REGULAR MEETING AGENDA
OF THE
ARVIN CITY COUNCIL / SUCCESSOR AGENCY TO THE ARVIN COMMUNITY REDEVELOPMENT AGENCY / ARVIN HOUSING AUTHORITY / ARVIN PUBLIC FINANCING AUTHORITY

TUESDAY AUGUST 21, 2018 6:00 PM
ARVIN CITY COUNCIL CHAMBERS
200 CAMPUS DRIVE, ARVIN, CA 93203

CALL TO ORDER Mayor Jose Gurrola

PLEDGE OF ALLEGIANCE

INVOCATION

****

ROLL CALL	Jose Gurrola	Mayor
	Jess Ortiz	Mayor Pro Tem
	Jazmin Robles	Councilmember
	Erika Madrigal	Councilmember
	Gabriela Martinez	Councilmember

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STAFF	Richard G. Breckinridge	Interim City Manager/Chief of Police
	Shannon L Chaffin	City Attorney – Aleshire & Wynder
	Jeff Jones	Finance Director
	Adam Ojeda	City Engineer – DeWalt Corporation
	Cecilia Vela	City Clerk

PUBLIC COMMENTS:

The meetings of the City Council and all municipal entities, commissions, and boards ("the City") are open to the public. At regularly scheduled meetings, members of the public may address the City on any item listed on the agenda, or on any non-listed matter over which the City has jurisdiction. At special or emergency meetings, members of the public may only address the City on items listed on the agenda. The City may request speakers to designate a spokesperson to provide public input on behalf of a group, based on the number of people requesting to speak and the business of the City.

In accordance with the Brown Act, all matters to be acted on by the City must be posted at least 72 hours prior to the City meeting. In cases of an emergency, or when a subject matter needs immediate action or comes to the attention of the City subsequent to the agenda being posted, upon making certain findings, the City may act on an item that was not on the posted agenda.

AGENDA STAFF REPORTS AND HANDOUTS:

Staff reports and other disclosable public records related to open session agenda items are available at City Hall, 200 Campus Drive, Arvin, CA 93203 during regular business hours.

CONDUCT IN THE CITY COUNCIL CHAMBERS:

Rules of Decorum for the Public

Members of the audience shall not engage in disorderly or boisterous conduct, including the utterance of loud, threatening or abusive language, clapping, whistling, stamping of feet or other acts which disturb, disrupt, impede or otherwise render the orderly conduct of the City meeting infeasible. A member of the audience engaging in any such conduct shall, at the discretion of the presiding officer or a majority of the City, be subject to ejection from the meeting per Gov. Code Sect. 54954.3(c).

Removal from the Council Chambers

Any person who commits the following acts in respect to a meeting of the City shall be removed from the Council Chambers per Gov. Code Sect. 54954.3(c).

(a) Disorderly, contemptuous or insolent behavior toward the City or any member thereof, tending to interrupt the due and orderly course of said meeting;

(a) A breach of the peace, boisterous conduct or violent disturbance, tending to interrupt the due and orderly course of said meeting;

(a) Disobedience of any lawful order of the Mayor, which shall include an order to be seated or to refrain from addressing the City; and

(a) Any other unlawful interference with the due and orderly course of said meeting.

AMERICANS with DISABILITIES ACT:

In compliance with the ADA, if you need special assistance to participate in a City meeting or other services offered by the City, please contact the City Clerk's office, (661) 854-3134. Notification of at least 48 hours prior to the meeting or time when services are needed will assist the City staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service.

1. **Approval of Agenda as To Form.**

Motion _____ Second _____ Vote _____

Roll Call: CM Robles ____ CM Madrigal ____ CM Martinez ____ MPT Ortiz _____ Mayor Gurrola ____

2. **PUBLIC COMMENTS**
   (This is the opportunity for the public to address the City Council on any matter on the agenda or any item of interest to the public that is within the subject matter jurisdiction of the City Council.)

3. **PRESENTATION(S)**
   A. PG&E Charitable Donation Program Funds to Arvin Historical Society. (Mayor Jose Gurrola)

4. **CONSENT AGENDA ITEM(S)**
   A. Approval of Demand Register(s) of July 14, 2018 – August 16, 2018.

   B. Approval of Payroll Register(s) of July 27, 2018 and August 10, 2018.

   C. Approval of the Minutes of the Regular Meeting(s) of July 17, 2018.

   D. Approval of A Resolution of the City Council of the City of Arvin Authorizing a Memorandum of Agreement between the Kern Council of Governments Acting as the Kern Motorist Aid Authority and the City of Arvin, and Authorizing Related Action.

   E. A Resolution of the City Council of the City of Arvin for the Acceptance of Improvements Within the Public Right-of-Way Within Tract 5816 Phase 9 and A Release of Subdivision Letter of Credit Less 10% as a Security for Maintenance Purposes for a Period of One Year.

   F. Approval of Task Order No. 1805 Pursuant to Section 2.4 of the Professional Services Agreement Entered Into Between the City of Arvin and DeWalt Corporation Dated September 1, 2017 for Design, Bid Support, and Construction Management Services for the Arvin Park and Ride Facility.

   G. Approval of Professional Services Agreement with Brian S. Haney for Investigation and Related Services and Authorize the City Manager to Execute the Same Subject to Approval as to Legal Form by the City Attorney.

   H. Approval of A Resolution of the City Council of the City of Arvin Approving An Agreement for A Spalding Asphalt Hot Patcher (Hotbox) between the City of Arvin and HGACBUY.

   I. Authorization for the Arvin Police Department to Apply For and Accept the Edward Byrne Memorial Justice Assistance Grant.

J. Ratification of, and Authorization for, the City Manager to Execute an Indemnity Agreement (in Lieu of a Bond) to Chicago Title Insurance Company regarding the Unreconveyed Rowlands Deed of Trust ($349,680) Necessary to Clear Title pursuant to the previously approved Purchase and Sale Agreement with Arvin Community Services District to sell a portion of APN 446-010-58 to a Fresh Water Well Site.

Staff recommends approval of the Consent Agenda.

Motion _____ Second _____ Vote _____

Roll Call: CM Robles ____ CM Madrigal ____ CM Martinez ____ MPT Ortiz _____ Mayor Gurrola ____

5. PUBLIC HEARING(S)

A. A Public Hearing to Consider an Appeal of the Arvin Planning Commission Approval of Conditional Use Permit 2017-Petro Lud - Stockton Project - Oil and Gas Exploratory and Production Well -APN 189-351-36 Southwest Corner of Sycamore Road and Meyer Street, Establishment of a Ddrill Pad No Larger than 400'-0" X 400'-0" and Four (4) Exploratory Well Sites Which May Be Converted Into Production Wells and Adoption of a Related CEQA Exemption Findings Pursuant to the California Environmental Quality Act. (City Planner)

Staff recommends to open the hearing, allow for public testimony, close the hearing, and that the City Council affirm the Planning Commission decision of May 30, 2018 conditionally approving Conditional Use Permit 2017-Petro Lud -Stockton Project - Oil and Gas Exploratory and Production Well -APN 189-351-36 southwest corner of Sycamore Road and Meyer Street, establishment of a drill pad no larger than 400'-0" X 400'-0" and four (4) exploratory well sites which may be converted into production wells and adoption of a related CEQA exemption findings pursuant to the California Environmental Quality Act.

Motion _____ Second _____ Vote _____

Roll Call: CM Robles ____ CM Madrigal ____ CM Martinez ____ MPT Ortiz _____ Mayor Gurrola ____

6. ACTION ITEM(S)

A. Consideration and Direction Regarding Resolutions to be Considered at the League of California Cities Annual Conference Business Meeting on September 14, 2018. (City Clerk)

1. A Resolution of the League of California Cities Calling Upon the League to Respond to the Increasing Vulnerabilities to Local Municipal Authority, Control and Revenue and Explore the Preparation of A Ballot Measure and/or Constitutional Amendment that Would Further Strengthen Local Democracy and Authority.

2. A Resolution of the League of California Cities Declaring Its Commitment to Support the Repeal of Preemption in California Food and Agriculture Code § 11501.1 that Prevents Local Governments from Regulating Pesticides.

Staff recommends that the Council consider the two Resolutions and determine the City's position so that the Voting Delegate can represent the City's position for these Resolution at the Business Meeting.

Motion _____ Second _____ Vote _____

Roll Call: CM Robles ____ CM Madrigal ____ CM Martinez ____ MPT Ortiz _____ Mayor Gurrola ____

B. Consideration and Acceptance of Annual Financial Audit for the Period Ending June 30, 2017 and Related Single Audit. (Finance Director)

Staff recommends to accept and file the following reports:

1. Independent Auditors' Report and Basic Financial Statements for the Year Ended June 30, 2017.
2. 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 for the Year Ended June 30, 2017 (Federal Single Audit).
3. City of Arvin's Corrective Action Plan to item (2) above.
4. Auditors' Communication on Engagement dated July 31, 2018.

Motion _____ Second _____ Vote _____

Roll Call: CM Robles ____ CM Madrigal ____ CM Martinez ____ MPT Ortiz _____ Mayor Gurrola ____

7. STAFF REPORTS

A. Monthly Financial Report – June 2018 (Finance Director)

8. COUNCIL MEMBER COMMENTS

9. CLOSED SESSION ITEM(S)

A. Conference with Legal Counsel: Anticipated Litigation (Pursuant to Government Code § 54956.9(d)(4)
Two Potential Cases

B. Public Employee - Appointment (Pursuant to Government Code §54957)
Title: City Manager

C. Conference with Labor Negotiators (Pursuant to Government Code §54957.6)
City Negotiator, Pawan Gill, Human Resources Administrator Employee

Organizations: Arvin Police Officers Association (APOA) and Service Employees International Union (SEIU) Local 521

D. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(Pursuant to Government Code § 54956.9(d)(1))
Ronald Austin v. Arvin Police Department, et al., Kern County Superior Court Case No. BCV-18-101803

10. ADJOURNMENT

I hereby certify under penalty of perjury under the laws of the State of California that the foregoing agenda was posted on the Arvin City Council Chambers Bulletin Board not less than 72 hours prior to the meeting. Dated August 16, 2018.

Cecilia Vela, City Clerk

Edit List of Invoices - Detail w/GL

DEMAND LIST 07/18/2018

Date: 07/19/2018
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City of Arvin

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	AIRGAS WEST	06/30/2018		BOFA	RENT CYL IND. LARGE ACETYLEI	
	AIRGAS USA, LLC	06/30/2018		N	AND OXYGEN SVC. JUNE 2018	67.95
47320	PASADENA	06/30/2018		N	N	0.00
01-405	CA 91109-7423	06/30/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	06/30/2018	9954718434			67.95

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-019-5094	SHOP SUPPLIES		67.95	0.00
Distribution Total			67.95	0.00

Vendor Total: 67.95

	ALESHIRE & WYNDER, LLP	06/30/2018		BOFA	COA LEGAL SVC. MAY 2018	
	18881 VON KARMAN AVE, STE 17	06/30/2018		N		56,304.95
47325	IRVINE	06/30/2018		N	N	0.00
28-209	CA 92612	06/30/2018	0.00	Y	0	0.00
	<Emailing Stub Disabled>	06/30/2018	COA LEGAL SVC. MAY 201			56,304.95

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-001-5018	LEGAL EXPENSE - GENERAL	INVOICE#47046	5,033.44	0.00
420-016-5018	LEGAL EXPENSE - GENERAL	INVOICE#47046	297.00	0.00
450-070-5018	LEGAL EXPENSE - GENERAL	INVOICE#47046	363.00	0.00
100-001-5042	LEGAL EXPENSES - SPECIAL	INVOICE#47047	12,952.50	0.00
100-014-5018	LEGAL EXPENSE - GENERAL	INVOICE#47048	390.91	0.00
100-001-5170	DEVELOPER STUDY		1,468.50	0.00
257-028-5018	LEGAL EXPENSE - GENERAL		1,947.00	0.00
100-007-5042	LEGAL EXPENSES - SPECIAL		14,899.50	0.00
100-001-5042	LEGAL EXPENSES - SPECIAL	INVOICE#47052	11,484.00	0.00
100-001-5042	LEGAL EXPENSES - SPECIAL	INVOICE#47053	2,563.28	0.00
200-020-5018	LEGAL EXPENSE - GENERAL	INVOICE#47053	838.89	0.00
400-023-5018	LEGAL EXPENSE - GENERAL	INVOICE#47053	1,258.33	0.00
100-014-5018	LEGAL EXPENSE - GENERAL	INVOICE#47054	66.00	0.00
450-070-5018	LEGAL EXPENSE - GENERAL	INVOICE#47056	2,070.50	0.00
100-001-5042	LEGAL EXPENSES - SPECIAL	INVOICE#47057	360.75	0.00
200-020-5018	LEGAL EXPENSE - GENERAL	INVOICE#47057	48.75	0.00
400-023-5018	LEGAL EXPENSE - GENERAL	INVOICE#47057	78.00	0.00
405-063-5042	LEGAL EXPENSES - SPECIAL	INVOICE#47058	184.60	0.00
Distribution Total			56,304.95	0.00

Vendor Total: 56,304.95

	AT&T MOBILITY	06/30/2018		BOFA	WIRELESS SVC. 5.23.18-6.22.18	
	PO BOX 6463	06/30/2018		N		212.65
47324	CAROL STREAM	06/30/2018		N	N	0.00
01-803	IL 60197-6463	06/30/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	06/30/2018	287251442687X06282018			212.65

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-019-5056	TELEPHONE		212.65	0.00
Distribution Total			212.65	0.00

Vendor Total: 212.65

	AT&T	06/30/2018		BOFA	CALNET 3 A#9391059040	
	P.O. BOX 9011	06/30/2018		N	SVC JUNE 2018	186.51
47321	CAROL STREAM	06/30/2018		N	N	0.00
26-909	IL 60197	06/30/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	06/30/2018	11552440			186.51

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GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-001-5056	TELEPHONE		18.65	0.00
100-007-5056	TELEPHONE		37.30	0.00
100-014-5056	TELEPHONE		83.93	0.00
400-023-5056	TELEPHONE		18.65	0.00
100-009-5056	TELEPHONE		9.33	0.00
100-019-5056	TELEPHONE		9.33	0.00
100-002-5056	TELEPHONE		9.32	0.00
Distribution Total			186.51	0.00

	AT&T	06/30/2018		BOFA	CALNET 3 A#9391060015	
	P.O. BOX 9011	06/30/2018		N	SVC. JUNE 2018	271.50
47322	CAROL STREAM	06/30/2018		N	N	0.00
26-909	IL 60197	06/30/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	06/30/2018	11552209			271.50

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-001-5056	TELEPHONE		27.15	0.00
100-007-5056	TELEPHONE		54.30	0.00
100-014-5056	TELEPHONE		122.18	0.00
400-023-5056	TELEPHONE		27.15	0.00
100-009-5056	TELEPHONE		13.58	0.00
100-019-5056	TELEPHONE		13.58	0.00
100-002-5056	TELEPHONE		13.56	0.00
Distribution Total			271.50	0.00

Vendor Total: 458.01

	BANK OF AMERICA - SVC CHGS	07/16/2018		BAACH	BANK SERVICE FEE JUNE 2018		
	P.O. BOX 60073	07/16/2018		N			548.77 H
47323	CITY OF INDUSTRY	07/16/2018		N	N		0.00
02-047	CA 91716-0073	07/16/2018	0.00	N	30180202	07/16/2018	0.00
	<Emailing Stub Disabled>	07/16/2018	BANK SERVICES JUNE 20'				548.77

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-001-5050	BANK SERVICE CHARGES		548.77	0.00
Distribution Total			548.77	0.00

Vendor Total: 548.77

	BOWMAN ASPHALT, INC.	06/30/2018		BOFA	WALNUT ST. IMPROVEMENT	
	3351 FAIRHAVEN DR	06/30/2018		N	PHASE 1	37,784.10
47383	BAKERSFIELD	06/30/2018		N	N	0.00
02-559	CA 93308	06/30/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	06/30/2018	9			37,784.10

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
257-028-5052	CAPITAL EXPENSE		37,784.10	0.00
Distribution Total			37,784.10	0.00

	BOWMAN ASPHALT, INC.	06/30/2018		BOFA	WALNUT ST. IMPROVEMENT PHA	
	3351 FAIRHAVEN DR	06/30/2018		N	RETENTION PAYMENT	201,557.68
47384	BAKERSFIELD	06/30/2018		N	N	0.00
02-559	CA 93308	06/30/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	06/30/2018	10			201,557.68

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount

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257-028-5052	CAPITAL EXPENSE				201,557.68	0.00
Distribution Total					201,557.68	0.00
					Vendor Total:	239,341.78
	BROADLUX, INC	07/01/2018		BOFA	O&M SERVICES AUG 2018	
	POST OFFICE BOX 7303	07/01/2018		N		252.50
47326	LAGUNA NIGUEL	07/01/2018		N	N	0.00
28-414	CA 92607	07/01/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	07/01/2018	BR9I1732-43			252.50

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-001-5080	FUEL EXPENSE		252.50	0.00
Distribution Total			252.50	0.00
			Vendor Total:	252.50
	C & T AUTOMOTIVE, INC	07/18/2018	BOFA	MAINTENANCE FLEET#315
	12312 MAIN STREET	07/01/2018	N	223.03
47327	LAMONT	07/18/2018	N	N 0.00
03-757	CA 93241	07/18/2018 0.00	N	0 0.00
	<Emailing Stub Disabled>	07/18/2018 90002469		223.03

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-014-5012	MAINTENANCE - VEHICLE		223.03	0.00
Distribution Total			223.03	0.00
			Vendor Total:	223.03
	CALIFORNIA SAFETY TRAINING	06/30/2018	BOFA	M&I DEPT. TRAINING
		06/30/2018	N	840.00
47328		06/30/2018	N	N 0.00
48-483		06/30/2018 0.00	N	0 0.00
	<Emailing Stub Disabled>	06/30/2018 90493		840.00

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
200-020-5021	TRAINING		840.00	0.00
Distribution Total			840.00	0.00
			Vendor Total:	840.00
	CENTRAL CALIF. ASSOC. PUBLIC	07/13/2018	BOFA	COA UNION DUES 7.13.18
	SEIU LOCAL 521	07/13/2018	N	676.42
47330	SAN FRANCISCO	07/13/2018	N	N 0.00
11-150	CA 94139-8826	07/13/2018 0.00	N	0 0.00
	<Emailing Stub Disabled>	07/13/2018 COA UNION DUES 7.13.18		676.42

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-000-0206	UNION DUES PAYABLE		676.42	0.00
Distribution Total			676.42	0.00
			Vendor Total:	676.42
	CLEAN CUT LANDSCAPE MANAG	06/30/2018	BOFA	LANDSCAPE MAINTENANCE LLM
	8406 N. ARMSTRONG AVE	06/30/2018	N	SVC. JUNE 2018 2,620.00
47331	CLOVIS	06/30/2018	N	N 0.00
48-477	CA 93619	06/30/2018 0.00	N	0 0.00
	<Emailing Stub Disabled>	06/30/2018 1437		2,620.00

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GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
240-025-5077	OUTSIDE SERVICES		2,620.00	0.00
Distribution Total			2,620.00	0.00

	CLEAN CUT LANDSCAPE MANAG	06/30/2018		BOFA	LANDSCAPE MAINTENANCE LLM	
	8406 N. ARMSTRONG AVE	06/30/2018		N	SVC. JUNE 2018	610.00
47332	CLOVIS	06/30/2018		N	N	0.00
48-477	CA 93619	06/30/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	06/30/2018	1438			610.00

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
242-027-5077	OUTSIDE SERVICES		610.00	0.00
Distribution Total			610.00	0.00

Vendor Total: 3,230.00

	COMMUNICATION ENTERPRISES	07/01/2018		BOFA	LTR 450 DISPATCH-M&I DEPT.	
	2315 "Q" ST	07/01/2018		N		165.00
47338	BAKERSFIELD	07/01/2018		N	N	0.00
03-580	CA 93301	07/01/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	07/01/2018	1095385			165.00

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
200-020-5036	COMMUNICATIONS		165.00	0.00
Distribution Total			165.00	0.00

	COMMUNICATION ENTERPRISES	07/01/2018		BOFA	LTR 450 DISPATCH-TRANSIT	
	2315 "Q" ST	07/01/2018		N		135.00
47339	BAKERSFIELD	07/01/2018		N	N	0.00
03-580	CA 93301	07/01/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	07/01/2018	1095384			135.00

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
400-023-5036	COMMUNICATIONS		135.00	0.00
Distribution Total			135.00	0.00

Vendor Total: 300.00

	COMPLETE HARDWARE STORE &	07/17/2018		BOFA	COOLING CENTER SUPPLIES	
	101 BEAR MOUNTAIN BLVD.	07/17/2018		N		25.97
47333	ARVIN	07/17/2018		N	N	0.00
48-463	CA 93203	07/17/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	07/17/2018	201978			25.97

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-009-5008	MAINTENANCE - OTHER		25.97	0.00
Distribution Total			25.97	0.00

	COMPLETE HARDWARE STORE &	07/13/2018		BOFA	SUPPLIES FOR PARK REPAIR	
	101 BEAR MOUNTAIN BLVD.	07/13/2018		N		4.72
47334	ARVIN	07/13/2018		N	N	0.00
48-463	CA 93203	07/13/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	07/13/2018	201426			4.72

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-012-5008	MAINTENANCE - OTHER		4.72	0.00
Distribution Total			4.72	0.00

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Edit List of Invoices - Detail w/GL

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	COMPLETE HARDWARE STORE &	07/12/2018		BOFA	GRAFFITI REMOVAL CITY	
	101 BEAR MOUNTAIN BLVD.	07/12/2018		N		14.22
47335	ARVIN	07/12/2018		N	N	0.00
48-463	CA 93203	07/12/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	07/12/2018	201264			14.22

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-001-5020	MAINTENANCE -GRAFFITI		14.22	0.00
Distribution Total			14.22	0.00

	COMPLETE HARDWARE STORE &	07/11/2018		BOFA	SUPPLIES PARK REPAIRS	
	101 BEAR MOUNTAIN BLVD.	07/11/2018		N		49.71
47336	ARVIN	07/11/2018		N	N	0.00
48-463	CA 93203	07/11/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	07/11/2018	201152			49.71

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-012-5008	MAINTENANCE - OTHER		49.71	0.00
Distribution Total			49.71	0.00

	COMPLETE HARDWARE STORE &	06/30/2018		BOFA	SUPPLIES M&I DEPT.	
	101 BEAR MOUNTAIN BLVD.	06/30/2018		N		91.94
47337	ARVIN	06/30/2018		N	N	0.00
48-463	CA 93203	06/30/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	06/30/2018	189669			91.94

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-019-5094	SHOP SUPPLIES		91.94	0.00
Distribution Total			91.94	0.00

Vendor Total: 186.56

	COUNTY OF KERN	07/01/2018		BOFA	SMOTHERMON SPRAY PARK	
	2700 "M" ST, STE 300	07/01/2018		N	SWIMMING POOL PERMIT	400.00
47340	BAKERSFIELD	07/01/2018		N	N	0.00
03-597	CA 93301-2730	07/01/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	07/01/2018	IN0417601			400.00

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-012-5022	LICENSES, PERMITS & FEES		400.00	0.00
Distribution Total			400.00	0.00

	COUNTY OF KERN	07/01/2018		BOFA	M&I DEPT. PERMIT	
	2700 "M" ST, STE 300	07/01/2018		N		445.00
47341	BAKERSFIELD	07/01/2018		N	N	0.00
03-597	CA 93301-2730	07/01/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	07/01/2018	IN0412664			445.00

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-019-5022	LICENSES, PERMITS & FEES		445.00	0.00
Distribution Total			445.00	0.00

Vendor Total: 845.00

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	DEWALT CORPORTATION	06/30/2018		BOFA	ENGINEERING SVC. JUNE 2018	
	1930 22ND STREET	06/30/2018		N		9,888.75
47342	BAKERSFIELD	06/30/2018		N	N	0.00
48-835	CA 93301	06/30/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	06/30/2018	1086250			9,888.75

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-007-5070	ENGINEERING SVC		8,138.75	0.00
257-028-5070	ENGINEERING SVC		1,750.00	0.00
Distribution Total			9,888.75	0.00

	DEWALT CORPORTATION	06/30/2018		BOFA	ENGINEERING SVC. JUNE 2018	
	1930 22ND STREET	06/30/2018		N	SYCAMORE PROJECT	26,985.60
47343	BAKERSFIELD	06/30/2018		N	N	0.00
48-835	CA 93301	06/30/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	06/30/2018	1086251			26,985.60

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
244-028-5070	ENGINEERING SVC		26,985.60	0.00
Distribution Total			26,985.60	0.00

Vendor Total: 36,874.35

	DIAMOND TECHNOLOGIES, INC	07/18/2018		BOFA	Barracuda Essentials 1 year	
	P.O BOX 9007	07/18/2018		N		1,700.00
47382	BAKERSFIELD	07/18/2018		N	N	0.00
28-397	CA 93389-9007	07/18/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	07/18/2018	22163			1,700.00

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-001-5100	IT SYSTEMS SUPPORT		1,700.00	0.00
Distribution Total			1,700.00	0.00

Vendor Total: 1,700.00

	JAS PACIFIC	06/30/2018		BOFA	PLANNER SVC. APRIL 2018	
	P.O BOX 2002	06/30/2018		N		22,945.41
47344	UPLAND	06/30/2018		N	N	0.00
26-950	CA 91786	06/30/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	06/30/2018	BI12939			22,945.41

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-007-5034	PROFESSIONAL SERVICES		21,445.41	0.00
100-001-5170	DEVELOPER STUDY		1,500.00	0.00
Distribution Total			22,945.41	0.00

	JAS PACIFIC	06/30/2018		BOFA	PLAN CHECK SVC. MAY 2018	
	P.O BOX 2002	06/30/2018		N		780.00
47345	UPLAND	06/30/2018		N	N	0.00
26-950	CA 91786	06/30/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	06/30/2018	PC5089			780.00

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-007-5095	Plan Check Services		780.00	0.00
Distribution Total			780.00	0.00

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	JAS PACIFIC	06/30/2018		BOFA	BUILDING INSPECTOR SVC. MAY	
	P.O BOX 2002	06/30/2018		N		8,100.00
47346	UPLAND	06/30/2018		N	N	0.00
26-950	CA 91786	06/30/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	06/30/2018	BI12943			8,100.00

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-007-5034	PROFESSIONAL SERVICES		8,100.00	0.00
Distribution Total			8,100.00	0.00

	JAS PACIFIC	06/30/2018		BOFA	BUILDING INSPECTOR SVC. MAY	
	P.O BOX 2002	06/30/2018		N		4,800.00
47347	UPLAND	06/30/2018		N	N	0.00
26-950	CA 91786	06/30/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	06/30/2018	BI12548			4,800.00

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-007-5034	PROFESSIONAL SERVICES		4,800.00	0.00
Distribution Total			4,800.00	0.00

	JAS PACIFIC	06/30/2018		BOFA	PLANNER SVC. MAY 2018	
	P.O BOX 2002	06/30/2018		N		22,440.70
47348	UPLAND	06/30/2018		N	N	0.00
26-950	CA 91786	06/30/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	06/30/2018	BI12944			22,440.70

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-007-5034	PROFESSIONAL SERVICES		21,565.70	0.00
100-001-5170	DEVELOPER STUDY		875.00	0.00
Distribution Total			22,440.70	0.00

	JAS PACIFIC	06/30/2018		BOFA	BUILDING INSPECTOR SVC.JUNE	
	P.O BOX 2002	06/30/2018		N		6,675.00
47349	UPLAND	06/30/2018		N	N	0.00
26-950	CA 91786	06/30/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	06/30/2018	BI12989			6,675.00

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-007-5034	PROFESSIONAL SERVICES		6,675.00	0.00
Distribution Total			6,675.00	0.00

	JAS PACIFIC	06/30/2018		BOFA	PLAN CHECK SVC. JUNE 2018	
	P.O BOX 2002	06/30/2018		N		2,437.50
47350	UPLAND	06/30/2018		N	N	0.00
26-950	CA 91786	06/30/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	06/30/2018	PC5110			2,437.50

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-007-5095	Plan Check Services		2,437.50	0.00
Distribution Total			2,437.50	0.00

	JAS PACIFIC	06/30/2018		BOFA	PLANNER SVC. JUNE 2018	
	P.O BOX 2002	06/30/2018		N		23,914.92
47381	UPLAND	06/30/2018		N	N	0.00
26-950	CA 91786	06/30/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	06/30/2018	BI12977			23,914.92

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount

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100-007-5034	PROFESSIONAL SERVICES				19,977.42	0.00
100-001-5170	DEVELOPER STUDY				3,937.50	0.00
Distribution Total					23,914.92	0.00
					Vendor Total:	92,093.53
	JTS TRUCKING REPAIR	06/30/2018		BOFA	MAINTENANCE FLEET#207	
	PO BOX 40970	06/30/2018		N		282.61
47351	BAKESFIELD	06/30/2018		N	N	0.00
48-540	CA 93384	06/30/2018	0.00	Y	0	0.00
	<Emailing Stub Disabled>	06/30/2018	218264			282.61

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
400-023-5012	MAINTENANCE - VEHICLE		282.61	0.00
Distribution Total			282.61	0.00

	JTS TRUCKING REPAIR	06/30/2018		BOFA	MAINTENANCE FLEET#207	
	PO BOX 40970	06/30/2018		N		180.90
47352	BAKESFIELD	06/30/2018		N	N	0.00
48-540	CA 93384	06/30/2018	0.00	Y	0	0.00
	<Emailing Stub Disabled>	06/30/2018	219538			180.90

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
400-023-5012	MAINTENANCE - VEHICLE		180.90	0.00
Distribution Total			180.90	0.00

	JTS TRUCKING REPAIR	06/30/2018		BOFA	MAINTENANCE FLEET#205	
	PO BOX 40970	06/30/2018		N		413.73
47353	BAKESFIELD	06/30/2018		N	N	0.00
48-540	CA 93384	06/30/2018	0.00	Y	0	0.00
	<Emailing Stub Disabled>	06/30/2018	219540			413.73

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
400-023-5012	MAINTENANCE - VEHICLE		413.73	0.00
Distribution Total			413.73	0.00

	JTS TRUCKING REPAIR	06/30/2018		BOFA	MAINTENANCE FLEET#205	
	PO BOX 40970	06/30/2018		N		552.65
47354	BAKESFIELD	06/30/2018		N	N	0.00
48-540	CA 93384	06/30/2018	0.00	Y	0	0.00
	<Emailing Stub Disabled>	06/30/2018	219539			552.65

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
400-023-5012	MAINTENANCE - VEHICLE		552.65	0.00
Distribution Total			552.65	0.00
			Vendor Total:	1,429.89
	KERN RIVER POWER EQUIPMEN	07/05/2018		BOFA	SUPPLIES FOR MOVER/WEEKWA	
	108 N. CHESTER AVE.	07/05/2018		N		548.07
47356	BAKERSFIELD	07/05/2018		N	N	0.00
11-320	CA 93308	07/05/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	07/05/2018	83102			548.07

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-019-5008	MAINTENANCE - OTHER		548.07	0.00
Distribution Total			548.07	0.00

