision of video services; and

WHEREAS, all current cable television franchisees pay a state franchise fee equal to five percent (5%) of gross revenues; and

WHEREAS, pursuant to the Act, local entities may, by ordinance, establish a fee (herein after "PEG Support Fee") for the support of public, educational, and governmental access ("PEG") channel facilities; and

WHEREAS, on April 10, 2007, the City adopted Ordinance No. 930 establishing fees for State Franchisees, and

WHEREAS, on March 28, 2017, the City adopted Ordinance No. 1064 establishing fees for State Franchisees, and

WHEREAS, the City and PCTA have been authorized to examine the business records of a State Franchisee to the extent reasonably necessary to ensure compensation is in accordance with state law; and

WHEREAS, the PCTA will retain authority, without change, over all PCTA cable franchises until such time as the parties thereto no longer hold a state franchise, or are no longer operating under a current or expired franchise, and

WHEREAS, some State Franchisees within the PCTA's jurisdiction will expire and are expected to be renewed in 2018; and

WHEREAS, Public Utilities Code section 5870(n) could be read, such that PEG fees must be reauthorized upon the expiration of an applicable state franchise.

THE CITY COUNCIL OF THE CITY OF STANTON DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1: That State Franchisee(s) holders that offer video service within the jurisdictional boundary of the City will calculate and remit, a state franchise fee equal to five percent (5%) of gross revenues as provided in Sections 5860 and 5840(q)(1) of the Act.

SECTION 2: That State Franchisee(s) holders that offer service within the jurisdictional boundary of the City will calculate and remit, an additional PEG Support Fee equal to one percent (1%) of gross revenues to be used in a manner consistent with law as provided in Section 5870(n) of the Act.

SECTION 3: The Franchise Fee and PEG Support Fee shall be remitted to the PCTA on a quarterly basis within 45 days after the end of each quarter for that calendar year. Each payment shall be accompanied by a detailed summary explaining the basis for the calculation of the Franchise Fee and PEG Support Fee.

SECTION 4: Gross Revenues under Sections 1 and 2 above, shall be defined as is consistent with Section 5860 of the Act.

SECTION 5: A late payment charge equal to the highest prime lending rate during the period of delinquency plus one percent (1%) will be applied to any payment made by a State Franchisee for Franchise Fees and PEG Support Fees not received when due under Section 3 above.

SECTION 6: Not more than once annually, the City and/or the PCTA may examine the business records of a State Franchisee(s) to the extent reasonably necessary to ensure compliance with the Act and this Ordinance.

SECTION 7: Any Franchise Fee and PEG Support Fee levied and collected by the PCTA pursuant to this Act shall constitute a credit against any Franchise Fee or PEG Support Fee imposed herein.

SECTION 8: Not more than once annually, the City and/or the PCTA may examine the business records of a State Franchisee(s) to the extent reasonably necessary to ensure compliance with the Act and this Ordinance.

SECTION 9: If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Ordinance, 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 of this Ordinance. The City Council hereby declares that it would have adopted this Ordinance, and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional.

SECTION 10: The City Clerk shall certify to the adoption of this Ordinance and cause same to be posted in the three (3) designated posting places within the City within fifteen (15) days after its passage.

SECTION 11: This ordinance shall become effective 30 days after its adoption.

PASSED, APPROVED, AND ADOPTED this 12th day of December, 2017.

CAROL WARREN, MAYOR

ATTEST:

PATRICIA A. VAZQUEZ, CITY CLERK

APPROVED AS TO FORM

MATTHEW E. RICHARDSON, CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF STANTON)

I, Patricia A. Vazquez, City Clerk of the City of Stanton, California, do hereby certify that the foregoing Ordinance No. 1074 was introduced at a regular meeting of the City Council of the City of Stanton, California, held on the 28th day of November 2017 and was duly adopted at a regular meeting of the City Council held on the 12th day of December, 2017, by the following roll-call vote, to wit:

AYES: COUNCILMEMBERS: _____

NOES: COUNCILMEMBERS: _____

ABSENT: COUNCILMEMBERS: _____

ABSTAIN: COUNCILMEMBERS: _____

CITY CLERK, CITY OF STANTON