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					Vendor Total:	548.07
	LOCAL GOVERNMENT COMMISSI	06/30/2018		BOFA	CALTRANS SRTS PLANNING	
	980 9TH STREET SUITE 1700	06/30/2018		N	SVC. 4.1.18-5.31.18	3,050.63
47357	SACRAMENTO	06/30/2018		N	N	0.00
12-406	CA 95814	06/30/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	06/30/2018	100940			3,050.63

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
228-078-5034	PROFESSIONAL SERVICES		3,050.63	0.00
Distribution Total			3,050.63	0.00

Vendor Total: 3,050.63

	FERNANDO LOPEZ	07/07/2018		BOFA	INTERPRETER SVC. 7.3.18	
	2408 SPRUCE ST.	07/07/2018		N		160.00
47358	BAKERSFIELD	07/07/2018		N	N	0.00
12-952	CA 93301	07/07/2018	0.00	Y	0	0.00
	<Emailing Stub Disabled>	07/07/2018	INTERPRETER SVC. 7.3.18			160.00

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-011-5051	INTERPRETER SERVICES		160.00	0.00
Distribution Total			160.00	0.00

Vendor Total: 160.00

	LOWE'S	07/02/2018		BOFA	CITY TOOLS - M&I DEPT.	
	P.O. BOX 530954	07/02/2018		N		81.48
47359	ATLANTA	07/02/2018		N	N	0.00
28-130	GA 30353-0954	07/02/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	07/02/2018	98007489176 7.2.18			81.48

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-019-5094	SHOP SUPPLIES		81.48	0.00
Distribution Total			81.48	0.00

Vendor Total: 81.48

	MOUNTAINSIDE DISPOSAL	06/30/2018		BOFA	ROLLOFF DUMP/BIN RENT JUNE	
	8665 SO. UNION AVE	06/30/2018		N		130.60
47360	BAKERSFIELD	06/30/2018		N	N	0.00
13-585	CA 93307	06/30/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	06/30/2018	507208			130.60

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-001-5107	REFUSE COSTS		130.60	0.00
Distribution Total			130.60	0.00

Vendor Total: 130.60

	O'REILLY AUTOMOTIVE, INC	07/02/2018		BOFA	BOB CAT REPAIR-M&I DEPT.	
	PO BOX 9464	07/02/2018		N		10.63
47361	SPRINGFIELD	07/02/2018		N	N	0.00
28-249	MO 65801-9464	07/02/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	07/02/2018	4451-359367			10.63

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
200-020-5012	MAINTENANCE - VEHICLE		10.63	0.00

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Distribution Total					10.63	0.00
					Vendor Total:	10.63
	PACIFIC TIRE ARVIN	07/12/2018		BOFA	MAINTENANCE FLEET#207	
	190 C. STREET	07/12/2018		N		214.79
47365	ARVIN	07/12/2018		N	N	0.00
16-075	CA 93203	07/12/2018	0.00	Y	0	0.00
	<Emailing Stub Disabled>	07/12/2018	21054			214.79

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
400-023-5012	MAINTENANCE - VEHICLE		214.79	0.00
Distribution Total			214.79	0.00
			Vendor Total:	214.79
	PADILLA, BRIANNA	07/18/2018	BOFA	EDUCATION REIMBURSEMENT
		07/18/2018	N	1,675.67
47362		07/18/2018	N	N 0.00
48-474		07/18/2018	0.00 N	0 0.00
	<Emailing Stub Disabled>	07/18/2018	L2898067 SPRING 2018	1,675.67

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-014-5007	Educational Reimbursement		1,675.67	0.00
Distribution Total			1,675.67	0.00
			Vendor Total:	1,675.67
	PG & E	07/10/2018	BOFA	SVC.06.08.18-07.09.18
	BOX 997300	07/10/2018	N	195.67
47363	SACRAMENTO	07/10/2018	N	N 0.00
16-004	CA 95899-7300	07/10/2018	0.00 N	0 0.00
	<Emailing Stub Disabled>	07/10/2018	A#4776920476-0 7.10.18	195.67

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
420-016-5060	UTILITIES EXPENSE		195.67	0.00
Distribution Total			195.67	0.00
	PG & E	07/10/2018	BOFA	SVC.06.08.18-07.09.18
	BOX 997300	07/10/2018	N	21.03
47364	SACRAMENTO	07/10/2018	N	N 0.00
16-004	CA 95899-7300	07/10/2018	0.00 N	0 0.00
	<Emailing Stub Disabled>	07/10/2018	A#8831924329-6 7.10.18	21.03

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
420-016-5060	UTILITIES EXPENSE		21.03	0.00
Distribution Total			21.03	0.00
			Vendor Total:	216.70
	PRO AIR	07/02/2018	BOFA	A/C REPAIR - POLICE DEPT.
	405 E. 19TH ST.	07/02/2018	N	133.50
47366	BAKERSFIELD	07/02/2018	N	N 0.00
28-051	CA 93305	07/02/2018	0.00 N	0 0.00
	<Emailing Stub Disabled>	07/02/2018	16668	133.50

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-014-5008	MAINTENANCE - OTHER		133.50	0.00

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Distribution Total					133.50	0.00
					Vendor Total:	133.50
	PUBLIC WORKS COUNTY OF KEF	06/30/2018		BOFA	MUNI & STSW SVCS. JUNE 2018	
	PO BOX 845590	06/30/2018		N		1,675.80
47355	LOS ANGELES	06/30/2018		N	N	0.00
16-951	CA 90084-5590	06/30/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	06/30/2018	ACCT#01-ARV 7.8.18			1,675.80

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-001-5107	REFUSE COSTS		1,675.80	0.00
Distribution Total			1,675.80	0.00
			Vendor Total:	1,675.80
	QUAD KNOPF, INC	06/30/2018	BOFA	DERBY HSIP TO#1801
	P.O. BOX 3699	06/30/2018	N	10,790.00
47367	VISALIA	06/30/2018	N	N 0.00
17-830	CA 93278	06/30/2018 0.00	N	0 0.00
	<Emailing Stub Disabled>	06/30/2018 94051		10,790.00

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
252-028-5070	ENGINEERING SVC		10,790.00	0.00
Distribution Total			10,790.00	0.00
	QUAD KNOPF, INC	06/30/2018	BOFA	ROW ACQUISITION TO#1622
	P.O. BOX 3699	06/30/2018	N	DERBY HSIP 913.41
47368	VISALIA	06/30/2018	N	N 0.00
17-830	CA 93278	06/30/2018 0.00	N	0 0.00
	<Emailing Stub Disabled>	06/30/2018 94050		913.41

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
252-028-5070	ENGINEERING SVC		913.41	0.00
Distribution Total			913.41	0.00
			Vendor Total:	11,703.41
	ROUTEMATCH SOFTWARE, INC	07/01/2018	BOFA	ANNUAL FEE-TRANSIT DEPT
	1201 WEST PEACHTREE STREET	07/01/2018	N	1,610.51
47369	ATLANTA	07/01/2018	N	N 0.00
28-229	GA 30309	07/01/2018 0.00	N	0 0.00
	<Emailing Stub Disabled>	07/01/2018 35923		1,610.51

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
400-023-5062	DUES AND SUBSCRIPTIONS		1,610.51	0.00
Distribution Total			1,610.51	0.00
			Vendor Total:	1,610.51
	SITEIMPROVE, INC	07/02/2018	BOFA	CONTRACT#8185 FY 2018-2019
	ONE CAPITOL MALL, SUITE 670	07/02/2018	N	2,400.00
47370	SACRAMENTO	07/02/2018	N	N 0.00
48-482	CA 95814	07/02/2018 0.00	N	0 0.00
	<Emailing Stub Disabled>	07/02/2018 56191		2,400.00

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-001-5100	IT SYSTEMS SUPPORT		2,400.00	0.00

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Distribution Total					2,400.00	0.00
					Vendor Total:	2,400.00
	SITEONE LANDSCAPE SUPPLY LI	06/30/2018		BOFA	IRRIGATION REPAIR-PARK	
	24110 NETWORK PLACE	06/30/2018		N		84.06
47371	CHICAGO	06/30/2018		N	N	0.00
49-010	IL 60673-1241	06/30/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	06/30/2018	86599790			84.06

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-012-5008	MAINTENANCE - OTHER		84.06	0.00
Distribution Total			84.06	0.00
			Vendor Total:	84.06
	SO. CAL. GAS CO.	07/06/2018	BOFA	NATURAL GAS VEHICLE FUEL
	P.O. BOX "C"	07/06/2018	N	SVC. 06.01.18-07.01.18 13.00
47372	MONTEREY PARK	07/06/2018	N	N 0.00
19-597	CA 91756	07/06/2018 0.00	N	0 0.00
	<Emailing Stub Disabled>	07/06/2018 A#085-832-2970-6 7.6.18		13.00

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
400-023-5060	UTILITIES EXPENSE		13.00	0.00
Distribution Total			13.00	0.00
			Vendor Total:	13.00
	STATE OF CALIFORNIA	06/30/2018	BOFA	SINGALS & LIGHTING APR-JUNE
	ATTN: CAHIERING OFFICE	06/30/2018	N	555.66
47329	SACRAMENTO	06/30/2018	N	N 0.00
48-495	CA 95816-8019	06/30/2018 0.00	N	0 0.00
	<Emailing Stub Disabled>	06/30/2018 SL181096		555.66

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
200-020-5010	MAINTENANCE - SIGNAL LIGHTS		555.66	0.00
Distribution Total			555.66	0.00
			Vendor Total:	555.66
	SUPPLYWORKS	07/09/2018	BOFA	COA CLEANING SUPPLIES
	PO BOX 742440	07/09/2018	N	147.44
47373	LOS ANGELES	07/09/2018	N	N 0.00
48-531	CA 90074-2044	07/09/2018 0.00	N	0 0.00
	<Emailing Stub Disabled>	07/09/2018 446257404		147.44

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-002-5008	MAINTENANCE - OTHER		29.49	0.00
100-012-5008	MAINTENANCE - OTHER		14.74	0.00
100-009-5008	MAINTENANCE - OTHER		14.74	0.00
100-007-5008	MAINTENANCE - OTHER		14.74	0.00
400-023-5008	MAINTENANCE - OTHER		14.74	0.00
100-014-5008	MAINTENANCE - OTHER		29.49	0.00
100-001-5008	MAINTENANCE - OTHER		14.74	0.00
100-005-5008	MAINTENANCE - OTHER		14.76	0.00
Distribution Total			147.44	0.00
			Vendor Total:	147.44

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	TEL-TEC SECURITY SYSTEMS	07/01/2018		BOFA	ADOBE COMPLEX-FIRE MONITOF	
	5020 LISA MARIE COURT	07/01/2018		N	SVC. JULY 2018	55.00
47374	BAKERSFIELD	07/01/2018		N	N	0.00
20-278	CA 93313	07/01/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	07/01/2018	628114			55.00

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-002-5077	OUTSIDE SERVICES		55.00	0.00
Distribution Total			55.00	0.00

Vendor Total: 55.00

	U.S. HEALTHWORKS MEDICAL	06/30/2018		BOFA	RANDOM TESTING-TRANSIT DEP	
	P.O. BOX 50042	06/30/2018		N		48.00
47375	LOS ANGELES	06/30/2018		N	N	0.00
21-003	CA 90074	06/30/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	06/30/2018	3318905-CA			48.00

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
400-023-5091	EMPLOYEE COSTS		48.00	0.00
Distribution Total			48.00	0.00

	U.S. HEALTHWORKS MEDICAL	06/30/2018		BOFA	RANDOM TESTING-M&I DEPT	
	P.O. BOX 50042	06/30/2018		N		99.00
47376	LOS ANGELES	06/30/2018		N	N	0.00
21-003	CA 90074	06/30/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	06/30/2018	3319025-CA			99.00

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
200-020-5091	EMPLOYEE COSTS		99.00	0.00
Distribution Total			99.00	0.00

Vendor Total: 147.00

	VANTAGE POINT TRANSFER AGE	07/13/2018		BOFA	457K CONTRIBUTION/LOAN 7.13.	
	C/O M&T BANK	07/13/2018		N		257.95
47377	BALTIMORE	07/13/2018		N	N	0.00
26-912	MD 21264	07/13/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	07/13/2018	457K LOAN/CONTRIBUTIOI			257.95

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-000-0211	457K DEDUCTIONS		257.95	0.00
Distribution Total			257.95	0.00

Vendor Total: 257.95

	VERIZON WIRELESS 609123961-4	06/30/2018		BOFA	WIRELESS SVC. TRANSIT DEPT.	
	PO BOX 660108	06/30/2018		N		304.08
47378	DALLAS	06/30/2018		N	N	0.00
28-221	TX 75266-0108	06/30/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	06/30/2018	9809786095			304.08

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
400-023-5056	TELEPHONE		304.08	0.00
Distribution Total			304.08	0.00

Vendor Total: 304.08

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	WAGEWORKS, INC.	06/30/2018		BOFA	COBRA SVC. JUNE 2018	
	PO BOX 8363	06/30/2018		N		79.52
47379	PASADENA	06/30/2018		N	N	0.00
48-505	CA 91109-8363	06/30/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	06/30/2018	0618-TR39927			79.52

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
100-000-5015	MEDICAL INSURANCE		79.52	0.00
Distribution Total			79.52	0.00

Vendor Total: 79.52

	ZEE MEDICAL SERVICE	07/16/2018		BOFA	FIRST AID SUPPLIES-TRANSIT	
	107 SO. BRYANT ST	07/16/2018		N		33.34
47380	OJAI	07/16/2018		N	N	0.00
26-250	CA 93023	07/16/2018	0.00	N	0	0.00
	<Emailing Stub Disabled>	07/16/2018	34-215522			33.34

GL Number	Account Name	Distribution Line Description	Pay Amount	Relieve Amount
400-023-5016	OFFICE SUPPLIES		33.34	0.00
Distribution Total			33.34	0.00

Vendor Total: 33.34

Grand Total:	460,874.23
Less Credit Memos:	0.00
Net Total:	460,874.23
Less Hand Check Total:	548.77
Outstanding Invoice Total:	460,325.46

Total Invoices: 65

Recap by Fund

Fund #	Fund Name	Amount To Pay	Amount To Relieve
100	GENERAL FUND	161,990.60	0.00
200	STATE GAS TAX	2,557.93	0.00
228	CAL TRANS	3,050.63	0.00
240	LLMD #1	2,620.00	0.00
242	LLMD #2	610.00	0.00
244	SYCAMORE ROAD FLOOD REDUCTION	26,985.60	0.00
252	HSIP-DERBY SIGNAL LIGHT	11,703.41	0.00
257	JEWETT SQUARE DEVELOPMENT	243,038.78	0.00
400	TRANSPORTATION DEVELOPMENT	5,185.48	0.00
405	PARK & RIDE	184.60	0.00
420	SANITATION	513.70	0.00
450	SUCCESSOR AGENCY	2,433.50	0.00
	Grand Total:	**460,874.23**	**0.00**

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47443	ACTION LOCKSMITH	0001584	07/19/2018	07/19/2018	LOCKSMITH SVC. COMM.DEV.DEI	84.29
					Vendor Total:	84.29
47444	AMERICAN BUSINESS MACHINES	399997	07/20/2018	07/20/2018	TONER-CITY HALL	8.00
					Vendor Total:	8.00
47434	AT&T	000011630529	07/13/2018	07/13/2018	CALNET 3 A#9391033189	360.38
47435	AT&T	000011632292	07/13/2018	07/13/2018	CALNET 3 A#9391056024	520.88
					Vendor Total:	881.26
47431	BANK OF AMERICA - CC	CC TRANSACTIONS 5.26-6.25.18	06/30/2018	06/30/2018	CREDIT CARD TRANSACTION	1,819.61
					Vendor Total:	1,819.61
47455	BLUE SHIELD OF CALIFORNIA	181970091460	07/16/2018	07/16/2018	MEDICAL INSURANCE AUGUST 2(	16,677.58
					Vendor Total:	16,677.58
47432	CALIFORNIA BUILDING STANDARDS	BSTD FEES REPORT4.1.18-6.30.18	06/30/2018	06/30/2018	BSTD FEES REPORT4.1.18-6.30.1	263.69
					Vendor Total:	263.69
47445	CENTRAL VALLEY OCCUP.	00265904-00	07/12/2018	07/12/2018	PRE PLACEMENT PHYSICAL EXA	534.00
					Vendor Total:	534.00
47409	CLARK PEST CONTROL	A#01-01070089 7.18.18	07/18/2018	07/18/2018	PEST CONTROL SVC. TRANSIT DI	72.00
47410	CLARK PEST CONTROL	A#01-00963793 7.18.18	07/18/2018	07/18/2018	PEST CONTROL SVC. JAILSIDE	150.00
47411	CLARK PEST CONTROL	01-01029035 7.18.18	07/18/2018	07/18/2018	PEST CONTROL SVC. COMM.DEV	72.00
					Vendor Total:	294.00
47446	COMPLETE HARDWARE STORE & MORE	202172	07/19/2018	07/19/2018	SUPPLIES-GRASSHOPPER#2 M&I	4.57
					Vendor Total:	4.57
47429	COPOWER	760014	07/09/2018	07/09/2018	CHIRO SVC AUG. 2018	158.66
					Vendor Total:	158.66
47442	COUNTY OF KERN	1160-00473	06/30/2018	07/18/2018	CJIS ACCESS LICENSE FEE	210.00
					Vendor Total:	210.00
47433	DEPARTMENT OF CONSERVATION	SMIP QTR. REPORT APRIL-JUNE 18	06/30/2018	06/30/2018	SMIP QUATERLY REPORT FEE	744.68
					Vendor Total:	744.68
47447	DIVISION OF THE STATE	DSA 786 BLF 4.1.18-6.30.18	06/30/2018	06/30/2018	DSA 786 BUSINESS LICENSE	21.30
47448	DIVISION OF THE STATE	DSA 796 BLF 4.1.18-6.30.18	06/30/2018	06/30/2018	DSA 796 BUSINESS LICENSE	28.40
					Vendor Total:	49.70

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47449	FEDEX		06/30/2018	07/20/2018	FEDEX SERVICE JUNE 2018	
		6-250-95452				304.49
					Vendor Total:	304.49
47412	GRAINGER		07/17/2018	07/17/2018	HVAC FILTERS COMMUNITY CEN	
		1326417673				27.16
					Vendor Total:	27.16
47451	GUARDIAN		07/25/2018	07/20/2018	BUNDLE INSURANCE AUGUST 20	
		GROUP ID 00 473727 7.20.18				6,491.15
					Vendor Total:	6,491.15
47413	JTS TRUCKING REPAIR		07/19/2018	07/19/2018	MAINTENANCE FLEET#211	
		221027				186.72
47414	JTS TRUCKING REPAIR		07/10/2018	07/10/2018	MAINTENANCE FLEET#205	
		220511				110.03
47415	JTS TRUCKING REPAIR		07/10/2018	07/10/2018	MAINTENANCE FLEET#207	
		220502				305.39
47417	JTS TRUCKING REPAIR		06/30/2018	04/04/2018	MAINTENANCE FLEET#205	
		215407				222.97
47418	JTS TRUCKING REPAIR		06/30/2018	04/10/2018	MAINTENANCE FLEET#207	
		215642				194.40
47419	JTS TRUCKING REPAIR		06/30/2018	04/13/2018	MAINTENANCE FLEET#203	
		215881				208.38
47420	JTS TRUCKING REPAIR		06/30/2018	04/17/2018	MAINTENANCE FLEET#205	
		216029				866.09
47421	JTS TRUCKING REPAIR		06/30/2018	04/17/2018	MAINTENANCE FLEET#207	
		216030				97.20
47422	JTS TRUCKING REPAIR		06/30/2018	04/20/2018	MAINTENANCE FLEET#209	
		216243				202.98
47423	JTS TRUCKING REPAIR		06/30/2018	04/20/2018	MAINTENANCE FLEET#211	
		216244				105.52
47424	JTS TRUCKING REPAIR		06/30/2018	04/23/2018	MAINTENANCE FLEET#211	
		216265				350.87
47425	JTS TRUCKING REPAIR		07/20/2018	07/20/2018	MAINTENANCE FLEET#209	
		221084				865.92
47426	JTS TRUCKING REPAIR		07/23/2018	07/23/2018	MAINTENANCE FLEET#207	
		221122				688.24
47450	JTS TRUCKING REPAIR		06/30/2018	06/30/2018	MAINTENANCE FLEET#KABOTA	
		215406				245.88
					Vendor Total:	4,650.59
47428	KAISER PERMANENTE		07/23/2018	07/23/2018	MEDICAL INSURANCE SVC.AUG 2	
		CUST ID:000300785-0000 AUG2018				20,754.13
					Vendor Total:	20,754.13
47416	LIEBERT CASSIDY WHITMORE		07/19/2018	07/19/2018	ERC MEMBERSHIP FY 2018-2019	
		1459761				1,925.00
					Vendor Total:	1,925.00
47452	MARY VALENTI, PH.D		07/25/2018	07/25/2018	PSYCHOLOGIST SVC. 7.5.18	
		7.5.18 PRE-EMPLOYMENT EVAL.				800.00
					Vendor Total:	800.00
47441	MOUNTAINSIDE DISPOSAL		07/18/2018	07/18/2018	PROPERTY TAXES 7.18.18	
		PROPERTY TAXES 7.18.18				7,909.50
					Vendor Total:	7,909.50
47453	O'REILLY AUTOMOTIVE, INC		07/23/2018	07/23/2018	MAINTENANCE FLEET #301 & #30	
		4451-363135				51.05
					Vendor Total:	51.05
47430	PACIFIC TIRE ARVIN		07/23/2018	07/23/2018	MAINTENANCE FLEET#207	
		21324				213.36

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					Vendor Total:	213.36
47427	PETTY CASH-ELSA CARDOSO-GUZMAN		07/23/2018	07/23/2018	PETTY CASH REPLENISHMENT 7.	
		PETTY CASH REPLENISHMENT 7.23				115.07
					Vendor Total:	115.07
47385	PG & E		07/12/2018	07/12/2018	SVC. 06.12.18-07.11.18	
		A#1840419093-8 7.12.18				9.91
47386	PG & E		07/12/2018	07/12/2018	SVC. 06.12.18-07.11.18	
		A#1215425391-3 7.12.18				9.88
47387	PG & E		07/12/2018	07/12/2018	SVC. 06.12.18-07.11.18	
		A#1090419141-7 7.12.18				9.86
47388	PG & E		07/12/2018	07/12/2018	SVC. 06.12.18-07.11.18	
		A#1673746179-4 7.12.18				783.57
47389	PG & E		07/12/2018	07/12/2018	SVC. 06.12.18-07.11.18	
		A#1486138762-0 7.12.18				193.38
47390	PG & E		07/12/2018	07/12/2018	SVC. 06.12.18-07.11.18	
		A#2124436632-0 7.12.18				445.44
47391	PG & E		07/12/2018	07/12/2018	SVC. 06.12.18-07.11.18	
		A#2703896446-9 7.12.18				9.86
47392	PG & E		07/12/2018	07/12/2018	SVC. 06.12.18-07.11.18	
		A#2402723819-5 7.12.18				9.86
47393	PG & E		07/12/2018	07/12/2018	SVC. 06.12.18-07.11.18	
		A#0048737939-8 7.12.18				188.91
47394	PG & E		07/12/2018	07/12/2018	SVC. 06.12.18-07.11.18	
		A#4157630593-6 7.12.18				46.36
47395	PG & E		07/12/2018	07/12/2018	SVC. 06.12.18-07.11.18	
		A#524161718-5 7.12.18				81.47
47396	PG & E		07/12/2018	07/12/2018	SVC. 06.12.18-07.11.18	
		A#4601018108-2 7.12.18				844.32
47397	PG & E		07/12/2018	07/12/2018	SVC. 06.12.18-07.11.18	
		A#5106956658-9 7.12.18				50.75
47398	PG & E		07/12/2018	07/12/2018	SVC. 06.12.18-07.11.18	
		A#5673737579-2 7.12.18				9.86
47399	PG & E		07/12/2018	07/12/2018	SVC. 06.12.18-07.11.18	
		A#6747823013-8 7.12.18				98.88
47400	PG & E		07/12/2018	07/12/2018	SVC. 06.12.18-07.11.18	
		A#6358251136-4 7.12.18				133.96
47401	PG & E		07/12/2018	07/12/2018	SVC. 06.12.18-07.11.18	
		A#7132070819-2 7.12.18				18.72
47402	PG & E		07/12/2018	07/12/2018	SVC. 06.12.18-07.11.18	
		A#9083999874-8 7.12.18				312.89
47403	PG & E		07/12/2018	07/12/2018	SVC. 06.12.18-07.11.18	
		A#4569461468-1 7.12.18				20.37
47404	PG & E		07/12/2018	07/12/2018	SVC. 06.12.18-07.11.18	
		A#4923752229-4 7.12.18				9.86
47405	PG & E		07/12/2018	07/12/2018	SVC. 06.12.18-07.11.18	
		A#7235938816-1 7.12.18				672.81
47406	PG & E		07/12/2018	07/12/2018	SVC. 06.12.18-07.11.18	
		A#6632224172-1 7.12.18				5,088.58
47407	PG & E		07/12/2018	07/12/2018	SVC. 06.12.18-07.11.18	
		A#8517683481-1 7.12.18				65.21
47408	PG & E		07/12/2018	07/12/2018	SVC. 06.12.18-07.11.18	
		A#9132070691-3 7.12.18				28.14
47436	PG & E		07/16/2018	07/16/2018	SVC. 06.15.18-7.16.18	
		A#4121972200-0 7.16.18				247.16
47437	PG & E		07/25/2018	07/25/2018	SVC. 06.14.18-7.15.18	
		A#4891617948-3 7.16.18				161.72
47438	PG & E		07/25/2018	07/25/2018	SVC. 06.12.18-7.11.18	
		A#5422632722-6 7.16.18				9.86
47439	PG & E		07/16/2018	07/16/2018	SVC. 06.12.18-7.11.18	
		A#7149339108-1 7.16.18				3,405.08
47440	PG & E		07/16/2018	07/16/2018	SVC. 06.12.18-7.11.18	
		A#3232674778-2 7.16.18				2,110.22
47456	PG & E		07/16/2018	07/16/2018	SVC. 6.12.18-7.11.18	
		A#9853233499-6 7.16.18				19.86
47457	PG & E		07/16/2018	07/16/2018	SVC. 6.12.18-7.11.18	
		A#6226711721-6 7.16.18				75.61

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47458	PG & E		07/16/2018	07/16/2018	SVC. 6.12.18-7.11.18	
		A#3441010184-3 7.16.18				180.30
					Vendor Total:	15,352.66
47454	PURCHASE POWER		07/11/2018	07/11/2018	POSTAGE REFILL 7.11.18	
		A#8000-9000-0054-0157 7.11.18				499.78
					Vendor Total:	499.78

Grand Total:	80,823.98
Less Credit Memos:	0.00
Net Total:	80,823.98
Less Hand Check Total:	1,819.61
Outstanding Invoice Total:	79,004.37

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47464	ADOBE PLAZA REFUND		07/31/2018	07/31/2018	Event Reimbursement 8.25.18	
		Event Reimbursement 8.25.18 D				50.00
					Vendor Total:	50.00
47461	ALESHIRE & WYNDER, LLP		06/30/2018	06/30/2018	Legal Svcs. June 2018	
		Legal Svcs. June 2018				43,139.76
					Vendor Total:	43,139.76
47469	CALIFORNIA POLICE CHIEFS		07/31/2018	07/31/2018	Membership Renewal 2018-2019	
		10397				440.00
					Vendor Total:	440.00
47482	DIAMOND TECHNOLOGIES, INC		06/30/2018	06/30/2018	PCSC REDUNDAND SOLUTION	
		21798				9,849.95
47483	DIAMOND TECHNOLOGIES, INC		06/30/2018	06/30/2018	OFFICE 365 MAY 2018	
		21873				856.70
47484	DIAMOND TECHNOLOGIES, INC		07/31/2018	07/10/2018	1YR. BACK UP LICENSES CITY/PD	
		22126				2,389.95
					Vendor Total:	13,096.60
47463	FIKTER, PERLA		07/31/2018	07/31/2018	Mileage Reimbursement 7.26.18	
		Mileage Reimbursement 7.26.18				119.14
					Vendor Total:	119.14
47466	FRESNO POLICE DEPARTMENT		07/31/2018	07/31/2018	Perishable Skills Training	
		Post Perishable Skills Aug. 18				421.00
47468	FRESNO POLICE DEPARTMENT		07/31/2018	07/31/2018	Perishable Skills Training	
		POST Perishable Skills 08/2018				421.00
					Vendor Total:	842.00
47465	RUBEN GONZALEZ		07/31/2018	07/31/2018	Perishable Skills Training	
		POST Perdiem 8.7.18-8.9.18				260.00
					Vendor Total:	260.00
47462	GRAINGER		07/17/2018	07/17/2018	SUPPLIES COMMUNITY CENTER	
		9848893054				27.16
					Vendor Total:	27.16
47470	GUARDIAN TRACKING, LLC		07/31/2018	07/31/2018	ANNUAL SUBSCRIPTION FY 18-19	
		2018-0489				1,581.00
					Vendor Total:	1,581.00
47486	JT2 INC DBA TODD COMPANIES		06/30/2018	06/30/2018	SYCAMORE DRAINAGE PROJECT	
		54177R				438,051.65
					Vendor Total:	438,051.65
47471	JTS TRUCKING REPAIR		07/31/2018	07/31/2018	MAINTENANCE FLEET#203	
		221165				562.95
47472	JTS TRUCKING REPAIR		07/31/2018	07/31/2018	MAINTENANCE FLEET#205	
		221159				464.02
					Vendor Total:	1,026.97
47459	FERNANDO LOPEZ		07/31/2018	07/31/2018	INTERPRETER SVCS.8.1-9.18	
		INTERPRETER SVCS.8.1-9.18				480.00
					Vendor Total:	480.00
47485	PG & E		07/31/2018	07/23/2018	SVC. 06.21.18-07.22.18	
		A#7368140966-7 7.23.18				53.03
					Vendor Total:	53.03

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47473	STAPLES BUSINESS ADVANTAGE		06/30/2018	06/30/2018	OFFICE SUPPLIES COMM.DEV.DE	
		7199306514-0-1				16.55
47474	STAPLES BUSINESS ADVANTAGE		07/31/2018	07/02/2018	OFFICE SUPPLIES COMM.DEV.DE	
		7199353648-0-2				25.93
47475	STAPLES BUSINESS ADVANTAGE		07/31/2018	07/18/2018	OFFICE SUPPLIES COMM.DEV.DE	
		7201145717-0-2				111.23
47476	STAPLES BUSINESS ADVANTAGE		07/31/2018	07/18/2018	OFFICE SUPPLIES COMM.DEV.DE	
		7201146439-0-1				107.47
47477	STAPLES BUSINESS ADVANTAGE		07/31/2018	07/27/2018	OFFICE SUPPLIES CITY HALL	
		7201155288-0-2				24.99
47478	STAPLES BUSINESS ADVANTAGE		07/31/2018	07/18/2018	OFFICE SUPPLIES CITY HALL	
		7201155288-0-1				35.16
47479	STAPLES BUSINESS ADVANTAGE		07/31/2018	07/25/2018	OFFICE SUPPLIES FINANCE	
		7201377674-0-1				165.89
					Vendor Total:	487.22
47467	PATRICIA STEWART		07/31/2018	07/31/2018	Perishable Skills Training	
		POST PERDIEM 8.14.16-8.16.18				260.00
					Vendor Total:	260.00
47480	UNDERGROUND SERVICE ALERT		07/31/2018	07/20/2018	ANNUAL MEMBERSHIP 2018-2019	
		18070139				497.69
					Vendor Total:	497.69
47481	VEOLIA WATER NA - MAINT-NOTE		06/30/2018	06/30/2018	O&M WASTEWATER JUNE 2018	
		90157176				123,418.58
					Vendor Total:	123,418.58

Grand Total:	623,830.80
Less Credit Memos:	0.00
Net Total:	623,830.80
Less Hand Check Total:	0.00
Outstanding Invoice Total:	623,830.80

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47488	ACC BUSINESS		08/09/2018	07/27/2018	INTERNET ACCESS A#1205939	
		181935508				1,020.92
					Vendor Total:	1,020.92
47544	ACTION LOCKSMITH		08/09/2018	08/09/2018	LOCKSMITH SVC. TRANSIT DEPT.	
		0001623				200.00
					Vendor Total:	200.00
47489	ADOBE PLAZA REFUND		08/09/2018	08/09/2018	EVENT REFUND DEPOSIT 7.28.18	
		REIMBURSEMENT RECEIPT#30760				350.00
					Vendor Total:	350.00
47490	AIRCO BAKERSFIELD		08/09/2018	08/01/2018	HVAC UNIT REPAIR-ADOBE	
		QB#103				430.00
					Vendor Total:	430.00
47491	ALLSTATE		08/09/2018	07/30/2018	POST TAX JULY 2018	
		CASE#91936 JULY 2018				350.73
					Vendor Total:	350.73
47492	AMERICAL		08/09/2018	08/09/2018	WAITING BENCH AREA COVER-P	
		ALUMINUM PATIO COVER				18,800.00
					Vendor Total:	18,800.00
47487	ARVIN COMM SERVICES DIST		08/09/2018	08/09/2018	SVC. 06.21.18-07.24.18	
		CITY OF ARVIN 6.21.18-7.24.18				15,022.81
					Vendor Total:	15,022.81
47493	ARVIN POLICE OFFICERS		08/09/2018	08/09/2018	UNION DUES 7.13.18-7.27.18	
		COA UNION DUES 7.13-7.27.18				620.00
					Vendor Total:	620.00
47497	BAKERSFIELD CALIFORNIAN	1ARV05	06/30/2018	06/30/2018	LEGAL PUBLICATIONS MAY 2018	
		2697456				5,597.01
47498	BAKERSFIELD CALIFORNIAN	1ARV05	06/30/2018	06/30/2018	LEGAL PUBLICATIONS JUNE 2018	
		2699788				5,904.05
47499	BAKERSFIELD CALIFORNIAN	1ARV05	08/09/2018	08/09/2018	LEGAL PUBLICATIONS JULY 2018	
		2701569				2,897.14
					Vendor Total:	14,398.20
47546	BLACKBURN OIL COMPANY LLC		08/09/2018	08/09/2018	FUEL USAGE REPORT JULY 2018	
		FUEL USAGE JULY 2018				11,378.65
					Vendor Total:	11,378.65
47494	BROADLUX, INC		08/09/2018	08/01/2018	O&M SERVICES SEPT. 2018	
		BR9I1732-45				252.50
					Vendor Total:	252.50
47495	CENTRAL CALIF. ASSOC. PUBLIC		08/09/2018	08/09/2018	COA UNION DUES 7.27.18	
		COA UNION DUES 7.27.18				649.60
47545	CENTRAL CALIF. ASSOC. PUBLIC		08/09/2018	08/09/2018	COA UNION DUES 8.10.18	
		COA UNION DUES 8.10.18				649.60
					Vendor Total:	1,299.20
47500	CLARK PEST CONTROL		08/09/2018	07/31/2018	PEST CONTROL JAILSIDE	
		A#00963793 7.31.18				150.00
47501	CLARK PEST CONTROL		08/09/2018	07/31/2018	PEST CONTROL-COMM.DEV.DEP	
		A#01029035 7.31.18				72.00
47502	CLARK PEST CONTROL		08/09/2018	07/31/2018	PEST CONTROL SVC. -TRANSIT	
		A#01070089 7.31.18				72.00

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					Vendor Total:	294.00
47503	COMMUNICATION ENTERPRISES	1095713	08/09/2018	08/09/2018	LTR 450 DISPATCH-TRANSIT	135.00
					Vendor Total:	135.00
47504	COMPLETE HARDWARE STORE & MORE	204113	08/09/2018	08/09/2018	SHOP SUPPLIES-M&I DEPT.	168.74
47505	COMPLETE HARDWARE STORE & MORE	204204	08/09/2018	08/09/2018	EVAPORATIVE COOLER-VET'S HA	277.08
					Vendor Total:	445.82
47506	CORELOGIC SOLUTIONS, LLC	81891330	06/30/2018	06/30/2018	METROSCAN MONTHLY DUES	137.50
47507	CORELOGIC SOLUTIONS, LLC	81906095	08/09/2018	07/31/2018	METROSCAN MONTHLY DUES	137.50
					Vendor Total:	275.00
47496	CSJVRMA	RMA-2019-0002	08/09/2018	07/02/2018	2018-2019 1ST QTR.	156,495.00
					Vendor Total:	156,495.00
47511	DEPARTMENT OF JUSTICE	316670	08/09/2018	08/09/2018	FINGERPRINTING SVC. JULY 2018	442.00
47512	DEPARTMENT OF JUSTICE	310622	06/30/2018	06/30/2018	FINGERPRINTING SVC. JUNE 201	407.00
47513	DEPARTMENT OF JUSTICE	293179	06/30/2018	06/30/2018	FINERPRINTING SVC. MARCH 201	595.00
					Vendor Total:	1,444.00
47508	DIAMOND IT PREPAID USE 28-397	22288	08/15/2018	07/31/2018	PREPAID IT SERVICES JULY 2018	0.00
47509	DIAMOND IT PREPAID USE 28-397	22286	08/15/2018	07/31/2018	PREPAID IT SERVICES JULY 2018	0.00
					Vendor Total:	0.00
47510	DIAMOND TECHNOLOGIES, INC	22196	08/09/2018	07/31/2018	MANAGE OFFICE 365 JULY 2018	881.60
					Vendor Total:	881.60
47514	GENERAL OFFICE	13302	08/09/2018	07/30/2018	METER READING SVC. JULY 2018	610.54
					Vendor Total:	610.54
47515	JT2 INC DBA TODD COMPANIES	5	06/30/2018	07/16/2018	SYCAMORE PROJECT SVC JUNE	255,451.72
					Vendor Total:	255,451.72
47516	JTS TRUCKING REPAIR	221160	08/09/2018	07/23/2018	MAINTENANCE FLEET#205	429.88
47517	JTS TRUCKING REPAIR	221244	08/09/2018	07/24/2018	MAINTENANCE FLEET#207	464.02
47518	JTS TRUCKING REPAIR	221245	08/09/2018	08/09/2018	MAINTENANCE FLEET#110	333.18
47519	JTS TRUCKING REPAIR	221246	08/09/2018	07/24/2018	MAINTENANCE FLEET#203	319.01
					Vendor Total:	1,546.09
47520	KERN RIVER POWER EQUIPMENT INC	83715	08/09/2018	07/31/2018	WEEDWACKER #7 REPAIR	91.59
47521	KERN RIVER POWER EQUIPMENT INC	83885	08/09/2018	07/31/2018	MOWER#1 REPAIR	605.12

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					Vendor Total:	696.71
47522	MOUNTAINSIDE DISPOSAL	509475	08/09/2018	08/01/2018	LANDFILL FEE 8.1.18	162.12
					Vendor Total:	162.12
47523	PACIFIC IRRIGATION	00196181	08/09/2018	07/31/2018	IRRIGATION LEAK-FELICITA PARK	48.63
					Vendor Total:	48.63
47524	PACIFIC TIRE ARVIN	21373	08/09/2018	08/01/2018	MAINTENANCE FLEET#205	207.22
47525	PACIFIC TIRE ARVIN	21379	08/09/2018	08/01/2018	MAINTENANCE FLEET#209	1,391.45
					Vendor Total:	1,598.67
47526	PG & E	A#8440977428-2 7.31.18	08/09/2018	07/31/2018	SVC. 6.30.18-7.31.18	339.30
					Vendor Total:	339.30
47527	PITNEY BOWES	3102340771	08/09/2018	08/01/2018	LEASE SVC. 05.30.18-8.29.18	268.86
					Vendor Total:	268.86
47528	PRINTING SYSTEMS	203615	08/09/2018	07/23/2018	PUBLIC NOTICES-CITY HALL	161.84
					Vendor Total:	161.84
47529	PROVOST & PRITCHARD	69124	06/30/2018	07/27/2018	SYCAMORE RD FLOOD REDUCTI	3,335.50
					Vendor Total:	3,335.50
47530	SITEONE LANDSCAPE SUPPLY LLC	87382982	08/09/2018	08/01/2018	IRRIGATION REPAIRS- GITS PARK	276.66
					Vendor Total:	276.66
47531	SO. CAL. GAS CO.	SVC. 06.22.18-07.24.18	08/09/2018	07/26/2018	SVC 6.22.18-7.24.18	169.98
					Vendor Total:	169.98
47532	SPECTRUM BUSINESS	064070101072718	08/09/2018	07/27/2018	A#0050640701-01 SVC. AUG. 2018	274.28
					Vendor Total:	274.28
47533	ST. THOMAS CHURCH	REIMBURSEMENT RECEIPT#30849	08/09/2018	08/09/2018	EVENT REFUND DEPOSIT 7.21.18	450.00
					Vendor Total:	450.00
47534	STAPLES BUSINESS ADVANTAGE	7201389805-0-1	08/09/2018	07/25/2018	OFFICE SUPPLIES-COMM.DEV.DE	96.62
47535	STAPLES BUSINESS ADVANTAGE	7200732114-0-1	08/09/2018	07/11/2018	OFFICE SUPPLIES-COMM.DEV.DE	121.92
47536	STAPLES BUSINESS ADVANTAGE	7201145717-0-1	08/09/2018	08/09/2018	OFFICE SUPPLIES-COMM.DEV.DE	27.38
47537	STAPLES BUSINESS ADVANTAGE	7200834168-0-1	08/09/2018	07/12/2018	OFFICE SUPPLIES-COMM.DEV.DE	131.23
					Vendor Total:	377.15
47538	TOTAL CONCRETE SERVICES	40	08/09/2018	08/09/2018	SIDEWALK REMOVAL&POURBACI	4,000.00

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					Vendor Total:	4,000.00
47539	VANTAGE POINT TRANSFER AGENTS	457K LOAN/CONTRIBUTION 7.27.18	08/09/2018	08/09/2018	457K LOAN/CONTRIBUTION 7.27.1	257.95
47540	VANTAGE POINT TRANSFER AGENTS	457K LOAN/CONTRIBUTION 8.10.18	08/09/2018	08/09/2018	457K LOAN/CONTRIBUTION 8.10.1	257.95
					Vendor Total:	515.90
47542	VERIZON WIRELESS 609123961-4	9811644756	08/09/2018	08/09/2018	WIRELESS SVC. 6.26.18-7.25.18	304.08
					Vendor Total:	304.08
47541	VERIZON WIRELESS A#642023305-1	9811803217	08/09/2018	08/09/2018	WIRELESS SVC. 6.29.18-7.28.18	120.18
					Vendor Total:	120.18
47543	WELLS FARGO LEASE PMTS	5005020165	08/09/2018	07/23/2018	A#603-0138128-000 POLICE DEPT	183.86
					Vendor Total:	183.86

Grand Total:	494,985.50
Less Credit Memos:	0.00
Net Total:	494,985.50
Less Hand Check Total:	0.00
Outstanding Invoice Total:	494,985.50

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47605	AIRCO BAKERSFIELD	QB157	08/16/2018		08/07/2018	AC REPAIR-POLICE DEPT.	69.00
						Vendor Total:	69.00
47603	AIRGAS WEST	9955407007	08/16/2018		07/31/2018	RENT CYL IND. LARGE ACETYLEN	69.75
						Vendor Total:	69.75
47548	AMAZING BOUNCE	O7263	08/15/2018		08/01/2018	NNO EVENT 8.7.18	210.00
						Vendor Total:	210.00
47549	AT&T MOBILITY	287251442687X07282018	08/15/2018		08/15/2018	WIRELESS SERVICE-M&I DEPT.	161.08
						Vendor Total:	161.08
47550	BLUE SHIELD OF CALIFORNIA	182200025769	08/15/2018		08/15/2018	MEDICAL INSURANCE SEP. 2018	16,677.58
						Vendor Total:	16,677.58
47551	BSSR, INC.	31220	08/15/2018		08/15/2018	FUEL PUMP REPAIR	621.00
47552	BSSR, INC.	31262	08/15/2018		08/15/2018	FUEL PUMP REPAIR	601.86
						Vendor Total:	1,222.86
47554	C & T AUTOMOTIVE, INC	900024576	08/15/2018		06/12/2018	MAINTENANCE FLEET#274	190.03
47555	C & T AUTOMOTIVE, INC	900024623	08/15/2018		06/21/2018	MAINTENANCE FLEET#273	84.50
47556	C & T AUTOMOTIVE, INC	900024633	08/15/2018		06/25/2018	MAINTENANCE FLEET#260	209.96
						Vendor Total:	484.49
47553	CCAC	3369	08/15/2018		08/15/2018	REGION 4 EDUCATION WORKSHO	50.00
						Vendor Total:	50.00
47557	CLEAN CUT LANDSCAPE MANAGEMENT	1488	08/15/2018		07/31/2018	LANDSCAPE MAINTENANCE LLMI	2,620.00
47558	CLEAN CUT LANDSCAPE MANAGEMENT	1489	08/15/2018		07/31/2018	LANDSCAPE MAINTENANCE LLMI	610.00
						Vendor Total:	3,230.00
47559	COMMUNICATION ENTERPRISES	1095714	08/15/2018		08/15/2018	LTR 450 DISPATCH-M&I DEPT.	165.00
						Vendor Total:	165.00
47560	COMPLETE HARDWARE STORE & MORE	205558	08/15/2018		08/15/2018	SIDEWALK PROJECT-DIGIORGIO	35.85
47561	COMPLETE HARDWARE STORE & MORE	205431	08/15/2018		08/15/2018	SIDEWALK PROJECT-DIGIORGIO	93.24
47562	COMPLETE HARDWARE STORE & MORE	205471	08/15/2018		08/15/2018	SIDEWALK PROJECT-DIGIORGIO	4.55
47563	COMPLETE HARDWARE STORE & MORE	205815	08/15/2018		08/15/2018	SUPPLIES FOR REPAIRS-PARK	2.79
						Vendor Total:	136.43
47564	COPOWER	767107	08/15/2018		08/15/2018	CHIRO SVC. SEP. 2018	124.19
						Vendor Total:	124.19

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47547	CSUB-SPONSORED PROGRAM		08/15/2018	08/15/2018	PROCUREMENT CONTRACT	
		REIMBURSEMENT RECEIPT#31346				350.00
					Vendor Total:	350.00
47565	ALMA FERNANDEZ		08/15/2018	08/15/2018	CLETS USER GROUP T4T COURS	
		CA CLETS 9.10.18-9.11.18				185.00
					Vendor Total:	185.00
47566	FORENSIC NURSE SPECIALISTS INC		08/15/2018	05/31/2018	KERN SART AP18-0689	
		3335				900.00
					Vendor Total:	900.00
47567	GENERAL OFFICE		08/15/2018	08/15/2018	OFFICE SUPPLIES-COMM.DEV.DE	
		13273				48.71
					Vendor Total:	48.71
47568	GOLDEN EMPIRE TOWING INC		08/15/2018	07/26/2018	TOWING SVC. AP18-1152	
		59706				185.00
					Vendor Total:	185.00
47569	INDEPENDENT FIRE & SAFETY		08/15/2018	07/23/2018	ANNUAL MAINTENANCE-COMM.C	
		36511				222.50
47570	INDEPENDENT FIRE & SAFETY		08/15/2018	07/23/2018	SEMI-ANNUAL MAINTENANCE-AD	
		36512				148.50
					Vendor Total:	371.00
47571	JIM BURKE FORD		08/15/2018	08/02/2018	MAINTENANCE FLEET#287	
		168404C				51.32
47572	JIM BURKE FORD		08/15/2018	08/02/2018	MAINTENANCE FLEET#286	
		168432C				51.32
47606	JIM BURKE FORD		08/16/2018	08/16/2018	MAINTENANCE FLEET#280	
		167846C				44.82
					Vendor Total:	147.46
47573	JTS TRUCKING REPAIR		08/15/2018	07/24/2018	MAINTENANCE FLEET#203	
		221247				342.52
47574	JTS TRUCKING REPAIR		08/16/2018	07/24/2018	MAINTENANCE FLEET#203	
		221276				464.02
47575	JTS TRUCKING REPAIR		08/16/2018	07/26/2018	MAINTENANCE FLEET#207	
		221465				820.29
47576	JTS TRUCKING REPAIR		08/16/2018	07/26/2018	MAINTENANCE FLEET#207	
		221462				540.00
					Vendor Total:	2,166.83
47577	KAISER PERMANENTE		08/16/2018	08/16/2018	MEDICAL INSURANCE SEPT. 2018	
		CUSTID#000300785-0000 9.5.18				20,754.13
					Vendor Total:	20,754.13
47578	FERNANDO LOPEZ		08/16/2018	08/16/2018	INTERPRETER SVC. OCT. 2018	
		INTERPRETER SVC. 10.2-10.16.18				320.00
					Vendor Total:	320.00
47604	LOWE'S		08/16/2018	08/02/2018	SUPPLIES FOR DUG OUT-M&I DE	
		A#98007489176 8.2.18				144.49
					Vendor Total:	144.49
47579	MOUNTAINSIDE DISPOSAL		08/16/2018	08/10/2018	BIN RENT/ROLL-OFF DUMP SVC	
		510060				66.94
					Vendor Total:	66.94
47580	NORTH BAKERSFIELD TOYOTA SCION		08/16/2018	07/05/2018	MAINTENANCE FLEET#264	
		T2CS432519				137.20

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					Vendor Total:	137.20
47608	OFFICE DEPOT	A#03691995-115254724 6.12.18	08/16/2018	05/01/2018	OFFICE SUPPLIES-POLICE DEPT.	819.39
					Vendor Total:	819.39
47583	PACIFIC TIRE ARVIN	21188	08/16/2018	08/16/2018	MAINTENANCE FLEET#271	25.41
47584	PACIFIC TIRE ARVIN	21311	08/16/2018	07/19/2018	MAINTENANCE FLEET#279	10.00
47585	PACIFIC TIRE ARVIN	21396	08/16/2018	08/04/2018	MAINTENANCE FLEET#273	15.00
					Vendor Total:	50.41
47581	PG & E	A#8831924329-6 8.9.18	08/16/2018	08/16/2018	SVC. 7.10.18-8.8.18	19.71
47582	PG & E	A#4776920476-0 8.9.18	08/16/2018	08/16/2018	SVC. 7.10.18-8.8.18	194.52
					Vendor Total:	214.23
47586	SO. CAL. GAS CO.	ACCT#085-832-2970 6 8.6.18	08/16/2018	08/06/2018	NATURAL GAS VEHICLE FUEL	26.09
					Vendor Total:	26.09
47587	SPARKLE TEXTILE RENTAL SERVICE	SVC. JULY 2018	08/16/2018	08/16/2018	MAINTENANCE & UNIFORM SVC.	1,200.40
					Vendor Total:	1,200.40
47588	SPECTRUM BUSINESS	069794801072418	08/16/2018	08/16/2018	SVC. 7.29.18-8.28.18	104.33
					Vendor Total:	104.33
47589	STAPLES BUSINESS ADVANTAGE	7202222300-0-1	08/16/2018	08/06/2018	OFFICE SUPPLIES-COMM.DEV.DE	51.58
47590	STAPLES BUSINESS ADVANTAGE	7202413777-0-1	08/16/2018	08/08/2018	OFFICE SUPPLIES-COMM.DEV.DE	175.98
47591	STAPLES BUSINESS ADVANTAGE	7202222300-0-3	08/16/2018	08/06/2018	OFFICE SUPPLIES-COMM.DEV.DE	8.65
47592	STAPLES BUSINESS ADVANTAGE	7202222300-0-2	08/16/2018	08/06/2018	OFFICE SUPPLIES-COMM.DEV.DE	9.73
47593	STAPLES BUSINESS ADVANTAGE	7202075719-0-1	08/16/2018	08/03/2018	OFFICE SUPPLIES-FINANCE DEP	120.61
					Vendor Total:	366.55
47595	TEL-TEC SECURITY SYSTEMS	631495	08/16/2018	08/01/2018	ADOBE COMPLEX-FIRE MONITOF	55.00
					Vendor Total:	55.00
47596	VERIZON WIRELESS 609123961-1	A#609123961-00001 6.25.18	08/16/2018	06/30/2018	WIRELESS SVC. 5.26-6.25	470.87
47597	VERIZON WIRELESS 609123961-1	9811644754	08/16/2018	07/25/2018	WIRELESS SVC. 6.26-7.25	470.19
					Vendor Total:	941.06
47598	VERIZON WIRELESS 609123961-3	609123961-00003 6.25.18	08/16/2018	06/30/2018	WIRELESS SVC. 5.26-6.25	646.17
47599	VERIZON WIRELESS 609123961-3	9811644755	08/16/2018	07/25/2018	WIRELESS SVC. 6.26-7.25	646.17
					Vendor Total:	1,292.34
47601	WELLS FARGO BANK BOND PMTS	ARVIN RDA 2005 9.1.18	08/16/2018	07/31/2018	ARVIN RDA 2005	287,658.26

Edit List of Invoices - Summary

DEMAND LIST 08.15.18

City of Arvin

Ref. No.	Vendor Name	Invoice No.	Posting Date PONumber	Invoice Date	Invoice Description	Invoice Amount
47602	WELLS FARGO BANK BOND PMTS		08/16/2018	08/16/2018	ARVIN RDA 2008	
		ARVIN RDA 2008 9.1.18				146,874.98
					Vendor Total:	434,533.24
47600	WELLS FARGO LEASE PMTS		08/16/2018	08/01/2018	A#603-0154528-000COMM.DEV.DE	
		5005053281				121.16
					Vendor Total:	121.16

Grand Total:	488,101.34
Less Credit Memos:	0.00
Net Total:	488,101.34
Less Hand Check Total:	0.00
Outstanding Invoice Total:	488,101.34

Total Invoices: 60

EARNINGS REPORT

Emp. Code Desc.: CITY OF ARVIN
From 07/14/2018 to 07/27/20
City of Arvin

PAYROLL 7-27-18

Date: 8/16/2018
Time: 16:29:46

Employee Name	Employee ID	15X	1X	1XFTO	25X	2X	3X	ADJ	ADLCO	Other Total
		ADMLV	ALLOW	BERV	BNFT1	COMP	CTO	CTYWK	DEGRE	
		DIFFL	FH	FTO	HLPER	HOL	HP1X	INSUR	JURY	
		LONG	MILIT	MISC	PBD	PBD3	PBDCO	PERE	PERS	
		PHALW	POST	PTO	REG	RETOT	RETRO	SCKCO	SEVR	
		SHOEA	SICK	SRO	STDBY	TRAIN	TUPGR	UACL	UAPEP	
		UNADV	URCL	URPEP	VAC	VACCO	VACTO	WRKCO	STLMT	
		ADPAY	SSWEP							
Grand Total:	**Employee Count: 51**	0.00	14,910.85	0.00	0.00	998.43	0.00	(950.60)	0.00	0.00
		0.00	0.00	733.32	761.60	0.00	752.09	0.00	230.79	125,029.52
		226.80	311.64	0.00	0.00	0.00	0.00	1,978.21	1,393.28	
		2,413.41	0.00	0.00	270.63	0.00	599.52	0.00	0.00	
		225.00	780.39	0.00	86,563.90	0.00	0.00	0.00	0.00	
		0.00	2,169.31	0.00	0.00	0.00	0.00	0.00	0.00	
		90.78	0.00	0.00	4,240.71	4,916.10	0.00	0.00	0.00	
		477.04	936.32							

COST REPORT

Emp. Code Desc.: CITY OF ARVIN
From 07/14/2018 to 07/27/20
City of Arvin

PAYROLL 7-27-18

Date: 8/16/2018
Time: 16:29:21

Employee Name	Employee ID		FUTA	MC	MC1	PER1E	PER2D	PER2E	PER2M	Other Total
		PER3E	PER5E	PER6E	PER9E	PERCP	PERS	PERS1	PERS2	
		PERS3	PERS4	PERS5	PERS6	PERS8	PERS9	SS	SS1	
		SUTA								
Grand Total:	**Employee Count: 51**	0.00	0.00	1,438.73	666.62	0.00	631.22	0.00	810.50	0.00
		1,633.23	119.59	0.00	0.00	599.28	0.00	0.00	2,051.54	23,513.83
		3,060.93	0.00	0.00	1,753.64	1,592.39	0.00	6,069.99	3,086.17	
		0.00								

COST REPORT

PAYROLL 8-10-18

Emp. Code Desc.: CITY OF ARVIN
From 07/28/2018 to 08/10/20
City of Arvin

Date: 8/16/2018
Time: 16:28:09

Employee Name	Employee ID		FUTA	MC	MC1	PER1E	PER2D	PER2E	PER2M	Other
		PER3E	PER5E	PER6E	PER9E	PERCP	PERS	PERS1	PERS2	Total
		PERS3	PERS4	PERS5	PERS6	PERS8	PERS9	SS	SS1	
		SUTA								
Grand Total:	Employee Count: 51	0.00	0.00	1,531.71	576.27	0.00	631.22	0.00	810.50	0.00
		1,494.90	119.59	0.00	0.00	599.28	0.00	0.00	2,280.03	23,469.56
		2,799.12	0.00	0.00	1,735.04	1,593.84	0.00	6,598.24	2,699.82	
		0.00								

EARNINGS REPORT

PAYROLL 8-10-18

Emp. Code Desc.: CITY OF ARVIN
From 07/28/2018 to 08/10/20
City of Arvin

Date: 8/16/2018
Time: 16:27:48

Employee Name	Employee ID	15X	1X	1XFTO	25X	2X	3X	ADJ	ADLCO	Other
		ADMLV	ALLOW	BERV	BNFT1	COMP	CTO	CTYWK	DEGRE	Total
		DIFFL	FH	FTO	HLPER	HOL	HP1X	INSUR	JURY	
		LONG	MILIT	MISC	PBD	PBD3	PBDCO	PERE	PERS	
		PHALW	POST	PTO	REG	RETOT	RETRO	SCKCO	SEVR	
		SHOEA	SICK	SRO	STDBY	TRAIN	TUPGR	UACL	UAPEP	
		UNADV	URCL	URPEP	VAC	VACCO	VACTO	WRKCO	STLMT	
		ADPAY	SSWEP							
Grand Total:	Employee Count: 51	0.00	16,235.97	0.00	0.00	985.07	0.00	0.00	0.00	0.00
		0.00	0.00	199.04	720.07	0.00	418.14	0.00	234.25	130,443.63
		175.35	1,319.28	121.15	0.00	0.00	0.00	1,744.16	398.08	
		2,372.17	0.00	0.00	1,339.28	0.00	745.41	0.00	0.00	
		225.00	721.04	0.00	83,980.86	0.00	886.36	810.00	0.00	
		0.00	2,117.69	0.00	0.00	0.00	120.24	0.00	0.00	
		90.78	0.00	0.00	6,035.73	7,141.43	255.48	0.00	0.00	
		477.04	574.56							

REGULAR MEETING MINUTES

ARVIN CITY COUNCIL / SUCCESSOR AGENCY TO THE ARVIN COMMUNITY REDEVELOPMENT AGENCY / ARVIN HOUSING AUTHORITY / ARVIN PUBLIC FINANCING AUTHORITY

JULY 17, 2018

CALL TO ORDER @ 6:00PM

PLEDGE OF ALLEGIANCE

INVOCATION

ROLL CALL: CM Madrigal and MPT Ortiz absent; All others present.

1. **Approval of Agenda as To Form.**

Motion to approve the Agenda with the following change:

- **Consider Public Hearing Item 4A immediately after Agenda Item 1 – Approval of Agenda and prior to Agenda Item 2 - Public Comments.**

Motion Mayor Gurrola Second CM Robles Vote 3-0

2. **PUBLIC COMMENTS**
   (This is the opportunity for the public to address the City Council on any matter on the agenda or any item of interest to the public that is within the subject matter jurisdiction of the City Council.)

3. **CONSENT AGENDA ITEM(S)**
   - **A.** Approval of Demand Register(s) of June 30, 2018 – July 13, 2018.
   - **B.** Approval of Payroll Register(s) of July 13, 2018.
   - **C.** Approval of the Minutes of the Regular Meeting(s) of June 19, 2018 and July 03, 2018 and Special Meeting of July 03, 2018.
   - **D.** Approval of Arvin Hispanic Chamber of Commerce Special Event Permit to Include Use of Smothermon Park and Pavilion, Use of Utilities, and for Public Safety and Public Works Assistance from the City of Arvin for the Arvin Youth Festival During September 14 - 16, 2018 for a Fee of $1,500 Plus Cost Recovery for Any Additional Services if Provided by the City of Arvin with the Requirement to Abide by Stipulations Set Forth by the Arvin Police Department for Private Security Guards, ABC Daily License, & Police Personnel Requirements.

DRAFT

Staff recommends approval of the Consent Agenda.

Motion to approve Consent Agenda Items 3A – 3D.
Motion Mayor Gurrola Second CM Martinez Vote 3-0

4. **PUBLIC HEARING ITEM(S)**
   A. Public Hearing to Consider Adoption, by Title Only, of an Ordinance of the City Council of the City of Arvin to Adopt Text Amendment No. 2017-04, An Oil and Gas Ordinance for Regulation of Petroleum Facilities and Operations, by Repealing Chapter 17.46, Title 17, and Adding Chapter 17.46 to Title 17, of the Arvin Municipal Code. (City Planner)

   Staff recommends that the City Council consider adopting the Ordinance to be read by title only, open the hearing, allow for public testimony, close the hearing, waive the second reading, and approve the adoption and second reading of the Ordinance, including the associated CEQA.

Public Hearing Item 4A considered immediately after Agenda Item 1 – Approval of Agenda and prior to Agenda Item 2 - Public Comments.

Hearing opened.
Public testimony received. 28 members of the public spoke in support of the Ordinance; 4 spoke in opposition.

Hearing closed.
Motion to waive second reading of the Ordinance and approve the adoption of the Ordinance, including the associated CEQA with the following language added to the Ordinance Section XII. Text Amendment Does Not Prevent Access to Subsurface Resources: "Additionally, variances are available consistent with state law."

Motion Mayor Gurrola Second CM Robles Vote 3-0
Ordinance No. <u>451</u>

5. **STAFF REPORTS**
   A. Monthly Financial Report – June 2018 (Finance Director)

Above Staff Reports Agenda Item 5A continued to the following Regular City Council Meeting of August 21, 2018.

6. **COUNCIL MEMBER COMMENTS**

7. **CLOSED SESSION ITEM(S)**
   A. Conference with Legal Counsel: Anticipated Litigation (Pursuant to Government Code § 54956.9(d)(2).)
   One Potential Cases

DRAFT

B. Conference with Legal Counsel: Anticipated Litigation (Pursuant to Government Code § 54956.9(d)(4).)
One Potential Cases

Above Closed Session Agenda Items 7A and 7B continued to the following Regular City Council Meeting of August 21, 2018.

8. ADJOURNED @ 7:01PM

Respectfully submitted,

_____

Cecilia Vela, City Clerk

DRAFT

CITY OF ARVIN
Staff Report

Meeting Date: August 21, 2018

TO:	City Council
FROM:	Jeff Jones, Finance Director Jerry Breckinridge, Interim City Manager
SUBJECT:	A Resolution of the City Council of the City of Arvin Authorizing a Memorandum of Agreement between the Kern Council of Governments Acting as the Kern Motorist Aid Authority and the City of Arvin, and Authorizing Related Action

BACKGROUND:
The Kern Council of Governments is providing funding for the purchase of a portable message sign for each of its member agencies, including Arvin.

The purpose of the portable changing message signs is to alert motorists of roadway construction, hazards, and events. To obtain the portable message signs Kern COG requires that City council authorize the signing of a memorandum of agreement. The City of Arvin has one portable message sign, and the procurement of a second sign will increase the City's ability to alert motorists traveling in both directions on any road.

RECOMMENDATION:
Staff recommends the City Council approve the resolution for the memorandum of agreement with Kern COG.

FISCAL IMPACT:
Staff has determined that there is no fiscal impact at this time.

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARVIN AUTHORIZING A MEMORANDUM OF AGREEMENT BETWEEN THE KERN COUNCIL OF GOVERNMENTS ACTING AS THE KERN MOTORIST AID AUTHORITY AND THE CITY OF ARVIN, AND AUTHORIZING RELATED ACTION

WHEREAS, the City of Arvin is eligible to apply to Kern COG for a portable message sign; and

WHEREAS, the City of Arvin intends to use the portable message signs to provide alerts to motorists; and

WHEREAS, the Kern Council of Governments requires that the City Council of Arvin approve a Memorandum of Agreement prior to receiving the portable sign.

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Arvin as follows:

Section 1: The City Manager or his designee, is hereby authorized to submit the Memorandum of Agreement and all required documents to Kern COG on behalf of the City of Arvin, subject to approval as to legal form by the City Attorney, and

Section 2: The City Manager, or his designee is hereby authorized and empowered to execute in the name of the City of Arvin all program documents including, but not limited to, applications, agreements, amendments and request for payments necessary to secure the portable message sign from Kern COG, subject to approval as to legal form by the City Attorney.

I HEREBY CERTIFY that the foregoing resolution was passed and adopted by the City Council of the City of Arvin at a Regular Meeting thereof held on the 21st day of August, 2018 by the following vote:

ATTEST

_____
CECILIA VELA, City Clerk

CITY OF ARVIN

By: _____
JOSE GURROLA, Mayor

APPROVED AS TO FORM:

By: _____
SHANNON L. CHAFFIN, City Attorney
Aleshire & Wynder, LLP

I, _____, City Clerk of the City of Arvin, California, DO HEREBY CERTIFY that the foregoing is a true and accurate copy of the Resolution passed and adopted by the City Council of the City of Arvin on the date and by the vote indicated herein.

AGREEMENT NO. _____

MEMORANDUM OF AGREEMENT BETWEEN THE KERN COUNCIL OF GOVERNMENTS ACTING AS THE KERN MOTORIST AID AUTHORITY AND THE CITY OF ARVIN

THIS MEMORANDUM OF AGREEMENT ("**Agreement**"), made and entered into this 21st day of August, 2018, ("Execution Date") is by and between The City of Arvin ("ARVIN") and Kern Council of Governments acting as the Kern Motorist Aid Authority, a joint powers entity ("KERN COG"). ARVIN and KERN COG are referred to individually as a "Party" and collectively as the "Parties."

RECITALS:

A. KERN COG adopted the FY 2018-19 Overall Work Program and Financial Plan; and

B. KERN COG acting as the Kern Motorist Aid Authority adopted a Financial Plan for operation and maintenance of a motorist aid system; and

C. California Streets and Highways Code Section 2557(d) states that monies that exceed the amount needed for full implementation and ongoing costs to maintain and operate the motorist aid system, may be used for purposes of safety-related motorist aid projects; and

D. Use of Portable Changeable Message Signs to alert motorists of roadway construction, hazards and obstructions may reduce accidents; and

E. KERN COG acting as the Kern Motorist Aid Authority desires to provide funding for Portable Changeable Message signs for use on state highways by each of its member agencies; and

F. ARVIN wishes to accept and use the Portable Changeable Message Sign on state highways traversing its community.

AGREEMENT:

1. ARVIN shall be the registered owner of the Portable Changeable Message Sign ("Sign") and shall be responsible for obtaining the necessary licenses for the Sign from the Department of motor Vehicles.

2. ARVIN shall be responsible for obtaining insurance to cover damages that may be incurred when the Sign is deployed, being transported or in designated storage.

3. ARVIN shall be the lead agency for the operation of the Sign to alert motorists of roadway construction, hazards and obstructions on state highways in the City of Arvin.

4. ARVIN shall be the lead agency for the maintenance of the Sign for a period of five (5) years from the Execution Date of this agreement.

5. KERN COG shall provide funding for the purchase of the Portable Changeable Message Sign for The City of Arvin.

6. Upon request by the California Department of Transportation ("Caltrans"), ARVIN agrees to make available to Caltrans the Sign on for use on state highways.

7. This Agreement shall be deemed effective on the Execution Date, and shall remain in full force and effect during the useful life of the Sign.

8. This Agreement may be modified or amended only by a written document executed by ARVIN and KERN COG.

9. ARVIN shall indemnify, defend (upon written request of KERN COG) and save harmless KERN COG, its officers, agents and employees from any and all losses, damages, liability, claims or causes of action of every nature whatsoever for physical damage to or destruction of property, including the property of KERN COG, or physical injury to or death of any person or persons, including KERN COG's officers, agents and employees, which may arise out of any act or omission of ARVIN, its officers, agents, independent contractors or employees during the performance of this Agreement.

10. No waiver of a breach of any provision of this Agreement shall constitute a waiver of any other breach, or of such provision. Failure of either Party to enforce at any time, or from time-to-time, any provision of this Agreement shall not be construed as a waiver thereof. The remedies herein reserved shall be cumulative and in addition to any other remedies in law or equity.

11. Should any part, term, portion, or provision of this Agreement be finally decided to be in conflict with any law of the United States or the State of California, or otherwise be unenforceable or ineffectual, the validity of the remaining parts, terms, portions, or provisions shall be deemed severable and shall not be affected thereby, provided such remaining portions or provisions can be construed in substance to constitute the agreement which the Parties intended to enter into in the first instance.

12. This Agreement contains the entire agreement of the Parties relating to the rights herein granted and the obligations herein assumed. Any oral representations or modifications concerning this Agreement shall be of no force or effect excepting a subsequent modification in writing, signed by the party to be charged.

13. The terms of this Agreement shall be construed and interpreted under, and all respective rights and duties shall be governed by, the laws of the State of California.

14. Any notice or notices required or permitted to be given pursuant to this Agreement may be personally served on the other Party by the Party giving such notice or may be served by certified mail, return receipt requested, to the following addresses:

TO KERN COG: Ahron Hakimi, Executive Director
Kern Council of Governments
1401 19th Street, Suite 300
Bakersfield, California 93301

TO THE ARVIN OF ARVIN:
R. Jerry Breckinridge, Interim City Manager
ARVIN
200 Campus Drive, P.O. Box 548
Arvin, California 93203

15. The individual executing this Agreement on behalf of each Party warrants that he/she is authorized to execute the Agreement on behalf of their agency and that the agency will be bound by the terms and conditions contained herein.

16. ARVIN acknowledges that ARVIN, and all subcontractors hired by ARVIN to perform services under this Agreement, are aware of and understand the Immigration Reform and Control Act **("IRCA")**. COUNTY is and shall remain in compliance with the IRCA and shall ensure that any subcontractors hired by ARVIN to perform services under this Agreement are in compliance with the IRCA. In addition, ARVIN agrees to indemnify, defend and hold harmless KERN COG, its agents, officers and employees, from any liability, damages or causes of action arising out of or relating to any claims that ARVIN's employees, or the employees of any subcontractor hired by ARVIN, are not authorized to work in the United States for ARVIN or its subcontractor and/or any other claims based upon alleged IRCA violations committed by ARVIN or ARVIN's subcontractor(s).

17. ARVIN shall observe and comply with all applicable state, federal, and local laws, ordinances, rules and regulations now in effect or hereafter enacted, each of which are hereby made a part hereof and incorporated herein by reference.

IN WITNESS WHEREOF, the Parties have caused this MEMORANDUM OF AGREEMENT to be executed by their respective officers and agents thereunto duly authorized as of the Execution Date.

KERN COUNCIL OF GOVERNMENTS	THE CITY OF ARVIN
_____	_____
Cheryl Wegman, Chairman "KERN COG"	R. Jerry Breckinridge, Interim City Manager
APPROVED AS TO CONTENT:	APPROVED AS TO CONTENT:
_____	_____
Ahron Hakimi, Executive Director Kern Council of Governments	
APPROVED AS TO FORM:	APPROVED AS TO FORM:
_____	_____
Brian Van Wyk Deputy County Counsel "KERN COG"	

CITY OF ARVIN
Staff Report

Meeting Date: August 21, 2018

TO:	City Council
FROM:	Adam Ojeda, City Engineer Jerry Breckinridge, Interim City Manager
SUBJECT:	A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARVIN FOR THE ACCEPTANCE OF IMPROVEMENTS WITHIN THE PUBLIC RIGHT-OF-WAY WITHIN TRACT 5816 PHASE 9 AND A RELEASE OF SUBDIVISION LETTER OF CREDIT LESS 10% AS A SECURITY FOR MAINTENANCE PURPOSES FOR A PERIOD OF ONE YEAR

BACKGROUND:
Phase 9 of Tract 5816 is comprised of 82 lots across 23.98 acres between Tesoro Drive, Comanche Drive, El Camino Real, and La Lila Avenue. The land was originally purchased by Sycamore Villas LLC, and a final map was prepared and recorded with the County Recorder on December 5, 2006. The land was subsequently sold to LeOra, LLC, and the rights and responsibilities of the development agreement and it's subsequent amendments were assigned to LeOra, LLC.

LeOra, LLC has since constructed the improvements within the public right-of-way (ROW). At this time, all such developments including public streets, sidewalks, curbs, butters, lights, signage and striping, and CMU walls have been completed. The developer has thus provided a letter to the City which requests that the improvements within the ROW of the public are formally accepted by the City Council, and that a release of their letter of credit (LOC) less 10% is granted. Such an action is consistent with the development agreement which requires 10% to be retained for a period of one year as a maintenance security should the developer fail to address any improvements that are observed to fall into disrepair within one year of acceptance.

FINANCIAL IMPACT:
No significant cost impacts to the city other than filing fees with the County Recorder.

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARVIN FOR THE ACCEPTANCE OF IMPROVEMENTS WITHIN THE PUBLIC RIGHT-OF-WAY WITHIN TRACT 5816 PHASE 9 AND A RELEASE OF SUBDIVISION LETTER OF CREDIT LESS 10% AS A SECURITY FOR MAINTENANCE PURPOSES FOR A PERIOD OF ONE YEAR

WHEREAS, Phase 9 of Tract 5816 is comprised of 82 lots across 23.98 acres between Tesoro Drive, Comanche Drive, El Camino Real, and La Lila Avenue; and

WHEREAS, The land was originally purchased by Sycamore Villas LLC, and a final map was prepared and recorded with the County Recorder on December 5, 2006; and

WHEREAS, The land was subsequently sold to LeOra, LLC, and the rights and responsibilities of the development agreement and it's subsequent amendments were assigned to LeOra, LLC; and

WHEREAS, LeOra, LLC has since constructed the improvements within the public right-of-way (ROW). At this time, all such developments including public streets, sidewalks, curbs, butters, lights, signage and striping, and CMU walls have been completed; and

WHEREAS, The developer has thus provided a letter to the City which requests that the improvements within the ROW of the public are formally accepted by the City Council, and that a release of their letter of credit (LOC) less 10% is granted. Such an action is consistent with the development agreement which requires 10% to be retained for a period of one year as a maintenance security should the developer fail to address any improvements that are observed to fall into disrepair within one year of acceptance;

NOW THEREFORE BE IT RESOLVED, by the City Council of Arvin as follows:

Section 1: The foregoing recitals are true and correct.
Section 2: The improvements described herein which are within the public right-of-way are accepted as complete.
Section 3: The full amount of the letter of credit, $621,417.00, is hereby released less 10% ($62,141.70) which shall not be released and which shall be retained as a security, for one year following the date of this resolution, to be used for maintenance purposes in the event that LeOra, LLC is unable to address items that are deemed to be in a state of disrepair by the City Engineer.

I HEREBY CERTIFY that the foregoing resolution was passed and adopted by the City Council of the City of Arvin at a Regular Meeting thereof held on the 21st day of August, 2018 by the following vote:

ATTEST

_____
CECILIA VELA, City Clerk

CITY OF ARVIN

By: _____
JOSE GURROLA, Mayor

APPROVED AS TO FORM:

By: _____
SHANNON L. CHAFFIN, City Attorney
Aleshire & Wynder, LLP

I, _____, City Clerk of the City of Arvin, California, DO HEREBY CERTIFY that the foregoing is a true and accurate copy of the Resolution passed and adopted by the City Council of the City of Arvin on the date and by the vote indicated herein.

LeOra, LLC
6501 Fruitvale Avenue, Bakersfield, CA 93308
Michael Hair mh@yourvalleybuilder.com

June 19, 2018

Mr. Adam Ojeda
City of Arvin, City Engineer
200 Campus Drive
Arvin, CA 93203

Dear Mr. Adam Ojeda,

LeOra LLC does hereby request that Tract 5816 Phase 9 improvements be accepted by the City of Arvin and that the Subdivision Letter of Credit be released minus the 10% which shall remain as the one year maintenance bond. Per our agreement with the City of Arvin, our Letter of Credit covered all the improvements to be constructed by LeOra LLC to complete the development.

Attached is a copy of the Letter of Credit ($621,417.00). Please release 90% or $559,275.30, which will retain $62,141.70 for the one year maintenance bond.

Please call me if you have any questions.

Sincerely,

Michael F. Hair
LeOra, LLC

cc: Jerry Breckenridge, City of Arvin City Manager

VALLEY REPUBLIC BANK

IRREVOCABLE LETTER OF CREDIT

City of Arvin

Attention: City Manager

RE: IRREVOCABLE LETTER 2017-37
Expires on: July 5, 2019

Gentlemen:

This letter of credit is given to fulfill the requirements of that certain Subdivision Improvement Agreement entered into between the City of Arvin, a political subdivision of the County of Kern, hereinafter referred to as "Arvin", and LeOra, LLC regarding property known as Tract 5816, Phase 9, which property has been purchased by LeOra, LLC hereinafter referred to as "Principal", covering certain improvements to be installed in that certain subdivision known and designated as Tract 5816 Phase 9 by Principal in accordance with said agreement.

As required by said above mentioned agreement, and for that purpose only, we hereby establish in favor of Arvin and for account of Principal our Irrevocable Letter of Credit No.2017-37, in the amount of Six Hundred Twenty One Thousand Four Hundred Seventeen ($621,417.00) to be paid by drafts at sight on us if accompanied by the following document:

> City's written statement (signed by the City Manager) certifying that there has been loss, damage, or liability resulting from Principal's performance or non-performance of his duties and obligation under the agreement, or from the negligence, act or omission of himself, his agents, servants and employees (such statement to be substantiated by an attached detailed report) in the amount of the accompanying sight draft on us and that the amount of this draft is; therefore, now due and payable.

It is a condition of this letter of credit that from time to time the amount thereof may be reduced with the agreement of Arvin as the required work progresses and is performed in accordance with the Improvement Standards of the City of Arvin. All drafts under this letter of credit shall be marked: *(Valley Republic Bank, 5000 California Avenue #110 and Irrevocable Letter of Credit No.2017-37)*

We expressly agree with you that all drafts drawn under and in compliance with the terms of this letter of credit shall meet with due honor upon presentation:

July 11, 2017

Valley Republic Bank

By:_____

John C. Smith, Executive Vice President

It is a condition of this Letter of Credit that it shall be automatically extended without amendment for additional periods of one year each from the current or any future expiration date, unless 30 or more days prior to any such expiration, we notify you by registered mail to the address stated in this letter that we elect not to consider the Letter of Credit extended for such additional period. It is a further condition hereof that you may, during the last 30 days of the then current validity period draw hereunder by means of your sight draft on us for an amount up to the available balance accompanied by your signed statement certifying (1) that you received from and (2) that you will refund to Valley Republic Bank for account of LeOra, LLC, any amount drawn under the Letter of Credit, which is not used in satisfaction of payment of losses, attorney's fees or other expenses.

5000 California Avenue, Suite 110 Bakersfield, CA 93309
Telephone 661.371.2000 Fax 661.371.2010
www.valleyrepublicbank.com

Attachment: LOC 5816-9 (Acceptance of Improvements WithinTtract 5816 Phase 9 and Reduction of Letter of Credit)

PRELIMINARY ENGINEER'S ESTIMATE
TRACT 5816 Phase 9

Original Project Cost Estimate

No. of Lots 81+1 Sump
Acerage: 23.98

Date: 06/08/17
Job No: 1226.17
Prepared By: JHH

Item No.	Item Description	Qty	Unit	Unit $	Item $	TOTALS	Costs Remaining: Quantity Remaining	Unit	% Completed	Cost Remaining	TOTALS
Grading											
1.	Roadway Excavation	9,000	cy	$2.50	$22,500		-	cy	100%	$ -	
2.	Sump Excavation	54,255	cy	$2.50	$135,638		-	cy	100%	$ -	
					Subtotal	**$158,138**					$ -
Drainage Improvements											
3.	18" RCP Storm Drain	452	lf	$30.00	$13,560		-	lf	100%	$ -	
4.	24" RCP Storm Drain	418	lf	$36.00	$15,048		-	lf	100%	$ -	
5.	36" RCP Storm Drain	250	lf	$42.00	$10,500		-	lf	100%	$ -	
6.	42" RCP Storm Drain	76	lf	$80.00	$6,080		-	lf	100%	$ -	
7.	Type A Catch Basin		ea	$2,300.00			-	ea		$ -	
8.	Outlet Structure	1	ea	$3,000.00	$3,000		-	ea	100%	$ -	
9.	Storm Drain Manholes	3	ea	$2,200.00	$6,600		-	ea	100%	$ -	
					Subtotal	**$15,680**					$ -
Sewer Improvements											
10.	8" Sewer Line	2,847	lf	$17.50	$49,823			lf	100%	$ -	
11.	4" Laterals	2,303	lf	$8.50	$19,576		-	lf	100%	$ -	
12.	Standard Manhole	11	ea	$2,200.00	$24,200		-	ea	100%	$ -	
13.	Adjust to Grade	11	ea	$300.00	$3,300		-	ea		$ 3,300	
14.	Tie in to existing	2	ea	$2,000.00	$4,000		-	ea	100%	$ -	
					Subtotal	**$100,899**					$ 3,300
Water Improvements											
15.	6" Waterline	139	lf	$18.00	$2,502		-	lf	100%	$ -	
16.	8" Waterline	3,353	lf	$21.00	$70,413		-	lf	100%	$ -	
17.	12" Waterline	1,234	lf	$30.00	$37,020		-	lf	100%	$ -	
16.	6" Gate Valve	1	ea	$500.00	$500		-	ea	100%	$ -	
17.	8" Gate Valve	18	ea	$660.00	$11,880		-	ea	100%	$ -	
18.	12" Gate Valve	4	ea	$1,250.00	$5,000		-	ea	100%	$ -	
19.	6" Fire Hydrant Assembly	7	ea	$2,000.00	$14,000		-	ea	100%	$ -	
20.	1" Landscape Service	1	ea	$400.00	$400		-	ea	100%	$ -	
21.	1" Services w/box	82	ea	$350.00	$28,700		-	ea	100%	$ -	
22.	Tie-In	4	ea	$1,245.00	$4,980		-	ea	100%	$ -	
					Subtotal	**$172,893**					$ -
Street Improvements*											
23.	.40' A.C./.55' CL-2 AB	114,369	sf	$2.05	$234,456		-	sf		$ 234,456	
24.	.20' A.C./.60' CL-2 AB	60,207	sf	$1.57	$94,525		-	sf		$ 94,525	
25.	Preparation & Subgrade	19,397	sy	$1.00	$19,397		-	sy	50%	$ 9,699	
26.	Curb & Gutter	7,044	lf	$4.00	$28,176		-	lf	90%	$ 2,818	

PRELIMINARY ENGINEER'S ESTIMATE
TRACT 5816 Phase 9

Original Project Cost Estimate

No. of Lots 81+1 Sump
Acerage: 23.98

Date: 06/08/17
Job No: 1226.17
Prepared By: JHH

Item No.	Item Description	Qty	Unit	Unit $	Item $	TOTALS	Costs Remaining: Quantity Remaining	Unit	% Completed	Cost Remaining	TOTALS
27.	6" thk. Drive Approach	2,040	sf	$3.00	$6,120		-	sf	90%	$ 612	
28.	Sidewalk	34,244	sf	$2.73	$93,486		-	sf	90%	$ 9,349	
29.	Wheelchair ramps	16	ea	$1,500.00	$24,000		-	ea	90%	$ 2,400	
30.	Sawcut	60	lf	$2.50	$150		-	lf		$ 150	
31.	Standard Street Signs	6	ea	$300.00	$1,800		-	ea		$ 1,800	
32.	Street Lights - Mast Arm 9500	5	ea	$2,000.00	$10,000		-	ea		$ 10,000	
33.	Street Lights - Mast Arm 5800	10	ea	$2,000.00	$20,000		-	ea		$ 20,000	
34.	Striping	460	lf	$1.00	$460		-	lf		$ 460	
35.	Traffic Control Signs	3	ea	$150.00	$450		-	ea		$ 450	
36.	Monument Encasements	7	ea	$150.00	$1,050		-	ea		$ 1,050	
					Subtotal	**$534,070**					$ 387,768
Miscellaneous											
37.	Block Wall	1,190	lf	$60.00	$71,400		-	lf		$ 71,400	
38.	Misc. PVC Conduit, Street Cros	240	lf	$2.00	$480		-	lf		$ 480	
39.	PP relocation	3	ea	$10,000.00	$30,000		-	ea		$ 30,000	
40.	Comanche Road Landscaping	8,300	sf	$3.00	$24,900		-	sf		$ 24,900	
					Subtotal	**$126,780**					$ 126,780
					Subtotal, All of above:	**$1,108,460**				Work Completed:	$ 590,612
										Work Remaining:	$ 517,848
										20% Remaining Work:	$ 103,570
					Total	**$1,108,460**				**Sub-Total:**	$ 621,417

REGISTERED PROFESSIONAL ENGINEER
JOHN H. HULSON, SR.
No. 38265
6-8-17
CIVIL
STATE OF CALIFORNIA

Prep'd by: **LANDMARK SURVEYING & ENGINEERING**
3101 North Sillect Avenue, Suite 103, Bakersfield, CA 93308
(661) 859-1923

LETTER OF CREDIT AMOUNT: $ 621,417

4.E.c

Attachment: Preliminary Engineer's Estimate 6-8-2017 (Acceptance of Improvements WithinTtract 5816 Phase 9 and Reduction of Letter of

(b) The estimated cost of the various features of the work of improvement, to be used as the basis for determination of the amount of such security and for reduction of security in accordance with other provisions of this Agreement, is as follows:

	Total Cost	Est. Amount of Incomplete Improvements
Water Improvements	$ 675,988.00	$ 675,988.00
Sewer Improvements	$ 233,204.00	$ 233,204.00
Street Improvements	$ 788,063.00	$ 788,063.00
Storm Drain Improvements . . .	$ 107,198.00	$ 107,198.00
Contingency/Inflation (20%):	$ 360,890.60	$ 360,890.60
Total	**$ 2,165,343.60**	**$ 2,165,343.60**

(c) Said improvement security shall be in the amount of 100% of the total estimated cost of the improvement, conditioned upon the faithful performance of the Agreement, as follows:

(1) The faithful performance and full and timely completion of the work according to this Agreement; and

(2) The guarantee and maintenance of the work of improvement for a period of one (1) year following the completion and approval thereof, against defective work or labor done, or defective materials furnished, in the performance of this Agreement; and

(d) Said improvement security shall also be in an additional amount of 100% of the total estimated cost of the improvement, securing payment to the contractor, his subcontractors and to persons renting equipment or furnishing labor or materials to them for the improvement; and if such portion of the improvement security is:

(1) A cash deposit, suit may be maintained against the holder of such deposit; or

(2) A surety bond, suit may be maintained against the surety, or an instrument of credit, suit may be maintained against the financial institution of obligating itself as trustee on such instrument.

8. **REDUCTION AND RELEASE OF SECURITY:**

(a) Improvement security may be reduced or released on order of the City Engineer in accordance with this Section.

(b) Improvement security given for the faithful performance of the Agreement shall be reduced at the time and in the manner provided herein, subject to retention of security for defects as hereinafter provided.

(c) Whenever improvement security is reduced on account of approval of units of the work such shall be subject to retention of security for defects and security against damage as hereinafter provided.

(d) In any case, however, City in the exercise of its reasonable discretion shall retain ten percent (10%) of the improvement security for faithful performance to secure the maintenance and guarantee of such improvement work for a period of one (1) year following the operative date of the order of said Council for the acceptance or approval thereof, as the case may be, and (in the case of acceptance or approval of a unit of the improvement work as its progresses) to secure the maintenance and guarantee of the work of improvement so accepted or approved against damage thereto by any other work undertaken by Subdivider or its surety. The amounts of improvement security so retained shall be finally released one (1) year following the operative date of the order of the City Council for the acceptance or approval thereof, as the case may be, provided that no defective work or labor done or defective materials furnished in the performance of the work has been discovered within such one (1) year period and reported in writing to the said Council, and further provided (in the case of acceptance of a unit or units of the improvement work as it progresses) that no damage has been done to the required improvement work so accepted by any other work undertaken by Subdivider or its surety.

Attachment: Subdivision agreement - security (Acceptance of Improvements WithinTtract 5816 Phase 9 and Reduction of Letter of Credit)

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TRACT NO. 5816

PHASE 9

CONSISTING OF 6 SHEETS IN THE CITY OF ARVIN

BEING A SUBDIVISION OF A PORTION OF THE WEST HALF OF SECTION 35, TOWNSHIP 31 SOUTH, RANGE 29 EAST, M.D.M., IN THE CITY OF ARVIN, COUNTY OF KERN, STATE OF CALIFORNIA.

23.98 ACRES 82 LOTS

OWNER'S STATEMENT

WE HEREBY STATE THAT WE ARE THE OWNERS OF, OR HAVE SOME RIGHT, TITLE OR INTEREST IN AND TO, THE REAL PROPERTY INCLUDED WITHIN THE SUBDIVISION SHOWN UPON THIS MAP; AND THAT EXCEPT AS SHOWN ON THIS MAP AND CERTIFICATES MADE A PART HEREOF, WE ARE THE ONLY PERSONS WHOSE CONSENT IS NECESSARY TO PASS A CLEAR TITLE TO SAID PROPERTY AND WE CONSENT TO THE MAKING OF SAID MAP AND SUBDIVISION AS SHOWN WITHIN THE COLORED BORDER LINES AS SHOWN UPON SAID MAP.

WE ALSO HEREBY DEDICATE FOR PUBLIC USE THE EASEMENTS FOR PUBLIC UTILITIES UNDER, ON OR OVER THOSE CERTAIN 9' WIDE STRIPS OF LAND LYING ADJACENT TO THE SIDE AND/OR FRONT LINES OF LOTS 1 THROUGH 82 DESIGNATED AS "PUBLIC UTILITIES EASEMENT" AS SHOWN ON SAID MAP, WITHIN SAID SUBDIVISION; SUCH STRIPS OR PLATS OF LAND ARE TO BE KEPT OPEN AND FREE FROM BUILDINGS AND STRUCTURES OF ANY KIND.

WE ALSO HEREBY WAIVE ALL RIGHTS OF DIRECT ACCESS FROM LOTS 1, 20, 38, 39, 40, 52, 53, 65, 66, 67, 75, 76, AND 77 TO COMANCHE DRIVE AS SHOWN ON SAID MAP, WITHIN SAID SUBDIVISION, EXCEPT THE GENERAL EASEMENT OF TRAVEL WHICH BELONGS TO THE PUBLIC.

WE ALSO HEREBY IRREVOCABLY OFFER FOR DEDICATION TO THE PUBLIC USE, ALL THE STREETS SHOWN UPON SAID MAP WITHIN SAID SUBDIVISION.

WE ALSO HEREBY DEDICATE TO THE CITY OF ARVIN AN EASEMENT FOR STORM DRAIN PURPOSES AS DESIGNATED ON SAID MAP.

SYCAMORE VILLAS, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY
BY: S.K.Y. MANAGEMENT, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY
ITS: MANAGER

BY: Dennis A. Harris President

DENNIS A. HARRIS, PRESIDENT

COMMONWEALTH LAND TITLE COMPANY, A CALIFORNIA CORPORATION AS TRUSTEE FOR THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES, A CALIFORNIA CORPORATION

BY: Fortino Valdivia

~~GARY D. BROWN~~ FORTINO VALDIVIA, ASSISTANT VICE PRESIDENT

NOTARY ACKNOWLEDGMENTS

STATE OF CALIFORNIA
COUNTY OF Kern } SS.

ON 10-11-2006 BEFORE ME, Billie Lynn Blase,
A NOTARY PUBLIC, PERSONALLY APPEARED Dennis A. Harris

PERSONALLY KNOWN TO ME (OR PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE) TO BE THE PERSON~~(S)~~ WHOSE NAME~~(S)~~ (IS)/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT (HE)/SHE/THEY EXECUTED THE SAME IN (HIS)/HER/THEIR AUTHORIZED CAPACITY~~(IES)~~, AND THAT BY (HIS)/HER /THEIR SIGNATURE~~(S)~~ ON THE INSTRUMENT THE PERSON~~(S)~~, OR THE ENTITY UPON BEHALF OF WHICH THE PERSON~~(S)~~ ACTED, EXECUTED THE INSTRUMENT.

MY COMMISSION EXPIRES 2-14-2009
MY PRINCIPAL PLACE OF BUSINESS IS IN Kern COUNTY
COMMISSION NO. 1552774

Billie Lynn Blase
PRINT NAME:
NOTARY PUBLIC

STATE OF CALIFORNIA
COUNTY OF _____ } SS.

ON _____ BEFORE ME, _____,
A NOTARY PUBLIC, PERSONALLY APPEARED

PERSONALLY KNOWN TO ME (OR PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE) TO BE THE PERSON(S) WHOSE NAME(S) IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/SHE/THEY EXECUTED THE SAME IN HIS/HER/THEIR AUTHORIZED CAPACITY(IES), AND THAT BY HIS/HER /THEIR SIGNATURE(S) ON THE INSTRUMENT THE PERSON(S), OR THE ENTITY UPON BEHALF OF WHICH THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.

MY COMMISSION EXPIRES _____
MY PRINCIPAL PLACE OF BUSINESS IS IN _____ COUNTY
COMMISSION NO. _____

PRINT NAME:
NOTARY PUBLIC

RECORDER'S STATEMENT

DOCUMENT NO. 206297702

ACCEPTED FOR RECORD AND FILED IN BOOK 56, PAGE 171 IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF KERN, THIS 5 DAY OF December, 2006, AT 2:00 P.M. AT THE REQUEST OF GUNJIT S. SIKAND.

JAMES W. FITCH
KERN COUNTY ASSESSOR-RECORDER

BY: Patti Dood
DEPUTY RECORDER

ENGINEER'S STATEMENT

I, GUNJIT S. SIKAND, HEREBY STATE THAT I AM A REGISTERED CIVIL ENGINEER OF THE STATE OF CALIFORNIA; THAT THIS MAP MADE UNDER MY SUPERVISION CONSISTING OF 6 SHEETS, CORRECTLY REPRESENTS A SURVEY MADE UNDER MY SUPERVISION DURING DECEMBER 2005, THAT SUCH SURVEY IS TRUE AND COMPLETE; AND THAT ALL THE MONUMENTS SHOWN THEREON ACTUALLY EXIST, ARE OF A CHARACTER AND DO OCCUPY THE POSITIONS INDICATED AND ARE SUFFICIENT TO ENABLE THE SURVEY TO BE RETRACED, EXCEPT LOT CORNERS WHICH WILL BE SET WITHIN ONE YEAR FROM THE RECORDING OF THIS MAP.

I HEREBY STATE THAT A PRELIMINARY SOILS REPORT DATED JANUARY 16, 2006 PREPARED BY SOILS ENGINEERING INC. UNDER THE SIGNATURE OF TONY FRANGIE, P.E. WAS SUBMITTED, IN ACCORDANCE WITH THE PROVISIONS OF THE MUNICIPAL CODE OF THE CITY OF ARVIN AND SAID REPORT IS ON FILE IN THE CITY BUILDING INSPECTOR'S OFFICE.

REGISTERED PROFESSIONAL ENGINEER GUNJIT S. SIKAND No. 9553 EXP.12-31-2006 CIVIL STATE OF CALIFORNIA

G. S. SIKAND
R.C.E. 9553, EXPIRES 12/31/2006

BASIS OF BEARINGS

THE BEARING OF SOUTH 89°49'12.8" EAST ON THE NORTH LINE OF THE WEST HALF OF SECTION 35, TOWNSHIP 31 SOUTH, RANGE 29 EAST, PER FILED MAP 7-1, BOOK 6 PAGE 92 AS FILED IN THE OFFICE OF THE KERN COUNTY SURVEYOR AND ROUNDED TO NORTH 89°49'13" WEST WAS USED FOR THE BASIS OF BEARING FOR THIS MAP.

CITY ENGINEER'S STATEMENT

I HEREBY STATE THAT I HAVE CAREFULLY EXAMINED THE ANNEXED MAP, THAT THE SUBDIVISION SHOWN IS SUBSTANTIALLY THE SAME AS IT APPEARED ON THE APPROVED TENTATIVE MAP, THAT ALL PROVISIONS OF DIVISION 2 TITLE 7, OF THE GOVERNMENT CODE AND OF ANY LOCAL ORDINANCES APPLICABLE AT THE SAME TIME OF APPROVAL OF THE TENTATIVE MAP HAVE BEEN COMPLIED WITH AND THAT I AM SATISFIED THAT THE MAP IS TECHNICALLY CORRECT.

REGISTERED PROFESSIONAL ENGINEER GERALD F. HELT No.C28508 Exp.3-31-06 CIVIL STATE OF CALIFORNIA

CITY ENGINEER, CITY OF ARVIN

GERALD F. HELT C # 28508 (EXP.3/31/06) 11-16-06
DATE

PLANNING DIRECTOR'S STATEMENT

THE PLANNING COMMISSION OF THE CITY OF ARVIN APPROVED OR CONDITIONALLY APPROVED THE VESTING TENTATIVE MAP ON JUNE 5, 1995 AND DEVELOPMENT AGREEMENT DATED FEBRUARY 6, 2003, AND THE SUBDIVISION, AS SHOWN ON THIS MAP, IS SUBSTANTIALLY THE SAME AS IT APPEARS ON THE TENTATIVE MAP AND IN ACCORDANCE WITH CONDITIONS APPROVED BY THE COMMISSION.

11-17-06
DATE

MAX P. BACERRA
PLANNING DIRECTOR, CITY OF ARVIN

CITY CLERK'S CERTIFICATE

I HEREBY CERTIFY THAT THE FOREGOING ORDERS WERE ADOPTED BY THE CITY COUNCIL OF THE CITY OF ARVIN AT A MEETING HELD November 14, 2006.

11-20-06
DATE

CITY CLERK AND EX-OFFICIO CLERK
OF THE COUNCIL OF THE CITY OF ARVIN

CITY COUNCIL'S CERTIFICATE

THE CITY COUNCIL OF THE CITY OF ARVIN HEREBY ORDERS THAT THE MAP OF THE TRACT NO. 5816 - PHASE 9 IS APPROVED. THAT ALL PUBLIC UTILITIES EASEMENTS SHOWN UPON THIS MAP AND IRREVOCABLY HEREON OFFERED FOR DEDICATION BE AND THE SAME ARE HEREBY ACCEPTED FOR THE PURPOSE OR PURPOSES FOR WHICH THE SAME ARE OFFERED AND THE STREETS AND OTHER EASEMENTS SHOWN UPON THIS MAP ARE AND HEREON IRREVOCABLY OFFERED FOR DEDICATION BE AND THE SAME ARE HEREBY ACCEPTED FOR PUBLIC USE SUBJECT TO CONSTRUCTION OF ALL IMPROVEMENTS BY THE SUBDIVIDER AND ACCEPTANCE OF ALL IMPROVEMENTS BY THE CITY COUNCIL. IT DIRECTS THE CLERK OF THIS COUNCIL TO ENDORSE UPON THE FACE OF THIS MAP THIS ORDER AUTHENTICATED BY THE SEAL OF THE CITY COUNCIL OF THE CITY OF ARVIN AND, IT HEREBY WAIVES, PURSUANT TO THE PROVISIONS OF SECTION 66436 OF THE SUBDIVISION MAP ACT, THE REQUIREMENTS OF SIGNATURES OF THE FOLLOWING:

NAME	INTEREST
ARVIN COUNTY SANITATION DISTRICT	EASEMENT FOR SANITARY SEWERS RECORDED MAY 2, 1940 IN BOOK 944 PAGE 119, O.R.
LESSOR: ANN DERBY JOY AND MONICA ANN STOCKTON AND TOM D. STOCKTON, CO-EXECUTORS, ET AL	AN UNRECORDED OIL AND GAS LEASE DISCLOSED IN DOCUMENT RECORDED SEPTEMBER 7, 1995 AS DOCUMENT NO. 0195109782, O.R.
LESSEE: DAVID S. HARTLEY DISCLOSED BY: OIL, GAS AND MINERAL LEASE	
THE PUBLIC IN GENERAL	EASEMENT FOR INGRESS AND EGRESS AND ROAD PURPOSES RECORDED SEPTEMBER 11, 1998 AS INSTRUMENT NO. 0198124415, O.R.
SYCAMORE VILLAS, LLC	WELL EASEMENT AGREEMENT RECORDED DECEMBER 21, 2000 AS INSTRUMENT NO. 0200162270, O.R. (BLANKET IN NATURE)
THE CITY OF ARVIN	TEMPORARY TURNAROUND EASEMENT RECORDED JUNE 15, 2005 AS INSTRUMENT NO. 0205154231, O.R.
THE CITY OF ARVIN	TEMPORARY DRAINAGE EASEMENT RECORDED JUNE 15, 2005 AS INSTRUMENT NO. 0205154232, O.R.
ANN DERBY TIPTON AND EVE DERBY STOCKTON	OWNERS OF MINERAL RIGHTS PER DEED RECORDED MAY 24, 1960 IN BOOK 3269 PAGE 798, O.R.

Attachment: 5816 phase 9 recorded map (Acceptance of Improvements WithinTtract 5816 Phase 9 and Reduction of Letter of Credit)

206297702

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TRACT NO. 5816

PHASE 9

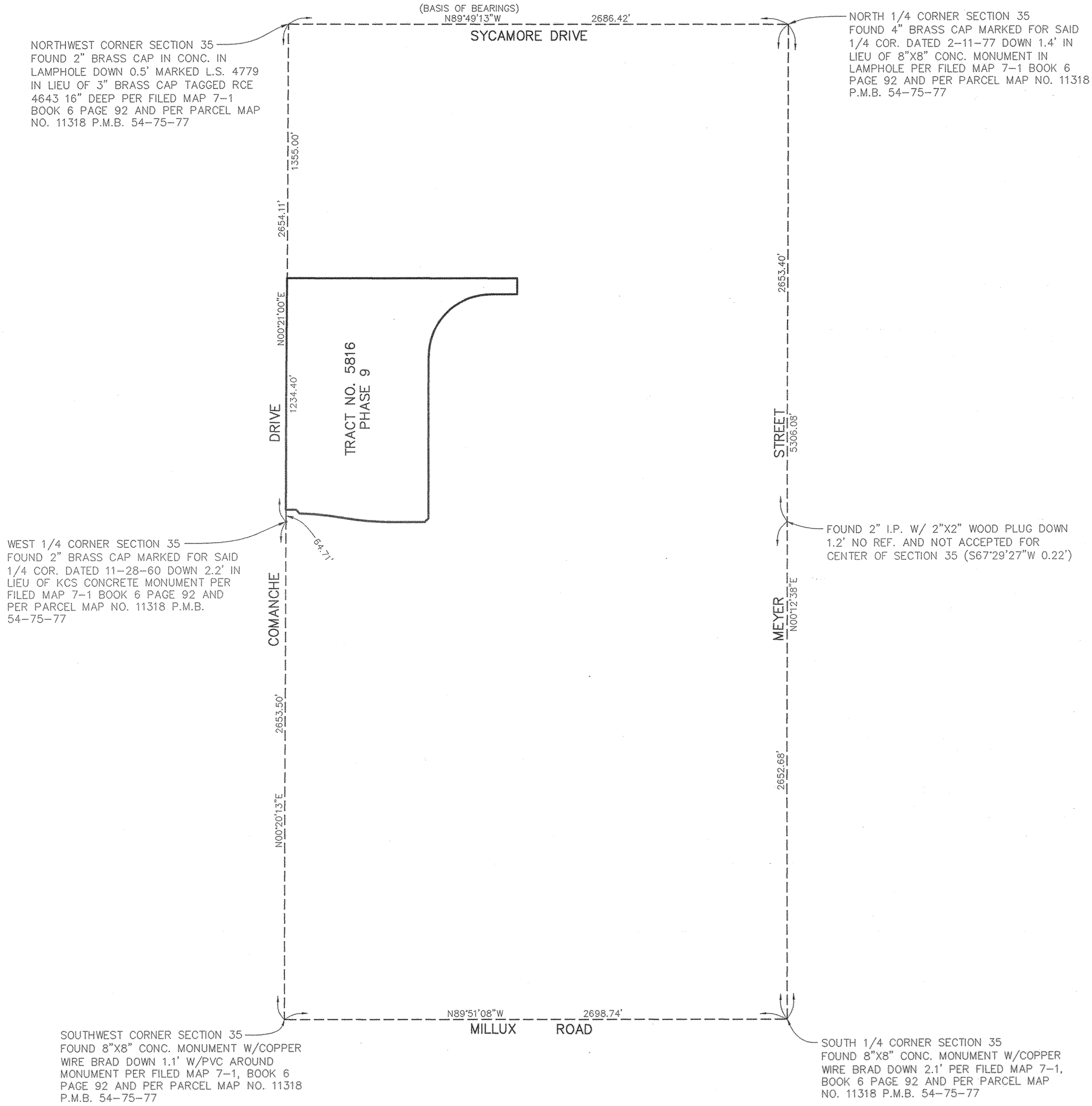
CONSISTING OF 6 SHEETS IN THE CITY OF ARVIN

BEING A SUBDIVISION OF A PORTION OF THE WEST HALF OF SECTION 35, TOWNSHIP 31 SOUTH, RANGE 29 EAST, M.D.M., IN THE CITY OF ARVIN, COUNTY OF KERN, STATE OF CALIFORNIA.

23.98 ACRES 82 LOTS

BOUNDARY ESTABLISHMENT

SCALE: 1" = 400'



NOTE

THE BLUE BORDER INDICATES THE BOUNDARY OF LAND SUBDIVIDED BY THIS MAP. ALL DISTANCES AND DIMENSIONS SHOWN ARE IN FEET AND DECIMALS THEREOF.

SET LEAD & TACK & TAG MARKED R.C.E. 9553 AT PROJECTION OF LOT LINE FOR FRONT CORNERS. SET REBAR & CAP MARKED R.C.E. 9553 FOR REAR LOT CORNERS.

REGISTERED PROFESSIONAL ENGINEER
GUNJIT S. SIKAND
No. 9553
EXP.12-31-2006
CIVIL
STATE OF CALIFORNIA

G. S. SIKAND
R.C.E. 9553, EXPIRES 12/31/2006

RECORDER'S STATEMENT

DOCUMENT NO. 206297702

ACCEPTED FOR RECORD AND FILED IN BOOK 56, PAGE 172 IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF KERN, THIS 5 DAY OF December, 2006, AT 2:00 P.M. AT THE REQUEST OF GUNJIT S. SIKAND.

JAMES W. FITCH
KERN COUNTY ASSESSOR-RECORDER

BY: Patti Rood
DEPUTY RECORDER

SHEET 2 OF 6 SHEETS

206297702

Attachment: 5816 phase 9 recorded map (Acceptance of Improvements WithinTtract 5816 Phase 9 and Reduction of Letter of Credit)

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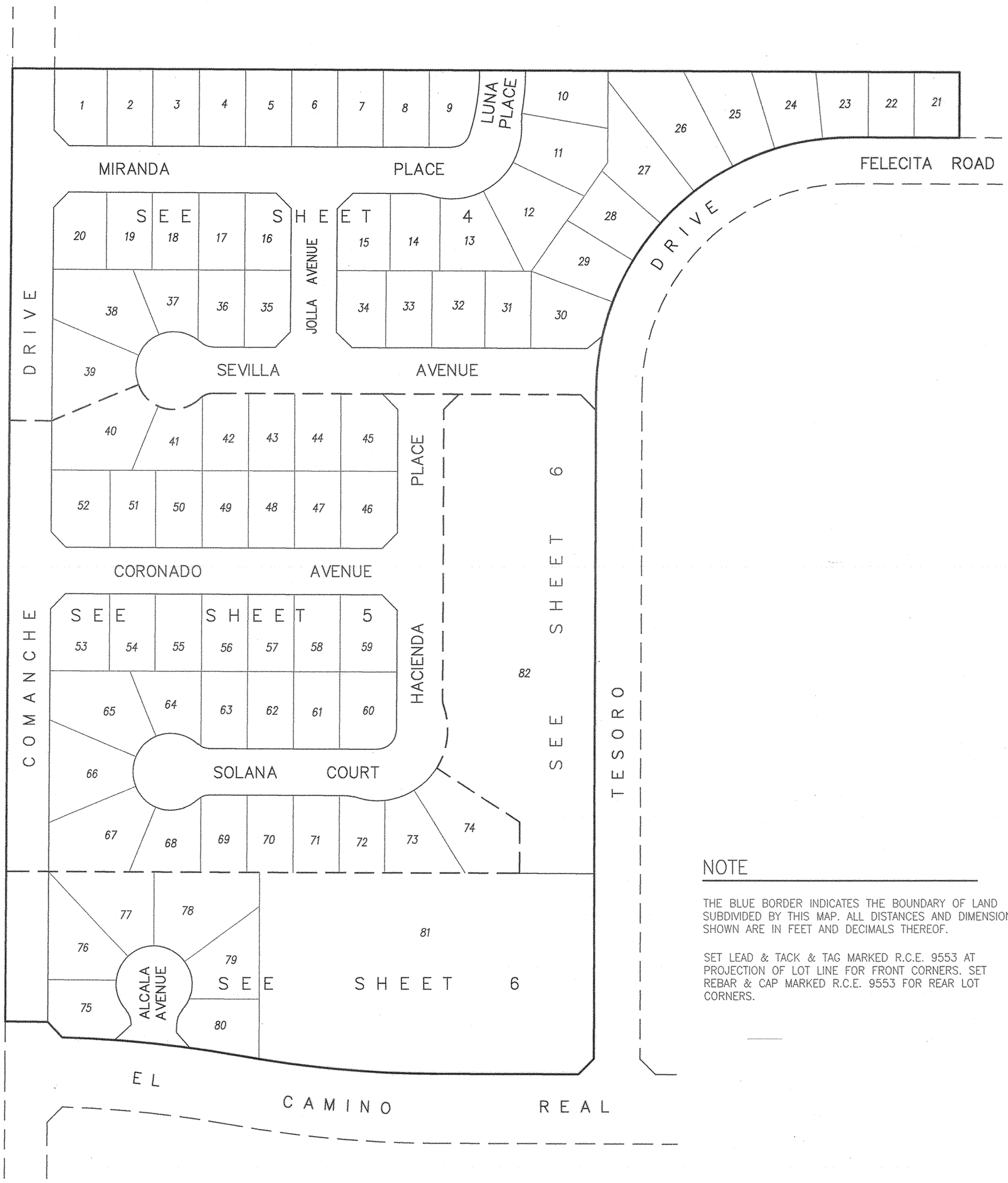
TRACT NO. 5816

PHASE 9

CONSISTING OF 6 SHEETS IN THE CITY OF ARVIN
BEING A SUBDIVISION OF A PORTION OF THE WEST HALF OF SECTION 35,
TOWNSHIP 31 SOUTH, RANGE 29 EAST, M.D.M., IN THE CITY OF ARVIN,
COUNTY OF KERN, STATE OF CALIFORNIA.
23.98 ACRES 82 LOTS

SHEET INDEX

SCALE: 1" = 100'



NOTE

THE BLUE BORDER INDICATES THE BOUNDARY OF LAND SUBDIVIDED BY THIS MAP. ALL DISTANCES AND DIMENSIONS SHOWN ARE IN FEET AND DECIMALS THEREOF.

SET LEAD & TACK & TAG MARKED R.C.E. 9553 AT PROJECTION OF LOT LINE FOR FRONT CORNERS. SET REBAR & CAP MARKED R.C.E. 9553 FOR REAR LOT CORNERS.

REGISTERED PROFESSIONAL ENGINEER GUNJIT S. SIKAND No. 9553 EXP.12-31-2006 CIVIL STATE OF CALIFORNIA

G. S. SIKAND
R.C.E. 9553, EXPIRES 12/31/2006

RECORDER'S STATEMENT

DOCUMENT NO. 206297202

ACCEPTED FOR RECORD AND FILED IN BOOK 56, PAGE 173 IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF KERN, THIS 5 DAY OF DECEMBER, 2006, AT 2:00 P.M. AT THE REQUEST OF GUNJIT S. SIKAND.

JAMES W. FITCH
KERN COUNTY ASSESSOR-RECORDER

BY: Patti Rood
DEPUTY RECORDER

SHEET 3 OF 6 SHEETS

Attachment: 5816 phase 9 recorded map (Acceptance of Improvements WithinTtract 5816 Phase 9 and Reduction of Letter of Credit)

#206297202

174

#206297702

4.E.e

SCALE: 1" = 60'

TRACT NO.5816

PHASE 9

CONSISTING OF 6 SHEETS IN THE CITY OF ARVIN

BEING A SUBDIVISION OF A PORTION OF THE WEST HALF OF SECTION 35, TOWNSHIP 31 SOUTH, RANGE 29 EAST, M.D.M., IN THE CITY OF ARVIN, COUNTY OF KERN, STATE OF CALIFORNIA.

23.98 ACRES 82 LOTS

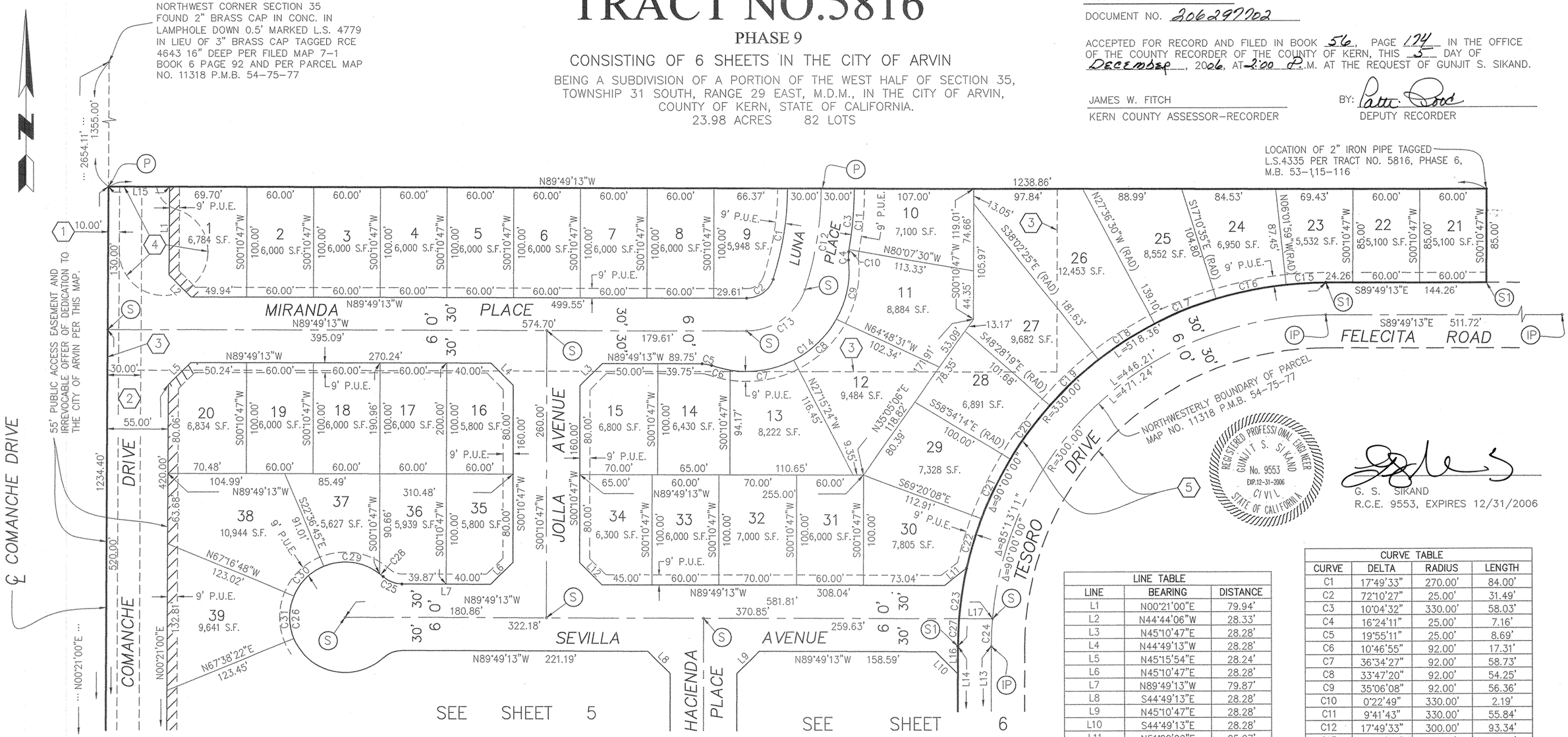
RECORDER'S STATEMENT

DOCUMENT NO. 206297702

ACCEPTED FOR RECORD AND FILED IN BOOK 56, PAGE 174 IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF KERN, THIS 5 DAY OF December, 2006, AT 2:00 P.M. AT THE REQUEST OF GUNJIT S. SIKAND.

JAMES W. FITCH
KERN COUNTY ASSESSOR-RECORDER

BY: Patti Rodd
DEPUTY RECORDER



G. S. SIKAND
R.C.E. 9553, EXPIRES 12/31/2006

LEGEND

- (S) SET 6" CONCRETE MONUMENT W/BRASS CAP MARKED R.C.E. 9553 IN MONUMENT ENCASEMENT
- (S1) SET 2" IRON PIPE TAGGED R.C.E. 9553
- (IP) LOCATION OF 2" IRON PIPE TAGGED L.S. 5972 TO BE SET PER PARCEL MAP NO. 11318, P.M.B. 54-75-77
- (P) LOCATION OF 6" CONCRETE MONUMENT W/BRASS CAP MARKED L.S.4335 PER TRACT NO. 5816, PHASE 6, M.B. 53-115-116
- WAIVER OF DIRECT ACCESS
- P.U.E. PUBLIC UTILITY EASEMENT

EASEMENTS

- (1) ARVIN COUNTY SANITATION DISTRICT — EASEMENT FOR SANITARY SEWERS RECORDED MAY 2, 1940 IN BOOK 944 PAGE 119, O.R.
- (2) PUBLIC IN GENERAL — EASEMENT FOR INGRESS AND EGRESS AND ROAD PURPOSES RECORDED SEPTEMBER 11, 1998 AS INSTRUMENT NO. 0198124415, O.R.
- (3) CITY OF ARVIN — TEMPORARY DRAINAGE EASEMENT RECORDED JUNE 15, 2005 AS INSTRUMENT NO. 0205154232, O.R. TO BE ABANDONED PER THIS MAP.
- (4) CITY OF ARVIN — TEMPORARY TURNAROUND EASEMENT RECORDED JUNE 15, 2005 AS INSTRUMENT NO. 0205154231, O.R. TO BE ABANDONED PER THIS MAP.
- (5) CITY OF ARVIN — 60' PUBLIC ACCESS EASEMENT AND IRREVOCABLE OFFER OF DEDICATION PER PARCEL MAP NO. 11318 P.M.B. 54-75-77

LINE TABLE		
LINE	BEARING	DISTANCE
L1	N00°21'00"E	79.94'
L2	N44°44'06"W	28.33'
L3	N45°10'47"E	28.28'
L4	N44°49'13"W	28.28'
L5	N45°15'54"E	28.24'
L6	N45°10'47"E	28.28'
L7	N89°49'13"W	79.87'
L8	S44°49'13"E	28.28'
L9	N45°10'47"E	28.28'
L10	S44°49'13"E	28.28'
L11	N51°22'00"E	25.07'
L12	S44°49'14"E	28.28'
L13	S00°10'47"W	930.00'
L14	S00°10'47"W	865.00'
L15	N89°49'13"W	55.00'
L16	N00°10'47"E	25.00'
L17	N89°49'13"W	30.10'

NOTE

THE BLUE BORDER INDICATES THE BOUNDARY OF LAND SUBDIVIDED BY THIS MAP. ALL DISTANCES AND DIMENSIONS SHOWN ARE IN FEET AND DECIMALS THEREOF.

SET LEAD & TACK & TAG MARKED R.C.E. 9553 AT PROJECTION OF LOT LINE FOR FRONT CORNERS. SET REBAR & CAP MARKED R.C.E. 9553 FOR REAR LOT CORNERS.

CURVE TABLE			
CURVE	DELTA	RADIUS	LENGTH
C1	17°49'33"	270.00'	84.00'
C2	72°10'27"	25.00'	31.49'
C3	10°04'32"	330.00'	58.03'
C4	16°24'11"	25.00'	7.16'
C5	19°55'11"	25.00'	8.69'
C6	10°46'55"	92.00'	17.31'
C7	36°34'27"	92.00'	58.73'
C8	33°47'20"	92.00'	54.25'
C9	35°06'08"	92.00'	56.36'
C10	0°22'49"	330.00'	2.19'
C11	9°41'43"	330.00'	55.84'
C12	17°49'33"	300.00'	93.34'
C13	72°10'27"	55.00'	69.28'
C14	116°14'50"	92.00'	186.66'
C15	6°12'46"	330.00'	35.78'
C16	11°08'36"	330.00'	64.18'
C17	10°25'55"	330.00'	60.08'
C18	10°25'55"	330.00'	60.08'
C19	10°25'54"	330.00'	60.08'
C20	10°25'55"	330.00'	60.08'
C21	10°25'54"	330.00'	60.08'
C22	8°06'40"	330.00'	46.72'
C23	08°01'44"	330.00'	46.24'
C24	4°46'49"	300.00'	25.03'
C25	42°50'01"	25.00'	18.69'
C26	265°40'01"	50.00'	231.84'
C27	04°20'41"	25.00'	25.02'
C28	4°43'06"	50.00'	4.12'
C29	60°54'27"	50.00'	53.15'
C30	44°40'03"	50.00'	38.98'
C31	45°04'50"	50.00'	39.34'

SHEET 4 OF 6 SHEETS

Attachment: 5816 phase 9 recorded map (Acceptance of Improvements WithinTtract 5816 Phase 9 and Reduction of Letter of Credit)

#206297702

174

TRACT NO.5816

PHASE 9

CONSISTING OF 6 SHEETS IN THE CITY OF ARVIN

BEING A SUBDIVISION OF A PORTION OF THE WEST HALF OF SECTION 35, TOWNSHIP 31 SOUTH, RANGE 29 EAST, M.D.M., IN THE CITY OF ARVIN, COUNTY OF KERN, STATE OF CALIFORNIA.

23.98 ACRES 82 LOTS

SCALE: 1" = 60'

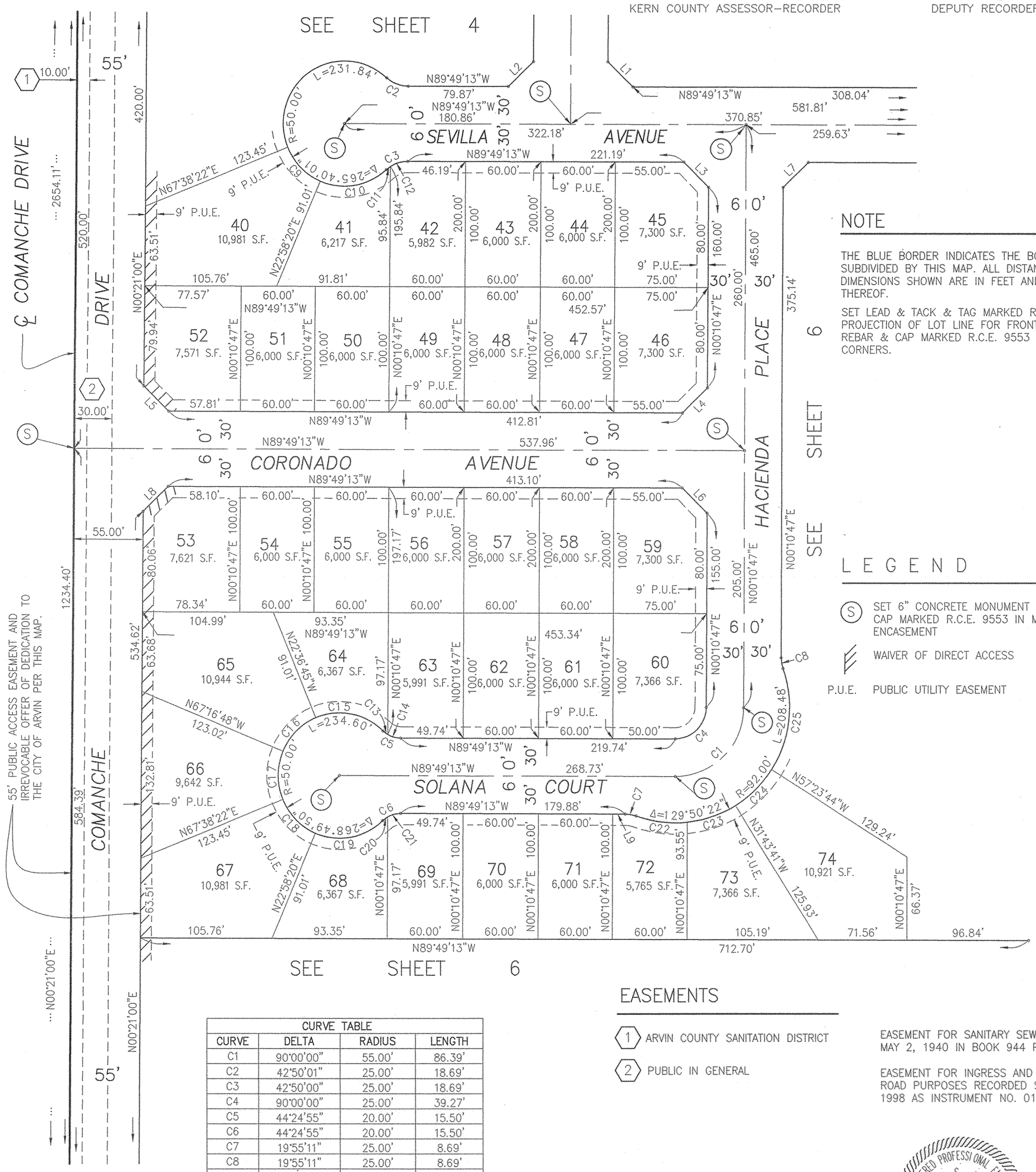
RECORDER'S STATEMENT

DOCUMENT NO. 206297202

ACCEPTED FOR RECORD AND FILED IN BOOK 56, PAGE 175 IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF KERN, THIS 5 DAY OF DECEMBER, 2006, AT 2:00 P.M. AT THE REQUEST OF GUNJIT S. SIKAND.

JAMES W. FITCH
KERN COUNTY ASSESSOR-RECORDER

BY: Patti Rood
DEPUTY RECORDER



NOTE

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SET LEAD & TACK & TAG MARKED R.C.E. 9553 AT PROJECTION OF LOT LINE FOR FRONT CORNERS. SET REBAR & CAP MARKED R.C.E. 9553 FOR REAR LOT CORNERS.

LEGEND

(S) SET 6" CONCRETE MONUMENT W/BRASS CAP MARKED R.C.E. 9553 IN MONUMENT ENCASEMENT

WAIVER OF DIRECT ACCESS

P.U.E. PUBLIC UTILITY EASEMENT

EASEMENTS

(1) ARVIN COUNTY SANITATION DISTRICT

(2) PUBLIC IN GENERAL

EASEMENT FOR SANITARY SEWERS RECORDED MAY 2, 1940 IN BOOK 944 PAGE 119, O.R.

EASEMENT FOR INGRESS AND EGRESS AND ROAD PURPOSES RECORDED SEPTEMBER 11, 1998 AS INSTRUMENT NO. 0198124415, O.R.

CURVE TABLE			
CURVE	DELTA	RADIUS	LENGTH
C1	90°00'00"	55.00'	86.39'
C2	42°50'01"	25.00'	18.69'
C3	42°50'00"	25.00'	18.69'
C4	90°00'00"	25.00'	39.27'
C5	44°24'55"	20.00'	15.50'
C6	44°24'55"	20.00'	15.50'
C7	19°55'11"	25.00'	8.69'
C8	19°55'11"	25.00'	8.69'
C9	44°40'02"	50.00'	38.98'
C10	65°37'33"	50.00'	57.27'
C11	9°18'26"	25.00'	4.06'
C12	33°31'34"	25.00'	14.63'
C13	13°32'42"	20.00'	4.73'
C14	30°52'13"	20.00'	10.78'
C15	67°12'27"	50.00'	58.65'
C16	44°40'03"	50.00'	38.98'
C17	45°04'50"	50.00'	39.34'
C18	44°40'02"	50.00'	38.98'
C19	67°12'28"	50.00'	58.65'
C20	13°32'43"	20.00'	4.73'
C21	30°52'12"	20.00'	10.78'
C22	26°09'35"	92.00'	42.00'
C23	25°40'04"	92.00'	41.21'
C24	25°40'03"	92.00'	41.21'
C25	52°20'40"	92.00'	84.05'

LINE TABLE		
LINE	BEARING	DISTANCE
L1	N44°49'14"W	28.28'
L2	N45°10'47"E	28.28'
L3	N44°49'13"W	28.28'
L4	N45°10'47"E	28.28'
L5	N44°44'06"W	28.33'
L6	N44°49'13"W	28.28'
L7	N45°10'47"E	28.28'
L8	N45°15'54"E	28.24'
L9	N89°49'13"W	10.14'

REGISTERED PROFESSIONAL ENGINEER
GUNJIT S. SIKAND
No. 9553
EXP.12-31-2006
CIVIL
STATE OF CALIFORNIA

G. S. SIKAND
R.C.E. 9553, EXPIRES 12/31/2006

SHEET 5 OF 6 SHEETS

175

Attachment: 5816 phase 9 recorded map (Acceptance of Improvements WithinTtract 5816 Phase 9 and Reduction of Letter of Credit)

206297202

TRACT NO.5816

PHASE 9

CONSISTING OF 6 SHEETS IN THE CITY OF ARVIN

BEING A SUBDIVISION OF A PORTION OF THE WEST HALF OF SECTION 35, TOWNSHIP 31 SOUTH, RANGE 29 EAST, M.D.M., IN THE CITY OF ARVIN, COUNTY OF KERN, STATE OF CALIFORNIA.

23.98 ACRES 82 LOTS

LINE TABLE		
LINE	BEARING	DISTANCE
L1	N89°39'00"W	55.00'
L2	N44°06'03"W	28.01'
L3	N45°10'47"E	28.28'
L4	N89°39'00"W	45.00'
L5	N89°49'13"W	30.10'
L6	N00°10'47"E	122.00'
L7	N51°22'00"E	25.07'
L8	N44°49'13"W	28.28'
L9	N45°10'47"E	28.28'
L10	N44°49'13"W	28.28'
L11	N45°10'47"E	28.28'
L12	N44°49'13"W	28.28'
L13	N47°05'24"E	29.21'
L14	N00°10'47"E	11.44'
L15	N41°04'13"W	26.37'
L16	N00°10'47"E	10.00'
L17	N00°10'47"E	10.00'
L18	N00°10'47"E	1.53'

REGISTERED PROFESSIONAL ENGINEER GURJIT S. SIKAND No. 9553 EXP.12-31-2006 CIVIL STATE OF CALIFORNIA

G. S. SIKAND
R.C.E. 9553, EXPIRES 12/31/2006

CURVE TABLE			
CURVE	DELTA	RADIUS	LENGTH
C1	8°45'09"	1545.00'	236.01'
C2	90°00'00"	330.00'	518.36'
C3	4°07'05"	1500.00'	107.81'
C4	90°00'00"	300.00'	471.24'
C5	4°46'49"	300.00'	25.03'
C6	85°13'11"	300.00'	446.21'
C7	90°00'00"	55.00'	86.39'
C8	4°27'43"	1545.00'	120.32'
C9	4°17'26"	1545.00'	115.69'
C10	19°55'11"	25.00'	8.69'
C11	19°55'11"	25.00'	8.69'
C12	44°24'55"	20.00'	15.50'
C13	44°24'55"	20.00'	15.50'
C14	90°00'00"	25.00'	39.27'
C15	42°50'00"	25.00'	18.69'
C16	42°50'00"	25.00'	18.69'
C17	52°20'40"	92.00'	84.05'
C18	2°33'06"	1545.00'	68.81'
C19	1°54'38"	1545.00'	51.52'
C20	1°46'09"	1545.00'	47.71'
C21	2°31'16"	1545.00'	67.98'
C22	0°52'53"	1455.00'	22.39'
C23	48°44'34"	50.00'	42.54'
C24	40°19'37"	50.00'	35.19'
C25	43°45'49"	50.00'	38.19'
C26	53°30'13"	50.00'	46.69'
C27	58°36'08"	50.00'	51.14'
C28	20°43'39"	50.00'	18.09'
C29	4°20'41"	330.00'	25.02'
C30	8°01'44"	330.00'	46.24'

NOTE

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SET LEAD & TACK & TAG MARKED R.C.E. 9553 AT PROJECTION OF LOT LINE FOR FRONT CORNERS. SET REBAR & CAP MARKED R.C.E. 9553 FOR REAR LOT CORNERS.

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JAMES W. FITCH
KERN COUNTY ASSESSOR-RECORDER

BY: Patti Rood
DEPUTY RECORDER

EASEMENTS

(5) CITY OF ARVIN — 60' PUBLIC ACCESS EASEMENT AND IRREVOCABLE OFFER OF DEDICATION PER PARCEL MAP NO. 11318 P.M.B. 54-75-77.

(6) CITY OF ARVIN — 90' PUBLIC ACCESS EASEMENT AND IRREVOCABLE OFFER OF DEDICATION PER PARCEL MAP NO. 11318 P.M.B. 54-75-77

(7) CITY OF ARVIN — 10' WIDE STORM DRAIN EASEMENT BY THIS MAP

LEGEND

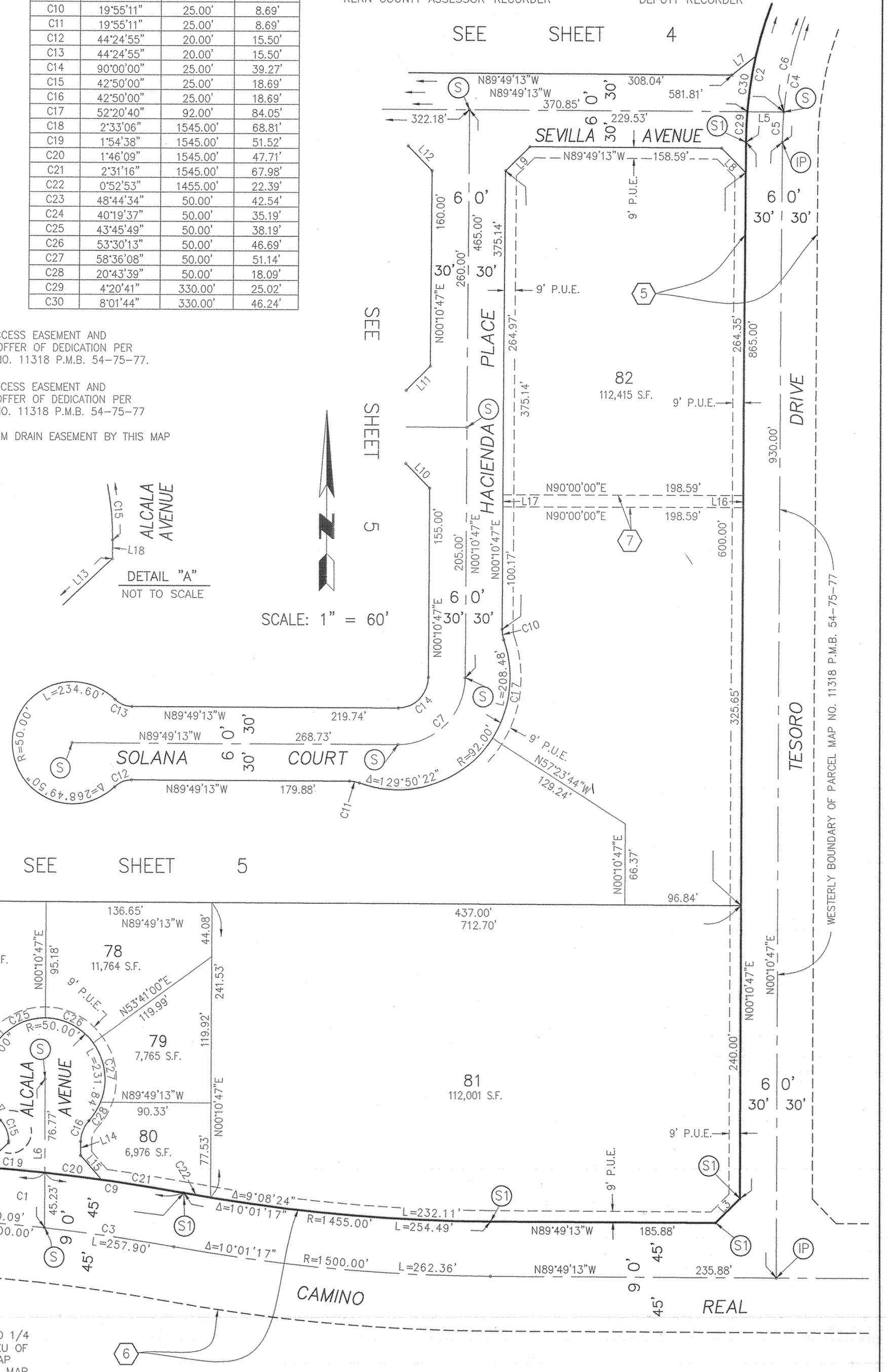
(S) SET 6" CONCRETE MONUMENT W/BRASS CAP MARKED R.C.E. 9553 IN MONUMENT ENCASEMENT

(S1) SET 2" IRON PIPE TAGGED R.C.E. 9553

(IP) LOCATION OF 2" IRON PIPE TAGGED L.S. 5972 TO BE SET PER PARCEL MAP NO. 11318 P.M.B. 54-75-77

WAIVER OF DIRECT ACCESS

P.U.E. PUBLIC UTILITY EASEMENT



SHEET 6 OF 6 SHEETS

176

#206297702

Attachment: 5816 phase 9 recorded map (Acceptance of Improvements WithinTtract 5816 Phase 9 and Reduction of Letter of Credit)

CITY OF ARVIN
Staff Report

Meeting Date: August 21, 2018

TO:	City Council
FROM:	Adam Ojeda, City Engineer Jerry Breckinridge, Interim City Manager
SUBJECT:	Approval of Task Order No. 1805 Pursuant to Section 2.4 of the Professional Services Agreement Entered Into Between the City of Arvin and DeWalt Corporation Dated September 1, 2017 for Design, Bid Support, and Construction Management Services for the Arvin Park and Ride Facility

BACKGROUND:

The City of Arvin previously was awarded a PTMISEA grant from Caltrans for the construction of a Park and Ride facility at the intersection of Plumtree Drive and the alleyway adjacent to the Arvin Community Development Department Office. The City previously entered into task order #1628 with the previous City engineering consultant for the design of the approximate 0.25 acre facility. The City also engaged the previous land owner and expended grant funds for the purchase of the land to be used for the facility. The previous City engineering consultant did not complete their previously defined scope of services. An approximate 10% design level was achieved, and the topographical survey was completed. Task order #1628 did not include services for construction management, construction staking, materials testing, bidding services, and project closeout.

DeWalt proposes to continue this project, and will provide bidding, construction management, construction staking, materials testing, and closeout services under this task order.

FINANCIAL IMPACT:

PTMISEA funds will be used to the furthest extent possible. In talking with City Staff, it is understood that there are a few grants that the Arvin Grant Writer has secured which can supplement this project. It is important to understand that the monies for these grants may only be used for specific items such as security cameras and fencing. As needed, it has been determined that existing State Transit Assistance (STA) funds are available to account for any shortfall that the PTMISEA and other grants cannot cover.

RECOMMENDATION:

Staff recommends the approval of task order 1805

ATTACHMENTS:

Task Order
Exhibit A
Financial Spreadsheet

TASK ORDER NO. 1805

DATE OF REQUEST: August 21, 2018

CITY PROJECT COORDINATOR: DeWalt Corporation.

This Task Order is submitted to Contractor pursuant to Section 2.4 of the Professional Services Agreement ("Agreement") entered into between the City of Arvin and DeWalt Corporation (DWC) dated September 1st, 2017.

1. Project Description and Location:
   Engineering Design and Construction Management Services for the proposed Park and Ride project generally located along Plumtree Drive and immediately south of the Arvin Planning and Community Development Office. See attachment A for detailed project description.

2. Scope of Service Required:
   Preliminary and complete engineering design, bid phase support, and construction management services sufficient for the project to be constructed and closed out. See attachment A for detailed scope information.

3. Expected Results and Deliverables:
   The successful design of the Arvin Park and Ride Project. Deliverables will be preliminary and final design drawings, and regular construction related documents such as pay applications, change orders, and project closeout documents at the conclusion of construction. See attachment A for detailed information.

4. Period of Performance (Time Frame):
   The period of performance is variable. However, see Attachment A for a detailed description of the schedule.

5. Project Schedule:
   Project schedules will comply with the above mentioned period of performance, or as determined by the City Manager and agreed upon by the City Engineer, if not specified under the contract.

NOTICE to CONTRACTOR: Pursuant to Section 2.4 of Agreement, after City delivers draft Task Order to the Contractor, Contractor shall return draft Task Order within ten (10) calendar days with a Cost Estimate. **DWC proposed cost: Time and Materials not to Exceed $70,390.00 (Each invoice will include a 10% labor discount for DWC Labor) in accordance with the rate schedule under the approved contract. This budget may be reviewed periodically by the City, and adjusted as needed to accommodate the needs of the City.**

Approved by: _____ _____

Jerry Breckinridge, Interim City Manager Date

Attachment: Task Order No 1805_Arvin Park and Ride_082118 (Task Order No. 1805 Design, Bid Support, and Construction Mgmt Services for

EXHIBIT A

SCOPE OF SERVICES – ARVIN PARK AND RIDE ENGINEERING DESIGN, BID SUPPORT, AND CONSTRUCTION MANAGEMENT SERVICES

Project Understanding

The City of Arvin desires to construct an approximately ¼ acre Park and Ride (P&R) facility located along Plumtree Drive and directly adjacent to the Arvin Planning and Community Development office. The City previously applied for and received a PTMISEA grant from Caltrans as it has long since been desired to have such a facility located in close proximity to the Arvin Transit Center for the benefit of those citizens whom rely on the public transit system. The proposed location was previously privately owned by another individual, and the City has utilized a portion of the grant funds to purchase the necessary right-of-way to accommodate this project. The City also previously entered into task order 1628 with the previous contract engineering firm for the design, but not bid support and construction management of the facility.

The desired facility will generally consist of a new parking lot facility, a bus turnout, curbs, gutters, sidewalks, pavement striping, and electrical design which shall include lights, infrastructure for electric vehicle charging stations, and infrastructure for security cameras. In meeting with City Staff, it is understood that there may be other funding sources which might be available to supplement those funds available from the PTMISEA grant, if needed. It is understood that the electrical charging stations will be provided and installed by an organization called "Green Commuter" and that the project simply must provide the infrastructure to support it. Depending on the budget, some of these items may be determined to appropriately be labeled as alternative items to be bid on. It is also known that there are two PG&E owned electrical vaults that may need to be relocated or modified based on their proximity within the project limits. An individual task will be to coordinate with PG&E and to apply for the relocation or modifications as determined to be necessary after engaging PG&E.

In approximately March of 2017, the City decided to place this project on hold due to a prolonged right-of-way acquisition process. At the time, the previous engineer had expended $15,134.00 of their $41,150.00 task order (#1628). It appears that the previous engineer was able to perform the appropriate site topographical survey, and a rough layout was generated in Auto CAD to an approximate design level of 10%, but no formal design drawings were produced. It also appears that no level of electrical design or geotechnical investigation were developed. As such, this task order proposes to pick up where the previous engineer left off, and to complete the design of the project, advertise it for bids, and to oversee the construction of the project through the end of the project. The detailed scope of work is as follows:

Attachment: Exhibit A_Task Order No 1805 Arvin Park and Ride_082118 (Task Order No. 1805 Design, Bid Support, and Construction Mgmt

Attachment: Exhibit A_Task Order No 1805 Arvin Park and Ride_082118 (Task Order No. 1805 Design, Bid Support, and Construction Mgmt

Scope of Work

Task 1: Design Services

DeWalt will work with City Staff to determine the various project requirements and to develop a revised project budget. This task will likely involve a site meeting with various stake holders as well as time in the office to develop engineered drawings to be reviewed by City Staff prior to being issued for bid. DeWalt will develop drawings, specifications, and engineer's estimates following the initial programming for this project.

To accomplish this task, DeWalt will hire subconsultants to provide electrical and geotechnical services to develop electrical drawings and specifications and a geotechnical investigation with recommendations for earthwork and pavement design.

The electrical engineering consultant will perform one site survey to determine the location of a power source as well as to determine if any upgrades are needed for that power source. It is also possible that they could determine the best course of action might be the establishment of an entirely new electrical service in support of this project. This consultant will also assist, as necessary, with the coordination with PG&E as described in the next task.

Deliverables under this task will consist of the following:

- 60% design level drawings, specifications, and engineer's estimate
- Final drawings, specifications, and engineer's estimate for bid

Task 2: PG&E Coordination

As discussed in the project description, two electrical vaults are known to be within the project limits and may either need to be relocated by PG&E or to be modified such that they may remain where they are located. This will require a specific and separate effort by DeWalt, and their electrical subconsultant to communicate with PG&E to first determine the appropriate course of action, and then to formally apply for them to perform the necessary work. The level of effort related to this task could be highly variable. However, in the interest of developing this task order, it is anticipated, that this task will require one site meeting with PG&E as well as up to 3 separate conference calls.

Note that the efforts that are put into this task could lead to an augmentation of the engineering and construction budget depending on what costs that PG&E expects the owner (City) and or eventual Contractor to assume.

Task 3: Bidding services

DeWalt will work with the City Attorney to make sure the project is ready to be bid competitively to contractors. At that time, DeWalt will work with the City Clerk to bid the project which may involve advertising the project in the Bakersfield Californian and one or more online builder's exchanges.

DeWalt will attend and chair one pre-bid meeting approximately one week before the bids are due from contractors, and will prepare and distribute meeting minutes. DeWalt will also receive and respond to contractor requests for information (RFI) and publish addenda, if necessary.

DeWalt will attend the bid opening, and will assist the City Clerk with the opening and announcing of the bid results. Following this, DeWalt will receive the bids from the City Clerk, and will evaluate their completeness and correctness. Finally, assuming that there is at least one complete responsive bid, DeWalt will prepare a staff report and resolution to council to accept the bid, and to award a construction contract to the apparent winning bidder.

Please note that DeWalt will reserve the right to request an amendment and increase to this task order each time it is necessary to re-bid this project for whatever reason. Such an increase would be up the amount listed in the fee schedule shown following all task descriptions.

Task 4: Construction Management Services

DeWalt will perform all CM services during the course of construction. A detailed breakdown of the scope of services is as follows:.

- Manage responses to contractor submittals (approximately 15 anticipated),
- Manage responses to contractor's requests for information (approximately 10 anticipated),
- Review and recommend payment on contractor's progress payment requests (approximately 3 anticipated),
- Prepare and catalogue daily construction observation reports including daily reports and project photos (average of 4 hours per day for the approximate 8 weeks of construction),
- Construction contract administration,

- Weekly on-site visits for progress meetings with the Contractor and progress review.
- DeWalt will hire an independent materials testing firm to perform acceptance testing on recompacted subgrade, aggregate base rock, and new Portland cement concrete.
- Change Order management, review and processing,
- Receive and review certified payroll and confirm that labor compliance procedures are being followed; perform employee interviews as well,
- Punch-list visit and review prior to completion.

Task 5: Construction Staking

A DeWalt survey team will make two trips to the site, and will place construction stakes for the contractor. Additional staking requested by the contractor will be at the cost of the contractor.

Task 6: Closeout Services

At the completion of the project, DeWalt will gather necessary documents from the Contractor and disseminate to the city as appropriate. The services provided under this task are shown below:

- Prepare final balancing change order,
- Review final payment request and request for release of retention,
- Prepare Notice of Completion to Contractor and for Council,
- Receive Record Drawings (aka As-Built drawings),
- Develop final CAD drawings, and print and provide two full sized sets of record drawings to the City,
- Provide digital closeout documentation to City including construction correspondences such as RFls, Submittals, and Change orders. Also provide record drawings, Operations and Maintenance manuals, warranty, and lien release information.

Attachment: Exhibit A_Task Order No 1805 Arvin Park and Ride_082118 (Task Order No. 1805 Design, Bid Support, and Construction Mgmt

Attachment: Exhibit A_Task Order No 1805 Arvin Park and Ride_082118 (Task Order No. 1805 Design, Bid Support, and Construction Mgmt

Proposed Schedule

Upon execution of this task order, DeWalt will work according to the following approximate schedule:

- Stakeholder programming meeting: 2 weeks
- 60% design: 6 weeks
- Final design: 4 weeks
- Bid phase: 4 weeks
- Review bids and award contract: 4 weeks
- Construction phase: 8 weeks
- Project closeout: 4 weeks

Note that it is expected that necessary City Staff will review the deliverables provided for the 60% design phase as well as the final design phase. It is anticipated that the City may have comments which would then require a level of effort prior to moving to the next scheduled item. The above proposed schedule is subject to a certain level of variability depending on the amount of time that it takes City Staff to review deliverables.

Fee Schedule

DeWalt Corporation, and their sub-consultants propose to perform the work described in this task order on a time and materials basis for amounts not to exceed those shown in the following schedule. A discount of 10% will be applied to all invoices.

Arvin Park and Ride Design and CM Services		
Proposed Fee Schedule		
TASK	DESCRIPTION	FEE
1	Design Services	$ 25,800.00
2	PG&E Coordination	$ 2,860.00
3	Bidding Services	$ 3,060.00
4	Construction Management Services	$ 33,150.00
5	Construction Staking	$ 4,110.00
6	Closeout Services	$ 1,410.00
	TOTAL PROPOSED FEES	**$ 70,390.00**

Notes:

1) The fees for design and PG&E coordination are in-line with the amount that was left on the previous engineering consulting firm's budget for the same services not completed ($28,660 compared to $26,016).

2) Bidding services, construction management, construction staking, and closeout services were not previously included in the previous engineering consultant's task order #1628, but are necessary to complete this project.

3) The above fees are an estimate on a per phase basis, and they are provided to give an idea of the approximate level of effort of each phase. DeWalt Corporation reserves the right to adjust the budget for any particular phase throughout the project as necessary provided such adjustment does not result in additional compensation beyond that shown in the "TOTAL PROPOSED FEES" line above. Any such fees in excess of the total fees above shall be requested via a change order for approval by the City.

Assumptions and Exclusions

Certain assumptions have been made and have been noted in the description of each task above. Additionally, the following assumptions have been made in order to develop this task order. Should any of the assumptions be incorrect, various tasks may become necessary which could result in the necessity of a change order for additional DeWalt services. Additionally, certain exclusions have been made from the scope above, and their necessity will require a change order for additional DeWalt services.

1. The proposed schedule is dependent on a timely review of submittals by City staff as well as timely responses by PG&E. Prolonged review and coordination times from either stakeholder could result in a more than anticipated effort from DeWalt.

2. Construction management is inherently a highly variable scope item in terms of level of effort and total duration of construction. In an effort to provide for an acceptable project cost to the city, it is not planned to have a construction observer on site at all times during construction. However, if complications are observed during construction, it may be necessary to increase the amount of time field inspectors must be on site. It is also possible that additional efforts may be necessary should the total length of construction exceed that which has been quoted in the task order above.

Attachment: Exhibit A_Task Order No 1805 Arvin Park and Ride_082118 (Task Order No. 1805 Design, Bid Support, and Construction Mgmt

3. Engineer's estimates will be developed based on historical data observed from previous similar projects in the City as well as from other projects. However, bid costs can be highly variable based on myriad circumstances such as the price of oil at the time as well as how busy the construction industry is at the time of the bid. DeWalt will make every effort to provide an accurate estimate of the probable cost of construction.

4. Development of a Storm Water Pollution Prevention Plan (SWPPP) and Dust Control Plan (DCP) will not be necessary due to the size of the project. Nor will it be the obligation of DeWalt to manage best management practices in the field. This shall be the responsibility of the contractor.

5. A topographical survey was conducted by the previous City Engineer, and will not be necessary for the completion of this project. If, during the design of the project it is determined that there is pertinent information that the previous City Engineer did not capture during it's survey, DeWalt will collect the necessary additional data and request a change order from the City.

Attachment: Exhibit A_Task Order No 1805 Arvin Park and Ride_082118 (Task Order No. 1805 Design, Bid Support, and Construction Mgmt

2017-2018 PROJECT SHEET

Proj. #: 18-027

Project: Park and Ride Design, Bidding, and Construction Management Services

Project Lead: Adam Ojeda, P.E. Dept.: Engineering

BREAKDOWN OF PROJECT COST AND FUNDING SOURCES

Cost Summary	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Future Yrs	TOTAL
Engineering Task Order 1628 (QK design - actual spent)	$15,134						$15,134
Construction (estimate only)			$370,000				$370,000
20% Contingency			$74,000				$74,000
ROW Acquisition and City Admin Costs		$247,855					$247,855
Engineering Task Order 1805			$70,390				$70,390
							$0
							$0
TOTAL COST	**$15,134**	**$247,855**	**$514,390**	**$0**	**$0**	**$0**	**$777,379**

Funding Source(s)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Future Yrs	TOTAL
PTMISEA Grant	$15,134	$247,855	$237,011				$500,000
Camera infrasturture grant up to amount			$15,000				$15,000
Fence grant up to amount			$15,000				$15,000
State Transit Assistance fund			$250,000				$250,000
TOTAL FUNDING SOURCES	**$15,134**	**$247,855**	**$517,011**	**$0**	**$0**	**$0**	**$780,000**

1. Briefly Describe and provide justification for this Capital Project Request.

City has received a PTMISEA grant from Caltrans for the construction of a Park and Ride Facility in Arvin.

2. Describe the project status and completed work.

Plans started by previous engineer. Current engineer needs to complete design, bid project out, and manage construction through completion.

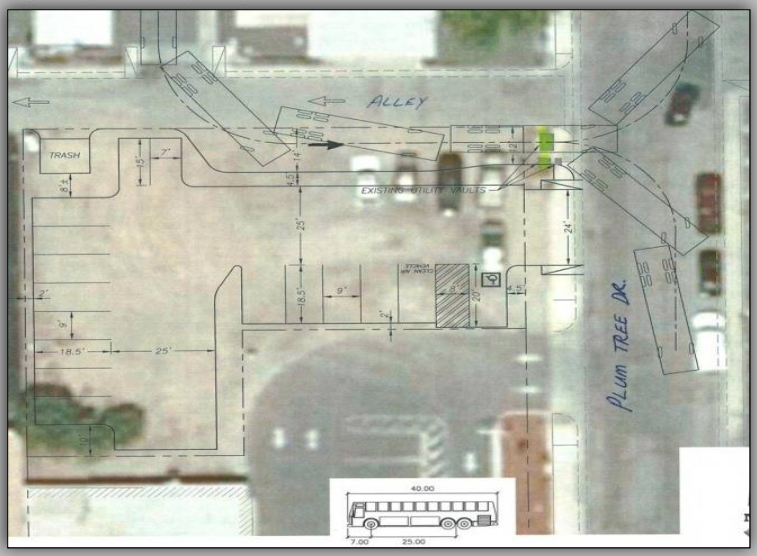
3. Describe any anticipated grants related to the project.

PTMISEA and separate grants for fencing and camera infrastructure.

4. What impact will the project have on annual operation expenses? Please quantify and describe.

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Future Yrs	TOTAL
Projected Operating Expenses	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Map and/or pictures of Project/Project Area



Attachment: Financial Worksheet_Task Order No 1805 Arvin Park and Ride_082118 (Task Order No. 1805 Design, Bid Support, and

CITY OF ARVIN
Staff Report

Meeting Date: August 21, 2018

TO:	City Council
FROM:	Jerry Breckinridge, Chief of Police Jerry Breckinridge, Interim City Manager
SUBJECT:	Approval of Professional Services Agreement with Brian S. Haney for Investigation and Related Services.

BACKGROUND:

The Arvin Police Department is wishing to utilize the services of a private consultant to assist with general investigations. The consultant will be responsible for reviewing police reports, conferring with investigators, contacting witnesses and victims, preparing legally admissible reports, and providing testimony in a Court of Law. The services of the consultant will be paid out of the COPS State Grant, which is a restricted fund designated for police-related activities.

FINANCIAL IMPACT:

The Professional Services Agreement has a maximum amount of $30,000, which will be funded using the COPS State Grant.

RECOMMENDATION:

Approve Professional Services Agreement with Brian S. Haney for Investigation and Related Services and authorize the City Manager to execute the same subject to approval as to legal form by the City Attorney.

ATTACHMENTS:

Professional Services Agreement

AGREEMENT NO. _____

CITY OF ARVIN
PROFESSIONAL SERVICES AGREEMENT FOR INVESTIGATION AND RELATED SERVICES

THIS PROFESSIONAL SERVICES AGREEMENT (herein "Agreement") is made and entered into this 1st day of May, 2018, by and between the CITY OF ARVIN, a California municipal corporation herein ("City") and Brian S. Haney (herein "Consultant").

NOW, THEREFORE, the parties hereto agree as follows:

1. SERVICES OF CONSULTANT

1.1 Scope of Services. In compliance with all of the terms and conditions of this Agreement, the Consultant shall perform the work or services set forth in the "Scope of Services" attached hereto as Exhibit "A" and incorporated herein by reference. Consultant warrants that it has the experience and ability to perform all work and services required hereunder and that it shall diligently perform such work and services in a professional and satisfactory manner.

1.2 Compliance With Law. All work and services rendered hereunder shall be provided in accordance with all ordinances, resolutions, statutes, rules, and regulations of the City and any Federal, State or local governmental agency of competent jurisdiction.

1.3 Licenses, Permits, Fees and Assessments. Consultant shall obtain at its sole cost and expense such licenses, permits, and approvals as may be required by law for the performance of the services required by the Agreement.

1.4 Special Requirements. Additional terms and conditions of this Agreement, if any, which are made a part hereof are set forth in the "Special Requirements" attached hereto as Exhibit "B" and incorporated herein by this reference. In the event of a conflict between the provisions of Exhibit "B" and any other provisions of this Agreement, the provisions of Exhibit "B" shall govern.

2. COMPENSATION

2.1 Contract Sum. For the services rendered pursuant to this Agreement, Consultant shall be compensated in accordance with the "Schedule of Compensation" attached hereto as Exhibit "C" and incorporated herein by this reference, but not exceeding the maximum contract amount of thirty thousand Dollars ($30,000) ("Contract Sum").

2.2 Invoices. Each month Consultant shall furnish to City an original invoice for all work performed and expenses incurred during the preceding month in a form approved by City's Director of Finance. By submitting an invoice for payment under this Agreement, Consultant is certifying compliance with all provisions of the Agreement. The invoice shall detail charges for all necessary and actual expenses by the following categories: labor (by sub-category), travel, materials, equipment, supplies, and sub-contractor contracts.

Attachment: Professional Services Agreement - Investigative Services_Brian S. Haney 082118 (PSA for Investigation Services - Brian S. Haney)

Sub-contractor charges shall also be detailed by such categories. Consultant shall not invoice City for any duplicate services performed by more than one person.

City shall independently review each invoice submitted by the Consultant to determine whether the work performed and expenses incurred are in compliance with the provisions of this Agreement. Except as to any charges for work performed or expenses incurred by Consultant which are disputed by City. City will use its best efforts to cause Consultant to be paid within thirty (30) days of receipt of Consultant's correct and undisputed invoice; however, Consultant acknowledges and agrees that due to City warrant run procedures, the City cannot guarantee that payment will occur within this time period. In the event any charges or expenses are disputed by City, the original invoice shall be returned by City to Consultant for correction and resubmission. Review and payment by the City of any invoice provided by the Consultant shall not constitute a waiver of any rights or remedies provided herein or any applicable law.

2.3 Additional Services. City shall have the right at any time during the performance of the services, without invalidating this Agreement, to order extra work beyond that specified in the Scope of Services or make changes by altering, adding to or deducting from said work. No such extra work may be undertaken unless a written order is first given by the Contract Officer to the Consultant, incorporating therein any adjustment in (i) the Contract Sum for the actual cost of the extra work, and/or (ii) the time to perform this Agreement, which said adjustments are subject to the written approval of the Consultant. Any increase in compensation of up to ten percent (10%) of the Contract Sum but not exceeding a total contract amount of Five Thousand Dollars ($5,000) or in the time to perform of up to ninety (90) days may be approved by the Contract Officer. Any greater increases, taken either separately or cumulatively must be approved by the City Council. No claim for an increase in the Contract Sum or time for performance shall be valid unless the procedures established in this Section are followed.

3. PERFORMANCE SCHEDULE

3.1 Time of Essence. Time is of the essence in the performance of this Agreement.

3.2 Schedule of Performance. Consultant shall commence the services pursuant to this Agreement upon receipt of a written notice to proceed and shall perform all services within the time period(s) established in the "Schedule of Performance" attached hereto as Exhibit "D" and incorporated herein by this reference. When requested by the Consultant, extensions to the time period(s) specified in the Schedule of Performance may be approved in writing by the Contract Officer but not exceeding thirty (30) days cumulatively.

3.3 Force Majeure. The time period(s) specified in the Schedule of Performance for performance of the services rendered pursuant to this Agreement shall be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of the Consultant, including, but not restricted to, acts of God or of the public enemy, unusually severe weather, fires, earthquakes, floods, epidemics, quarantine restrictions, riots, strikes, freight embargoes, wars, litigation, and/or acts of any governmental agency, including the City, if the Consultant shall within ten (10) days of the commencement of such delay notify the Contract Officer in writing of the causes of the delay. The Contract Officer shall ascertain the facts and the extent of delay, and extend the time for performing the services for the period of the enforced delay when and if in the judgment of the Contract Officer such delay is

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justified. The Contract Officer's determination shall be final and conclusive upon the parties to this Agreement. In no event shall Consultant be entitled to recover damages against the City for any delay in the performance of this Agreement, however caused, Consultant's sole remedy being extension of the Agreement pursuant to this Section.

3.4 Term. Unless earlier terminated in accordance with Article 7 of this Agreement, this Agreement shall continue in full force and effect until completion of the services but not exceeding one (1) year from the date hereof, except as otherwise provided in the Schedule of Performance (Exhibit "D").

4. COORDINATION OF WORK

4.1 Representative of Consultant. Brian S. Haney is hereby designated as being the representative of Consultant authorized to act on its behalf with respect to the work and services specified herein and make all decisions in connection therewith. All personnel of Consultant and any authorized agents shall be under the exclusive direction of the representative of Consultant. Consultant shall utilize only competent personnel to perform services pursuant to this Agreement. Consultant shall make every reasonable effort to maintain the stability and continuity of Consultant's staff and subcontractors, and shall keep City informed of any changes.

4.2 Contract Officer. The Chief of Police is hereby designated as being the representative the City authorized to act in its behalf with respect to the work and services specified herein and to make all decisions in connection therewith ("Contract Officer"). The City Manager shall have the right to designate another Contract Officer by providing written notice to Consultant.

4.3 Prohibition Against Subcontracting or Assignment. Consultant shall not contract with any entity to perform in whole or in part the work or services required hereunder without the express written approval of the City. Neither this Agreement nor any interest herein may be assigned or transferred, voluntarily or by operation of law, without the prior written approval of City. Any such prohibited assignment or transfer shall be void.

4.4 Independent Consultant. Neither the City nor any of its employees shall have any control over the manner, mode or means by which Consultant, its agents or employees, perform the services required herein, except as otherwise set forth. Consultant shall perform all services required herein as an independent contractor of City with only such obligations as are consistent with that role. Consultant shall not at any time or in any manner represent that it or any of its agents or employees are agents or employees of City, or that it is a member of a joint enterprise with City.

5. INSURANCE AND INDEMNIFICATION

5.1 Insurance Coverages. The Consultant shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to City, during the entire term of this Agreement including any extension thereof, the following policies of insurance which shall cover all elected and appointed officers, employees and agents of City:

(a) Commercial General Liability Insurance (Occurrence Form CG0001 or equivalent). A policy of comprehensive general liability insurance written on a per occurrence

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basis for bodily injury, personal injury and property damage. The policy of insurance shall be in an amount not less than $1,000,000.00 per occurrence or if a general aggregate limit is used, either the general aggregate limit shall apply separately to this contract/location, or the general aggregate limit shall be twice the occurrence limit.

(b) Worker's Compensation Insurance. A policy of worker's compensation insurance in such amount as will fully comply with the laws of the State of California and which shall indemnify, insure and provide legal defense for the Consultant against any loss, claim or damage arising from any injuries or occupational diseases occurring to any worker employed by or any persons retained by the Consultant in the course of carrying out the work or services contemplated in this Agreement. This subsection (b) shall not apply if Consultant does not have any employees.

(c) Automotive Insurance (Form CA 0001 (Ed 1/87) including "any auto" and endorsement CA 0025 or equivalent). A policy of comprehensive automobile liability insurance written on a per occurrence for bodily injury and property damage in an amount not less than either (i) bodily injury liability limits of $100,000 per person and $300,000 per occurrence and property damage liability limits of $150,000 per occurrence or (ii) combined single limit liability of $1,000,000. Said policy shall include coverage for owned, non-owned, leased and hired cars.

(d) Professional Liability. Professional liability insurance appropriate to the Consultant's profession. This coverage may be written on a "claims made" basis, and must include coverage for contractual liability. The professional liability insurance required by this Agreement must be endorsed to be applicable to claims based upon, arising out of or related to services performed under this Agreement. The insurance must be maintained for at least 5 consecutive years following the completion of Consultant's services or the termination of this Agreement. During this additional 5-year period, Consultant shall annually and upon request of the City submit written evidence of this continuous coverage.

(e) Additional Insurance. Policies of such other insurance, as may be required in the Special Requirements in Exhibit "B".

(f) Subcontractors. Consultant shall include all subcontractors as insureds under its policies or shall furnish separate certificates and certified endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

All of the above policies of insurance shall be primary insurance and shall name the City, its elected and appointed officers, employees and agents as additional insureds and any insurance maintained by City or its officers, employees or agents shall apply in excess of, and not contribute with Consultant's insurance. The insurer is deemed hereof to waive all rights of subrogation and contribution it may have against the City, its officers, employees and agents and their respective insurers. The insurance policy must specify that where the primary insured does not satisfy the self-insured retention, any additional insured may satisfy the self-insured retention. All of said policies of insurance shall provide that said insurance may not be amended or cancelled by the insurer or any party hereto without providing thirty (30) days prior written notice by certified mail return receipt requested to the City. In the event any of said policies of insurance are cancelled, the Consultant shall, prior to the cancellation date, submit new evidence of insurance in conformance with this Section 5.1 to the Contract Officer. No work or services

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under this Agreement shall commence until the Consultant has provided the City with Certificates of Insurance or appropriate insurance binders evidencing the above insurance coverages and said Certificates of Insurance or binders are approved by the City. City reserves the right to inspect complete, certified copies of all required insurance policies at any time. Any failure to comply with the reporting or other provisions of the policies including breaches or warranties shall not affect coverage provided to City.

The insurance required by this Agreement shall be satisfactory only if issued by companies qualified to do business in California, rated "A" or better in the most recent edition of Best Rating Guide, The Key Rating Guide or in the Federal Register, and only if they are of a financial category Class VII or better, unless such requirements are waived by the City's Risk Manager or other designee of the City due to unique circumstances.

5.2 Indemnification. To the full extent provided by law, Consultant agrees to indemnify, defend and hold harmless the City, its officers, employees and agents against, any and all actions, suits, claims, damages to persons or property, losses, costs, penalties, obligations, errors, omissions or liabilities, including paying any legal costs, attorneys fees, or paying any judgment (herein "claims or liabilities") that may be asserted or claimed by any person, firm or entity arising out of or in connection with the negligent performance of the work or services of Consultant, its officers, agents, employees, agents, subcontractors, or invitees, provided for herein ("indemnitors"), or arising from Consultant's indemnitors' negligent performance of or failure to perform any term, provision, covenant, or condition of this Agreement, except claims or liabilities to the extent caused by the sole negligence or willful misconduct of the City.

6. RECORDS, REPORTS, AND RELEASE OF INFORMATION

6.1 Records. Consultant shall keep, and require subcontractors to keep, such ledgers, books of accounts, invoices, vouchers, canceled checks, reports, studies or other documents relating to the disbursements charged to City and services performed hereunder (the "books and records"), as shall be necessary to perform the services required by this Agreement and enable the Contract Officer to evaluate the performance of such services and shall keep such records for a period of three years following completion of the services hereunder. The Contract Officer shall have full and free access to such books and records at all times during normal business hours of City, including the right to inspect, copy, audit and make records and transcripts from such records.

6.2 Reports. Consultant shall periodically prepare and submit to the Contract Officer such reports concerning the performance of the services required by this Agreement or as the Contract Officer shall require.

6.3 Confidentiality and Release of Information.

(a) All information gained or work product produced by Consultant in performance of this Agreement shall be considered confidential, unless such information is in the public domain or already known to Consultant. Consultant shall not release or disclose any such information or work product to persons or entities other than the City without prior written authorization from the Contract Officer.

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(b) Consultant shall not, without prior written authorization from the Contract Officer or unless requested by the City Attorney, voluntarily provide documents, declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement. Response to a subpoena or court order shall not be considered "voluntary" provided Consultant gives the City notice of such court order or subpoena.

(c) If Consultant provides any information or work product in violation of this Agreement, then the City shall have the right to reimbursement and indemnity from Consultant for any damages, costs and fees, including attorney's fees, caused by or incurred as a result of Consultant's conduct.

(d) Consultant shall promptly notify the City should Consultant 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 party regarding this Agreement and the work performed there under. The City retains the right, but has no obligation, to represent Consultant or be present at any deposition, hearing or similar proceeding. Consultant agrees to cooperate fully with the City and to provide the City with the opportunity to review any response to discovery requests provided by Consultant.

6.4 Ownership of Documents. All studies, surveys, data, notes, computer files, reports, records, drawings, specifications, maps, designs, photographs, documents and other materials (the "documents and materials") prepared by Consultant in the performance of this Agreement shall be the property of the City and shall be delivered to the City upon request of the Contract Officer or upon the termination of this Agreement, and Consultant shall have no claim for further employment or additional compensation as a result of the exercise by the City of its full rights of ownership use, reuse, or assignment of the documents and materials hereunder. Moreover, Consultant with respect to any documents and materials that may qualify as "works made for hire" as defined in 17 U.S.C. § 101, such documents and materials are hereby deemed "works made for hire" for the City.

7. ENFORCEMENT OF AGREEMENT AND TERMINATION

7.1 California Law. This Agreement shall be interpreted, construed and governed both as to validity and to performance of the parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of Kern, State of California.

7.2 Disputes; Default. In the event that Consultant is in default under the terms of this Agreement, the City shall not have any obligation or duty to continue compensating Consultant for any work performed after the date of default. Instead, the City may give notice to Consultant of the default and the reasons for the default. The notice shall include the timeframe in which Consultant may cure the default. This timeframe is presumptively thirty (30) days, but may be extended, if circumstances warrant. During the period of time that Consultant is in default, the City shall hold all invoices and shall, when the default is cured, proceed with payment on the invoices. If Consultant does not cure the default, the City may take necessary steps to terminate this Agreement under this Article.

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7.3 Legal Action. In addition to any other rights or remedies, either party may take legal action, in law or in equity, to cure, correct or remedy any default, to recover damages for any default, to compel specific performance of this Agreement, to obtain declaratory or injunctive relief, or to obtain any other remedy consistent with the purposes of this Agreement. Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party. Notwithstanding any contrary provision herein, Consultant must file a statutory claim pursuant to Government Code Sections 905 et. seq. and 910 et. seq., in order to pursue any legal action under this Agreement.

7.4 Termination Prior to Expiration of Term. This Section shall govern any termination of this Contract except as specifically provided in the following Section for termination for cause. The City reserves the right to terminate this Contract at any time, with or without cause, upon thirty (30) days' written notice to Consultant, except that where termination is due to the fault of the Consultant, the period of notice may be such shorter time as may be determined by the Contract Officer. In addition, the Consultant reserves the right to terminate this Contract at any time, with or without cause, upon sixty (60) days' written notice to City, except that where termination is due to the fault of the City, the period of notice may be such shorter time as the Consultant may determine. Upon receipt of any notice of termination, Consultant shall immediately cease all services hereunder except such as may be specifically approved by the Contract Officer. Except where the Consultant has initiated termination, the Consultant shall be entitled to compensation for all services rendered prior to the effective date of the notice of termination and for any services authorized by the Contract Officer thereafter in accordance with the Schedule of Compensation or such as may be approved by the Contract Officer. In the event the Consultant has initiated termination, the Consultant shall be entitled to compensation only for the reasonable value of the work product actually produced hereunder, but not exceeding the compensation provided therefore in the Schedule of Compensation Exhibit "C". In the event of termination without cause pursuant to this Section, the terminating party need not provide the non-terminating party with the opportunity to cure pursuant to Section 7.2.

7.5 Termination for Default of Consultant. If termination is due to the failure of the Consultant to fulfill its obligations under this Agreement, City may, after compliance with the provisions of Section 7.2, take over the work and prosecute the same to completion by contract or otherwise, and the Consultant shall be liable to the extent that the total cost for completion of the services required hereunder exceeds the compensation herein stipulated (provided that the City shall use reasonable efforts to mitigate such damages), and City may withhold any payments to the Consultant for the purpose of set-off or partial payment of the amounts owed the City as previously stated.

8. MISCELLANEOUS

8.1 Covenant Against Discrimination. Consultant covenants that, by and for itself, its heirs, executors, assigns and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color creed, religion, sex, marital status, national origin, ancestry, or other protected class in the performance of this Agreement. Consultant shall take affirmative action to ensure that

Attachment: Professional Services Agreement - Investigative Services_Brian S. Haney 082118 (PSA for Investigation Services - Brian S. Haney)

applicants are employed and that employees are treated during employment without regard to their race, color creed, religion, sex, marital status, national origin, ancestry, or other protected class

8.2 Non-liability of City Officers and Employees. No officer or employee of the City shall be personally liable to the Consultant, or any successor in interest, in the event of any default or breach by the City or for any amount, which may become due to the Consultant or to its successor, or for breach of any obligation of the terms of this Agreement.

8.3 Notice. Any notice, demand, request, document, consent, approval, or communication either party desires or is required to give to the other party or any other shall be in writing and either served personally or sent by prepaid, first-class mail, in the case of the City, to the City Manager and to the attention of the Contract Officer, at City of Arvin, 200 Campus Drive, California 93203 and in the case of the Consultant, to the person at the address designated on the execution page of this Agreement.

8.4 Integration; Amendment. It is understood that there are no oral agreements between the parties hereto affecting this Agreement and this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings, if any, between the parties, and none shall be used to interpret this Agreement. This Agreement may be amended at any time by the mutual consent of the parties by an instrument in writing.

8.5 Severability. In the event that part of this Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining portions of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the parties hereunder unless the invalid provision is so material that its invalidity deprives either party of the basic benefit of their bargain or renders this Agreement meaningless.

8.6 Waiver. No delay or omission in the exercise of any right or remedy by non-defaulting party on any default shall impair such right or remedy or be construed as a waiver. A party's consent to or approval of any act by the other party requiring the party's consent or approval shall not be deemed to waive or render unnecessary the other party's consent to or approval of any subsequent act. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

8.7 Attorneys' Fees. If either party to this Agreement is required to initiate or defend or made a party to any action or proceeding in any way connected with this Agreement, the prevailing party in such action or proceeding, in addition to any other relief which any be granted, whether legal or equitable, shall be entitled to reasonable attorney's fees, whether or not the matter proceeds to judgment.

8.8 Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing this Agreement, such party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which said party is bound.

Attachment: Professional Services Agreement - Investigative Services_Brian S. Haney 082118 (PSA for Investigation Services - Brian S. Haney)

[Signatures on the following page.]

Attachment: Professional Services Agreement - Investigative Services_Brian S. Haney 082118 (PSA for Investigation Services - Brian S. Haney)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year first-above written.

CITY:

CITY OF ARVIN, a municipal corporation

_____
Jerry Breckinridge, Interim City Manager

ATTEST:

_____
Cecilia Vela, City Clerk

APPROVED AS TO FORM:

_____
Shannon L. Chaffin, City Attorney
Aleshire & Wynder

CONSULTANT:

_____

By: _____
Name: Brian S. Haney
Title: Consultant

Address: 1760 E. Bridger
Tulare, CA 93274

Two signatures are required if a corporation.

NOTE: CONSULTANT'S SIGNATURES SHALL BE DULY NOTARIZED, AND APPROPRIATE ATTESTATIONS SHALL BE INCLUDED AS MAY BE REQUIRED BY THE BYLAWS, ARTICLES OF INCORPORATION, OR OTHER RULES OR REGULATIONS APPLICABLE TO CONSULTANT'S BUSINESS ENTITY.

[END OF SIGNATURES]

Attachment: Professional Services Agreement - Investigative Services_Brian S. Haney 082118 (PSA for Investigation Services - Brian S. Haney)

Attachment: Professional Services Agreement - Investigative Services_Brian S. Haney 082118 (PSA for Investigation Services - Brian S. Haney)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy or validity of that document.

STATE OF CALIFORNIA

COUNTY OF KERN

On _____, 2018 before me, _____, personally appeared _____, proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

☐ INDIVIDUAL
☐ CORPORATE OFFICER

_____
TITLE(S)

☐ PARTNER(S) ☐ LIMITED
☐ GENERAL
☐ ATTORNEY-IN-FACT
☐ TRUSTEE(S)
☐ GUARDIAN/CONSERVATOR
☐ OTHER_____

_____

SIGNER IS REPRESENTING:
(NAME OF PERSON(S) OR ENTITY(IES))

_____

_____

DESCRIPTION OF ATTACHED DOCUMENT

_____
TITLE OR TYPE OF DOCUMENT

_____
NUMBER OF PAGES

_____
DATE OF DOCUMENT

_____
SIGNER(S) OTHER THAN NAMED ABOVE

Attachment: Professional Services Agreement - Investigative Services_Brian S. Haney 082118 (PSA for Investigation Services - Brian S. Haney)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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STATE OF CALIFORNIA

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WITNESS my hand and official seal.

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OPTIONAL

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CAPACITY CLAIMED BY SIGNER

☐ INDIVIDUAL
☐ CORPORATE OFFICER

_____
TITLE(S)

☐ PARTNER(S) ☐ LIMITED
☐ GENERAL
☐ ATTORNEY-IN-FACT
☐ TRUSTEE(S)
☐ GUARDIAN/CONSERVATOR
☐ OTHER_____

_____

SIGNER IS REPRESENTING:
(NAME OF PERSON(S) OR ENTITY(IES))

_____

_____

DESCRIPTION OF ATTACHED DOCUMENT

_____
TITLE OR TYPE OF DOCUMENT

_____
NUMBER OF PAGES

_____
DATE OF DOCUMENT

_____
SIGNER(S) OTHER THAN NAMED ABOVE

EXHIBIT "A"

SCOPE OF SERVICES

I. Consultant will perform the following services:

A. Review and analyze police reports, evidence reports, and other documents related to the City of Arvin open investigations.

B. Review and analyze recorded interviews, digital evidence and video surveillance related to the before mentioned cases.

C. Meet with investigators, police officers, criminalist, evidence technicians and court officers to discuss investigative options and make recommendations for resolving the cases.

D. Advise investigators on investigative procedures and processes recommended to obtain necessary information needed for the prosecution of the cases.

E. Assist investigators in the interviewing of witnesses, victims and suspects regarding the cases.

F. Meet with investigators and the victims families to discuss the progress of the investigation and obtain relevant information regarding the investigations.

G. Prepare professional and legally admissible written reports of work completed regarding my involvement in the investigations.

H. Offer oral testimony in a Court of Law regarding evidence obtained and my assistance to the Arvin Police Department in the investigations.

II. As part of the Services, Consultant will prepare and deliver the following tangible work products to the City:

A. Reports of work completed

B. Testimony in a Court of Law

C. Copies of all audio and video recordings.

Attachment: Professional Services Agreement - Investigative Services_Brian S. Haney 082118 (PSA for Investigation Services - Brian S. Haney)

III. In addition to the requirements of Section 6.2, during performance of the Services, Consultant will keep the City updated of the status of performance by delivering the following status reports:

A. Oral evaluation of the case upon initial review.

B. Situational briefings upon the discovery of relevant facts or circumstances.

C. Regular briefings to the Chief of Police or his designee.

IV. All work product is subject to review and acceptance by the City, and must be revised by the Consultant without additional charge to the City until found satisfactory and accepted by City.

V. Consultant will utilize the following personnel to accomplish the Services:

A. Investigator or Police Officer as assigned by the Chief of Police.

B. Brian S. Haney

Attachment: Professional Services Agreement - Investigative Services_Brian S. Haney 082118 (PSA for Investigation Services - Brian S. Haney)

Attachment: Professional Services Agreement - Investigative Services_Brian S. Haney 082118 (PSA for Investigation Services - Brian S. Haney)

EXHIBIT "B"

SPECIAL REQUIREMENTS
(Superseding Contract Boilerplate)

[Not applicable]

Attachment: Professional Services Agreement - Investigative Services_Brian S. Haney 082118 (PSA for Investigation Services - Brian S. Haney)

EXHIBIT "C"
SCHEDULE OF COMPENSATION

Consultant shall be paid for actual time worked, pursuant to the following fee schedule:

General Investigative Services	$40.00 per hour
Mileage	IRS Current Rate
Out of Pocket Expenses	Reasonable Costs

Consultant shall submit invoices once per month to the Contract officer seeking compensation for services provided and approved reimbursements in a form approved by the City's Finance Director. Consultant shall bill in increments of 0.1 hours for time spent providing the services.

Payment to the Consultant pursuant to this agreement shall not exceed the Contract Sum of THIRTY THOUSAND AND 00/100 DOLLARS ($30,000) plus any contingency up to FIVE THOUSAND AND 00/100 DOLLARS ($5,000). Contingency must be authorized prior to work commencing by the Contract Officer.

Any services rendered beyond the Contract Sum shall not be reimbursed unless first approved by the City Council of the City.

Expenses:

Consultant shall seek prior written approval from the City for any expenses related to the services provided pursuant to this Agreement that the Consultant seeks to have reimbursed, including but not limited to the cost of materials, equipment, and supplies.

Reimbursement:

Upon completion of an investigation or once every thirty (30) days, whichever is shorter, Consultant shall submit invoices to the Contract Officer detailing by line item the charges by the following categories:

- Professional services provided
- Travel time and mileage
- Materials
- Equipment
- Supplies

Consultant shall be reimbursed mileage.

Attachment: Professional Services Agreement - Investigative Services_Brian S. Haney 082118 (PSA for Investigation Services - Brian S. Haney)

EXHIBIT "D"

SCHEDULE OF PERFORMANCE

I. **Consultant shall perform all services timely in accordance with the following schedule: Consultant shall be available on an "as needed" basis.**

II. **Consultant shall deliver the following tangible work products to the City by the following dates: As requested by City.**

III. **The Contract Officer may approve extensions for performance of the services in accordance with Section 3.2.**

CITY OF ARVIN
Staff Report

Meeting Date: August 21, 2018

TO:	City Council
FROM:	Jerry Breckinridge, Chief of Police Jerry Breckinridge, Interim City Manager
SUBJECT:	APPROVAL OF A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARVIN APPROVING AN AGREEMENT FOR A SPALDING ASPHALT HOT PATCHER (HOTBOX) BETWEEN THE CITY OF ARVIN AND HGACBUY.

BACKGROUND:

For years, the City of Arvin has been filling potholes using cold asphalt. While this method does temporarily patch holes in the roadway, the repair is usually short-lived. The City has researched different methods used to patch potholes and found that the "hot patch" method is superior to using cold asphalt. The "hot patch" method involves using heated asphalt to fill potholes, allowing for smoother and longer lasting repairs. The equipment necessary to employ the "hot patch" method is a 3-ton Roadsaver Hot Patcher Trailer, which has the ability to heat asphalt as well as deliver asphalt to repair locations. The cost of the trailer and its associated tools will not exceed $52,000.

Although Arvin Municipal Code Section 3.08.060 establishes a Request for Proposal (RFP) process for purchases over $30,000, the City Council has previously interpreted and clarified this section to include qualified contracts with joint power authorities and public entities. The City is requesting authorization to utilize the services of HGABuy, a government-to-government procurement service that utilizes a cooperative purchasing program to negotiate competitive prices for items.

FINANCIAL IMPACT:

The Hot Patcher Trailer and associated tools will not exceed $52,000. This equipment is funded by SB1 funds and was included in the FY 17/18 budget.

RECOMMENDATION:

Adopt resolution authorizing the City to utilize the services of HGABuy.
Authorize the purchase of 3-ton Roadsaver Hot Patcher Trailer.

ATTACHMENTS:

Resolution
Quote from Spalding Manufacturing
HGABuy informational brochure

RESOLUTION

APPROVAL OF A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARVIN APPROVING AN AGREEMENT FOR A SPALDING ASPHALT HOT PATCHER (HOTBOX) BETWEEN THE CITY OF ARVIN AND HGACBUY.

WHEREAS, the City Council has the authority to interpret its own ordinances and the Arvin Municipal Code (AMC); and

WHEREAS, the City Council adopted AMC Section 3.08.095 (Procurement of Professional Services) in 2015; which establishes a request for proposals (RFP) process for certain professional services over $30,000; and

WHEREAS, AMC Section 3.08.095 does not specifically address the provision of professional services by public entities or JPAs to other public entities, such as services related to fire, police, etc.; and

WHEREAS, the City Council also adopted another process for certain types of contracts, in that AMC Section 3.08.060 establishes a process for negotiating prices set forth in annual contracts; and

WHEREAS, the enactment of these sections by the City Council was made in light of state law that does not always require a formal competitive bidding, or even an RFP process for certain services, and

WHEREAS, the City Council has previously interpreted and clarified AMC Section 3.08.060 to include qualified contracts with joint power authorities and public entities providing services for other public entities, especially in circumstances were services have previously been rendered for the City and given timelines for performance; and

WHEREAS, the City Council amended AMC Section 3.08.080 to clarify permit the City to purchase supplies and equipment through cooperative purchasing agreements with other public agencies. Bidding or open market procedures may be dispensed with when certain criteria are met. This includes situations involving emergencies, sole venders, as well as piggyback purchasing procedures, whereby the City has the ability to “piggyback” contracts for products and equipment, entered into by other governmental agencies (municipality, county or State) through a competitive bid.

WHEREAS, HGACBuy is a unit of local government that provides government to government procurement service program that assists with procurement work for other government agencies.

WHEREAS, as part of this effort, the HGACBuy program maintains large procurement schedules, essentially items or services that have already been pre-negotiated by contract in bulk by a competitive bid or RFP process, by which other agencies can use to buy goods and services.

WHEREAS, the HGACBuy program has the capacity to provide the goods and services on an as-needed basis within the timelines required by the City for asphalt hot patch equipment, and its services are offered at competitive rates; and

WHEREAS, the City of Arvin is in need of equipment and accessories to repair City streets; and

WHEREAS, failure to quickly repair or require these services creates public health, safety and welfare issues; and

WHEREAS, the City Council desires to purchase equipment supplies from the HGACBuy program for street repairs in an amount not to exceed $52,000.

NOW, THEREFORE, the City Council of the City of Arvin, does resolve as follows:

1. The City Council of the City of Arvin authorizes the purchase of Spalding Asphalt Hot Patcher (Hotbox) and necessary accessories from HGACBuy, for an amount not to exceed $52,000. The City Manager is authorized to execute any documents necessary to effectuate the purchase and transfer ownership to the City from HGACBuy, subject to approval as to legal form by the City Attorney.

2. The City Council finds that this approval is in the best interests of the City of Arvin.

I HEREBY CERTIFY that the foregoing resolution was passed and adopted by the City Council of the City of Arvin at a Regular Meeting thereof held on the 21st day of August, 2018 by the following vote:

ATTEST

_____
CECILIA VELA, City Clerk

CITY OF ARVIN

By: _____
JOSE GURROLA, Mayor

APPROVED AS TO FORM:

By: _____
SHANNON L. CHAFFIN, City Attorney
Aleshire & Wynder, LLP

I, _____, City Clerk of the City of Arvin, California, DO HEREBY CERTIFY that the foregoing is a true and accurate copy of the Resolution passed and adopted by the City Council of the City of Arvin on the date and by the vote indicated herein.

Spaulding Mfg., Inc.	QUOTE FORM For Standard Equipment Purchases	Quote No.:	133100JK R2	Date Prepared:	5/7/2018

This Quote is prepared by Spaulding Mfg., Inc. To process an order a Purchase Order must accompany this quote and be sent to Spaulding Mfg., Inc.

Company:	City of Arvin, CA	Ship to Address:	205 Langford Ave # 22, Arvin, CA 93203
Contact Person:	Pedro Barraza		
Phone:	661-854-0817		
Fax:			
Email:			

Description	3 Ton Roadsaver Hot Patcher Trailer Oil Jacket Dump

A. Product Base Unit Price:	31790

B. Options - Itemize below - Attach additional sheet if necessary.

Description	Cost	Description	Cost
3 Ton hopper capacity- Oil jacket hopper for Reclaiming		OPTIONS	
Diesel Fired Burner			
6000LB Tandem leaf spring single axle/235/80 E/16R STD			
Automatic Digital Temperature Control			
18-34" Adjustable, 28" Long Tongue, 3" Pintle Eye			
Manual Spring Assisted Top Loading Doors			
Hydraulic Rear Unloading Door			
Hydraulic Dumping Hopper			
LED Lighting			
Marine Style Battery Charger			
7 Day Timer			
Hour Meter			
Volt Meter		**Online Training VIA Skype /Phone**	Free
Back Up Alarm for Dumping		**Sales Tax @ 7.5%**	TBD
All Wiring Connections Soldered/Loomed		**Shipping/Freight Estimated**	3800
Electric Brakes			
		Subtotal From Additional Sheet(s):	
FMSCA & NATM compliant		**Subtotal B:**	3800

C. Total Cost before any other applicable Charges, Trade-Ins, Allowances, Discounts, Etc. (A+B)

Quantity Ordered:	1	X	**Subtotal of A + B :**	35590	=	**Subtotal C:** 35590

/ Installation / OPTIONS

Description	Cost	Description	
Hydraulic Top Doors	1700	30 Gallon Air Jacketed Tack Tank w/ Spray System with	6600
Bulldog Vibratory Roller	2950	hose and reel - Diesel Fired Tack Tank	
1 Top Door Strobe Light	425	Frame Mounted Basket For Bulldog Roller	
5 Piece Tool Holder for shovels ect.	157	**Subtotal D:**	11832
Delivery Date:	**TBD**	**F. Total Purchase Price (C+D):**	47422

Attachment: Spalding HGACBuy Quote (Agreement with HGACBUY for Spalding HotBox)

As a unit of local government, HGACBuy is well aware of the requirements state and local governments must satisfy when making purchases. This is why, for 40 years, HGACBuy has strived to make the government procurement process more efficient.

WHO WE ARE

HGACBuy is an award-winning, nationwide government-to-government procurement service operated by the Houston-Galveston Area Council. Since beginning our services in 1975, we've assembled a team of experienced professionals, who, collectively, offer more than 150, years experience to members.

We are active throughout the United States and provide nearly 6,000 members with 36 major categories of products and services from more than 800 highly qualified contractors.

HGACBuy PARTNERS:

BRCPC
Baltimore Regional Cooperative Purchasing Committee

KC RPC
Kansas City Regional Purchasing Cooperative

NARC
Building Regional Communities
National Association of Regional Councils

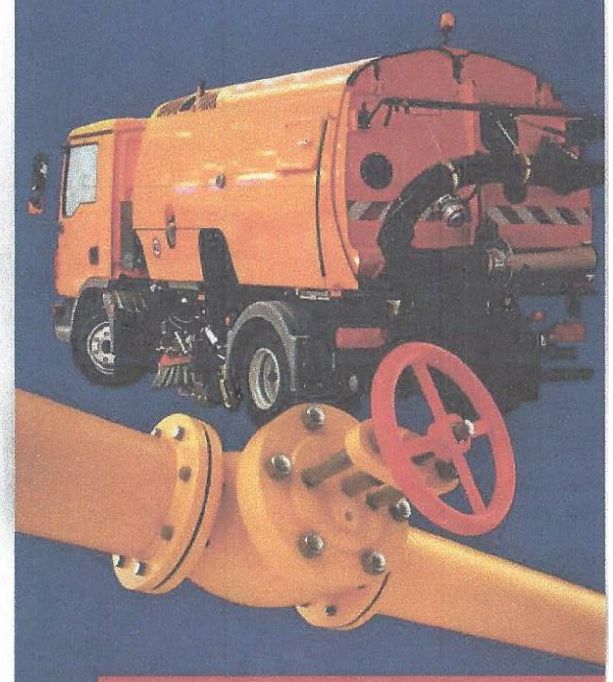
Competitively procured contracts

available through HGACBuy:

All Hazard Preparedness, Planning, Consulting & Recovery Services
Ambulances & Other Emergency Vehicles
Auxiliary Power & Backup Generators
Buses – Transit & Shuttle, and Trams
Current Model Cars & Light Trucks
Direct-Hire and Temporary Staffing Services
Disaster Debris Clearance & Removal Services
Earth Moving & Construction Equipment
Electric Vehicle Charging Equipment
Emergency Medical & Rescue Equipment
Emergency Notification & 9-1-1
Emergency Preparedness & Safety Equipment
Fire Service Apparatus
Fleet Management & Maintenance Equipment
Grounds & Turf Equipment
Law Enforcement Equipment
Marketing , Public Relations & Event Planning
Medium and Heavy Trucks & Truck Bodies
Modular Buildings & Shelters
Parks & Recreation Equipment
Portable Construction & Maintenance Equipment
Radio Communication Equipment
Record & Playback Systems
Refuse Containers & Lifters
Refuse Handling Equipment
Rentals – Equipment & Portable Facilities
School Buses
Sewer & Hydro-Excavation Equipment
Street Maintenance Equipment
Surveillance, Access Control & Security Fencing
Sweeping Equipment
Traffic Control, Enforcement & Signal Preemption
Trailers – Equipment, Cargo & Specialty
Trenchless Pipeline Rehabilitation Services
Vehicle Leasing
Water Meters & Associated Equipment
Wireless Telecomm Equip & Services
Wireless-- VOIP Telecomm Equip & Services

P.O. Box 22777
Houston, TX 77227-2777
1-800-926-0234
www.hgacbuy.org

Cooperative Purchasing
Save Time and Money

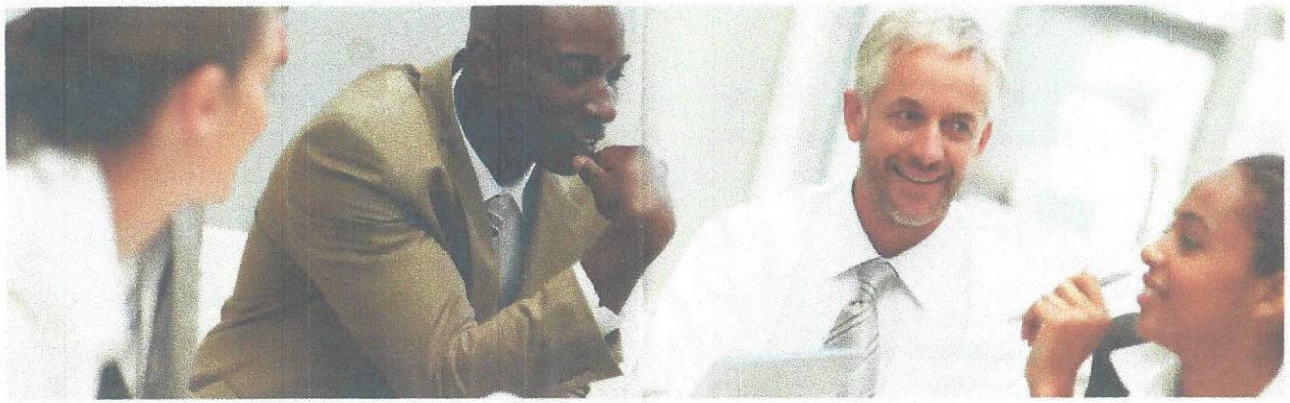


Rely on the Buy

Trenchless Pipeline Rehabilitation, Street Maintenance, Earth Moving & Construction Equipment

HGACBuy
THE SMART PURCHASING SOLUTION
www.hgacbuy.org

Attachment: HGACBuy Flyer 08-08-2018 (Agreement with HGACBUY for Spalding HotBox)



WHY HGACBuy?

HGACBuy offers the simplest way to buy. All our contracts have been awarded by virtue of a competitive bid or RFP process in accordance with government purchasing statutes.

HGACBuy process includes:

- Conducting products research
- Developing specifications for each product and service
- Encouraging broad vendor participation
- Issuing public bid/proposal notices
- Conducting pre-bid/pre-proposal conferences and response openings
- Evaluating bid/proposal responses
- Issuing vendor contracts awarded by the H-GAC Board of Directors
- Managing vendor contracts

For more information about HGACBuy and how we can help your government or eligible organization purchase more efficiently, call 1-800-926-0234, or visit our website at hgacbuy.org.

WHO IS ELIGIBLE

All units of local governments, state governments, state agencies and nonprofits providing governmental services are eligible for HGACBuy membership if their states have statutes in place allowing participation in other states' co-ops.

Entities Eligible for HGACBuy Membership

- Municipalities, Cities, Counties and State Agencies
- Councils of Government
- Schools, School Districts, Colleges, Universities
- Hospitals, Hospital Districts
- Emergency Medical Services and Services Districts
- Volunteer Fire and Rural Fire Departments
- Prevention Districts
- Special Law Enforcement Jurisdictions
- Judicial Courts and Districts
- Emergency Communications Districts
- Utility Districts (MUDs, WCIDs, Irrigation)
- Authorities (Airport, Port, River, Water, Toll Road)
- Not-for-Profit Corporations [501(c)3] providing government functions and services

HGACBuy
THE SMART PURCHASING SOLUTION
www.hgacbuy.org

Trenchless Pipeline
Rehabilitation, Street maintenance, Earth Moving & Construction Equipment

HGACBuy public works catergory offers a variety of competitively bid contracts with equipment you need to get the job done.

- Excavators
- Light Towers
- Pressure pipe renewal lining
- Recycling Containers
- Refuse Handling
- Rental Equipment
- Sewer and Hydro-Excavation
- Sweepers
- Trailers
- Water Meters

HOW TO JOIN

An interlocal contract can be executed at no cost to you. You will find the ILC form on our website under "About Us." Then secure approval from appropriate authority in your organization and return the ILC form to HGACBuy for execution and to receive membership access to the program.

HGACBuy IS A PROUD MEMBER OF:

National Purchasing Institute · Southeast Texas Association of Public Purchasing (SETAPP) · NIGP The Institute for Public Procurement · NCPP The Professional Association for Cooperative Procurement

Attachment: HGACBuy Flyer 08-08-2018 (Agreement with HGACBUY for Spalding HotBox)

CITY OF ARVIN
Staff Report

Meeting Date: August 21, 2018

TO:	City Council
FROM:	Jerry Breckinridge, Chief of Police Jerry Breckinridge, Interim City Manager
SUBJECT:	Approval For the Arvin Police Department to Apply For and Accept the FY2018 Edward Byrne Memorial Justice Assistance Grant (JAG Grant)

BACKGROUND:

The United States Department of Justice, Bureau of Justice Assistance is soliciting applications for the FY2018 Edward Byrne Memorial Justice Assistance Grant. This grant will provide funding for door access control equipment and hardware for the Police Department's property and records rooms. Additionally, if funding allows, this grant will be used to upgrade access control to the Police Department's exterior doors. During this funding period the Arvin Police Department is eligible for up to $12,884.00.

FINANCIAL IMPACT:

There is no negative fiscal impact to the general fund.

RECOMMENDATION:

Authorize Police Department to apply for and accept the FY 2018 Edward Byrne Memorial Assistance Grant if awarded.

Indemnity No. _____	County: Kern
Order No. FWKN-5501800226-LM	State: CA
Insured:	Agency: Chicago Title Company

INDEMNITY AGREEMENT

This Indemnity Agreement ("**Agreement**") is made by Indemnitor, City of Arvin, a municipal corporation ("**Indemnitor**") in favor of CHICAGO TITLE INSURANCE COMPANY, a corporation ("**Company**") as of _____, 2018.

RECITALS:

A. Indemnitor owns that certain real property identified as APN 446-010-58 in the City of Arvin, County of Kern, State of California ("**Indemnitor's Property**").

B. Pursuant to that certain Purchase and Sale Agreement dated November 20, 2017, Indemnitor has agreed to sell fee title of approximately one (1) acre of the Property for a well site together with an access and pipeline easement ("**Sale Parcel**") to Arvin Community Services District ("**Buyer**") for the sum of Twenty Thousand Dollars ($20,000) ("**PSA**").

C. Indemnitor originally acquired the Property from James T. and Peggy J. Rowland ("**Rowlands**") in 1998. Indemnitor paid the purchase price for the Property to the Rowlands pursuant to that certain promissory note dated March 24, 1998 in the original principal amount of Three Hundred Forty Nine Thousand Six Hundred Eighty Dollars ($349,680) ("**Note**") which was secured by that certain deed of trust dated March 24, 1998 and recorded on April 16, 1998 as Instrument No. 0198048439 in the Official Records of Kern County ("**Deed of Trust**").

D. Indemnitor has represented to Company that the Note was completely paid in 2008 but the Deed of Trust was not reconveyed. Indemnitor does not currently know the location of the Rowlands in order to secure a reconveyance.

E. Under the PSA, Indemnitor is required to provide Buyer an owner's title policy which does not show the Deed of Trust.

F. After the sale to the Buyer, Indemnitor will retain ownership of the balance of the Property.

G. Indemnitor has requested that Company issue the owners title policy to Buyer without showing the Deed of Trust which Company is willing to do in reliance of this Agreement.

NOW, THEREFORE, in reliance on Indemnitor's obligations under this Agreement, Company is willing to issue an owner's title policy to Buyer without showing the Deed of Trust.

AGREEMENT

1. **RECITALS.** The foregoing recitals are incorporated herein and made a part of this Agreement.

2. **EFFECTIVE DATE.** This Agreement shall automatically be effective and binding on Indemnitor upon Company's issuance of the owner's title policy to Buyer not showing the Deed of Trust ("**Title Policy**") and any future title policies ("**Title Policies**").

3. **INDEMNITY.** In consideration of Company issuing the Title Policy, Indemnitor covenants and agrees (1) to forever fully protect, defend and save harmless Company from and against any claim under the Title Policy related to the Deed of Trust; (2) to forever fully protect, defend and save harmless Company from any and all loss, costs, damages, attorneys' and solicitors' fees and expenses of every kind and nature which it may suffer, expend or incur under or by reason, or in consequence of or growing out of said matters, or any of them, or on account of the assertion or enforcement, or attempted assertion or enforcement thereof, or of any rights existing or hereafter arising, or which at any time be claimed to exist under or by reason,

or in consequence of or growing out of said matters or of any of them; (3) to defend at Indemnitor's own costs and charges in behalf of and for the protection of Company and of the parties insured, or who may be insured, against loss by it under its said title insurance policy or policies (but without prejudice to the right of Company to defend at the reasonable expense of Indemnitor if it so elects) any and every suit, action or proceeding in which any such matters may be asserted or attempted to be asserted, established or enforced in, to, upon, against or in respect to said real estate, or any part thereof, or interest therein; (4) that each and every provision hereof shall extend to and be in force concerning any and every other title insurance policy or policies which Company may at any time or times hereafter issue, insuring against loss by reason of such matters in the manner described above; (5) to reimburse Company for reasonable attorney's fees and other costs of enforcing this Agreement.

4. **ADDITIONAL COVENANTS.** Indemnitor covenants and agrees to promptly take all reasonable actions to locate the Rowlands or their heirs and obtain a reconveyance of the Deed of Trust in a form sufficiently satisfactory to Company. If Indemnitor is unable to obtain the reconveyance, Indemnitor will promptly either post a bond in accordance with Civil Code 2914.7 or otherwise to commence and diligently prosecute an action to quiet title of the Property to remove the Deed of Trust. Indemnitor shall keep Company informed as to the status of its obligations under this Section.

5. **ADDITIONAL RIGHTS OF COMPANY.** If Indemnitor fails to comply with its obligations under Section 4, Company shall have the right at any time it shall deem it necessary or expedient, in its reasonable discretion and upon prior written notice to Indemnitor to pay, discharge, satisfy or remove from the title to said real estate the said matters or any of them and Indemnitor covenants and agrees to pay to Company all amounts reasonably expended on demand.

6. **TERMINATION.** If and when the Deed of Trust is removed from record title of the Property to the reasonable satisfaction of Company, all obligations under this Agreement shall be terminated.

7. **MISCELLANEOUS.**

a. **Notices.** Any notices, demands or communications under this Agreement between the parties shall be in writing, and may be given by (i) personal service, (ii) overnight delivery, or (iii) mailing via United States mail, certified mail, postage prepaid, return receipt requested ("**US Mail**"), addressed to each party as follows:

To Company:	Chicago Title Insurance Company Fresno Title Group 2540 W. Shaw Lane, Suite 112 Fresno, CA 93711 Attn: Laura Marquez, Commercial Title Officer Re: FWKN-5501800226-LM
To Indemnitor:	City of Arvin 200 Campus Drive Arvin, CA 93203 Attn: City Manager
With a copy to:	Aleshire & Wynder LLP 2440 Tulare Street, Suite 410 Fresno, CA 93721 Attn. Shannon Chaffin, City Attorney

or such other address as may be furnished in writing by a party, and such notice or communication shall, if properly addressed, be deemed to have been given (a) as of the date so delivered under delivery methods (i) or (ii) above, or (b) three (3) business days after deposit into the U.S. Mail.

b. **Severability.** If any term of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, then this Agreement, including all of the remaining terms, will remain in full force

and effect as if such invalid or unenforceable term had never been included.

c. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of California ("**State**"). If any legal action is necessary to enforce the terms and conditions of this Agreement, the parties agree that a court of competent jurisdiction in the State shall be the sole venue and jurisdiction for the bringing of such action**.**

d. **Attorney's Fees.** In the event of any litigation or other legal proceeding including, but not limited to, arbitration or mediation between the parties arising from this Agreement, the prevailing party will be entitled to recover, in addition to any other relief awarded or granted, its reasonable costs and expenses (including attorney's fees) incurred in the proceeding.

e. **Final Agreement.** This Agreement contains the entire understanding and agreement of the parties with respect to the subject matter of this Agreement and all prior or contemporaneous agreements, understandings, representations and statements shall be of no force or effect.

f. **Construction.** This Agreement shall be construed according to its fair meaning as if prepared by all parties to this Agreement. Headings used in this Agreement are provided for convenience only and shall not be used to construe meaning or intent.

g. **Partial Invalidity.** If any provision of this Agreement shall be held invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and each remaining provision of this Agreement shall continue as valid and enforceable.

h. **Interest.** Any amounts not paid when due shall bear interest thereon at four percent (4%) above the Reference Rate as charged by Bank of America as of the date such sum was advanced by or otherwise due to a party and continuing until it is repaid in full, but in no event, shall such rate of interest exceed the lesser of: (a) ten percent (10%) per annum, or (b) the maximum rate permitted by law ("**Interest**").

i. **Amendment or Modification.** Any modification or amendment of any provision of this Agreement must be in writing and bear the signature of the duly authorized representatives of both parties.

j. **No Waiver**. The failure of either party to enforce any term, covenant, or condition of this Agreement on the date it is to be performed shall not be construed as a waiver of that party's right to enforce this, or any other, term, covenant, or condition of this Agreement at any later date or as a waiver of any term, covenant, or condition of this Agreement.

INDEMNITOR EXECUTES THIS AGREEMENT BECAUSE OF THE BENEFITS DIRECTLY AND INDIRECTLY ACCRUING TO IT BY REASON OF THE ISSUANCE OF SAID POLICIES.

INDEMNITOR

CITY OF ARVIN, a municipal corporation

By: _____
Jose Gurrola, Mayor

Dated: _____, 2018

ATTEST:

By: _____
Cecilia Vela, City Clerk

APPROVED AS TO FORM

ALESHIRE & WYNDER, LLP

By: _____
Shannon Chaffin, City Attorney

CITY OF ARVIN
Staff Report

Meeting Date: August 21, 2018

TO:	City Council
FROM:	Jake Raper, City Planner Jerry Breckinridge, Interim City Manager
SUBJECT:	Public Hearing - Appeal of Planning Commission Approval of Conditional Use Permit 2017-Petro Lud - Stockton Project - Oil and Gas Exploratory and Production Well -APN 189-351-36 Southwest Corner of Sycamore Road and Meyer Street, Establishment of a Drill Pad No Larger than 400'-0" X 400'-0" and Four (4) Exploratory Well Sites Which May Be Converted Into Production Wells and Adoption of a Related CEQA Exemption Findings Pursuant to the California Environmental Quality Act.

RECOMMENDATION:
Staff recommends the City Council affirm the Planning Commission decision of May 30, 2018 conditionally approving Conditional Use Permit 2017-Petro Lud -Stockton Project - Oil and Gas Exploratory and Production Well -APN 189-351-36 Southwest Corner of Sycamore Road and Meyer Street, Establishment of a drill pad no larger than 400'-0" X 400'-0" and four (4) exploratory well sites which may be converted into production wells and adoption of a related CEQA exemption findings pursuant to the California Environmental Quality Act.

BACKGROUND:
The Planning Commission on May 30, 2018 conducted a public hearing on the above project. Per Staff's recommendation, the Planning Commission conditionally approved the project and adopted CEQA exemption findings pursuant to the California Environmental Quality Act and adopted Resolution No. APC 2018-10.

On May 31, 2018, the applicant and surrounding property owners were advised of the Planning Commission's action and provided a copy of the resolution, APC 2018-10 dated May 30 2018. Three appeals have been received regarding the Planning Commission Action from Mr. Isaac Ochoa dated June 12, 2018, Westminster Capital Inc. dated June 11, 2018, and Center on Race, Poverty and the Environment dated June 13, 2018. Mr. Isaac Ochoa's appeal was withdrawn.

The City Council on June 19, 2018 set the Public Hearing date of August 21, 2018. The City of Arvin Municipal Code, Section 17.54.130 Decisions - Granting or denial - Notice requires that the City provide notice by publication in newspaper, notice to surrounding property owners within 300 feet, and interested parties ten (10) days prior to the public hearing date.

The City published the Public Hearing Notice in the Bakersfield Californian and mailed the public hearing notice to the surrounding property owners within 300 feet and the appellants on August 11, 2018.

Letters of Appeal:
Attached are letters of appeal from Westminster Capital Inc. dated June 11, 2018 and from Center on Race, Poverty & Environment (CRPE) dated June 13, 2018.

In summary Westminster Capital Inc. appeal is based on the premise that the City did not comply with the requirements of the California Environmental Quality Act.

In summary CRPE appeal is based on the premise that the City violated provisions of the California Environmental Quality Act, the decision was made without sufficient due process; and the decision failed to comply with other laws and regulations.

Staff Report and Conditions of Approval - May 30, 2018:
Compliance With CEQA: Planning Commission Staff Report dated May 30, 2018 discussed in detail compliance with CEQA, pages 17 through 19, and the utilization of Section 15303 (New Construction or Conversion of Small Structures) as the appropriate environmental review and exemption for the proposed project. Furthermore, the staff report clearly establishes that none of the exceptions to Categorical Exemptions set forth in the CEQA Guidelines, section 15300.2 apply to the proposed project.

CEQA Guidelines:
Section 15303 - Class 3 consists of construction and location of limited numbers of new, small facilities or structures; installation of small new equipment and facilities in small structures; and the conversion of existing small structures from one use to another where only minor modifications are made in the exterior of the structure. The numbers of structures described in this section are the maximum allowable on any legal parcel. Examples of exemption include, **but are not limited to**: There are six (6) examples in which Subsection (c) a store, motel, office, restaurant or similar structure not involving the use of significant amounts of hazardous substances, and not exceeding 2500 square feet in floor area - most closely reflects the proposed project. The city staff has relied upon the Class 3 exemption in the preparation and documentation relating to the project in that the oil exploration and potential conversion to a permanent oil extraction of oil meets the criteria. The staff report further expands the discussion of compliance with city codes and incorporates design compliance to ensure that the operation complies with all conditions. The applicant has also submitted letter(s) as to why a Categorical Exemption (Class 3) is applicable.

Project Description:
The project description is clear and precise in that the applicant has requested four production Oil and Gas Exploratory and Production Well with the total proposed drill area is approximately 400’-0” X 400’-0” - refer to the Planning Commission Report dated May 30, 2018, pages 2 through 9.

Section 17.46 Oil and Gas Production contained Oil and Gas Operational Criteria that was reviewed and completed. The results of this review determined compliance with the requirements of the then City Code, pages 10 through 17.

Due Process:
The City did comply with all public noticing requirements for the project contrary to CRPE claim.

The Third Amendment to the Development Agreement with Westminster Capital, Inc. reaffirmed the requirement to provide a 4-acre site for mineral extraction, oil production, for the life of the Development Agreement which was established in 2003. The location of the 4-acre site could have been at any location within Tract 5816. The DA does not relieve a project applicant to comply with noticing requirements and compliance with city requirements when and where the mineral extraction project is proposed.

The City, contrary to CRPE statements, cannot require compliance with a pending or proposed code amendment. The City processed the application in compliance with the codes in effect at the time the application was filed. The Council's review of the appeals is based upon the same ordinance in effect at the time of the Planning Commission approval. As required by the Arvin Municipal Code, the Planning Commission's determination must be upheld unless there are at least three "no" votes from the City Council, as appropriately supported by the evidence and record.

ATTACHMENT(S)/EXHIBIT(S):

Attachment 1 - Planning Commission Approval - Resolution APC 2018-10 dated May 30,2018
Attachment 2 - Planning Commission Report dated May 30, 2018
Attachment 3 - Letter of Appeal - Westminster Capital Inc. dated June 11, 2018
Attachment 4 - Letter of Appeal - Center on Race, Poverty & Environment (CRPE) dated June 13, 2018
Attachment 5 - Excerpt from Title 17, Zoning, Section 17.54.130 Decisions - Granting or denial - Notice
Attachment 6 - City Council Report Dated June 19, 2018 setting Public Hearing Date of August 21, 2018
Attachment 7 - Public Hearing Notice - published in the Bakersfield Californian on August 11, 2018 and mailed to property owners within 300’-0” and appellants.
Attachment 8 - Letters received as of August 15, 2018.

Attachment: Att 1 - Reso APC 2018-10 CUP 2017-Petro Lud PC Mtg of 053018 (Public Hearing - Appeal Petro-Lud CUP)

RESOLUTION NO. APC 2018-10

A RESOLUTION OF THE CITY OF ARVIN PLANNING COMMISSION APPROVING CONDITIONAL USE PERMIT (CUP) 2017-PETRO-LUD – STOCKTON PROJECT - OIL AND GAS EXPLORATORY AND PRODUCTION WELL -APN 189-351-36 SOUTHWEST CORNER OF SYCAMORE ROAD AND MEYER STREET; ESTABLISHMENT OF A DRILL PAD NO LARGER THAN 400'-0" X 400'-0" AND FOUR (4) EXPLORATORY WELL SITES WHICH MAY BE CONVERTED INTO PRODUCTION WELLS AND ADOPTION OF A RELATED CEQA EXEMPTION FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT.

WHEREAS, the Planning Commission opened the public hearing on May 30, 2018 and has received testimony and other evidence at the meeting; and

WHEREAS, public notice for the public hearing was published in the Bakersfield Californian on May 19, 2018 and notices were mailed to individual property owners within 300-feet of the project site on May 17, 2018; and

WHEREAS, notice has been given in the time and in the manner required by State Law and City Code; and

WHEREAS, Staff has performed a preliminary environmental assessment of this project and have determined that it falls within the Categorical Exemption set forth in section 15303 (New Construction or Conversion of Small Structures) as the project consist of construction and location of limited numbers of new small facilities or structures, which are below the maximum amount allowed on the parcel. The proposed project will consist of four (4) exploratory well sites for a short period (approximately 120 days) and should permanent production wells occur the area utilized is approximately 250 square feet for each production well. Significant amounts of hazardous substances will not be used. Utility connections are available to serve the construction to the extent they are needed. Furthermore, Staff has determined that none of the exceptions to Categorical Exemptions set forth in the CEQA Guidelines, section 15300.2 apply to this project; and

WHEREAS, the Planning Commission of the City of Arvin desires to adopt a Class 3 Categorical Exemption for the Project pursuant to CEQA Guidelines section 15303, and approve Conditional Use Permit 2017 – Petro Lud subject to conditions set forth in Exhibit A.

NOW, THEREFORE, BE IT RESOLVED, by the Planning Commission of the City of Arvin as follows:

1. Recitals. The recitals set forth above are true and correct and incorporated herein by this reference.

2. CEQA. The Planning Commission finds and determines that the project falls within the Categorical Exemption set forth in CEQA Guidelines section 15303 (New Construction or

Conversion of Small Structures) as the project consist of construction and location of limited numbers of new small facilities or structures, which are below the maximum amount allowed on the parcel. The proposed project will consist of four (4) exploratory well sites for a short period of time (approximately 80 days, more or less, total) and should permanent production wells occur the area utilized is approximately 250 square feet for each production well. Significant amounts of hazardous substances will not be used. Utility connections are available to serve the construction to the extent they are needed.

In additional to lower traffic volumes, minimal foot traffic, etc., associated with the type of proposed use sought, the Planning Commission finds that the project contains several design features that serve to reduce its potential impact, compliance of which is required through conditions of approval. These include:

a. Small size. The actual footprint after drilling will be approximately 250 square feet per well, or 1,000 total feet. The drilling pad (E-W) (N-S) will measure approximately 400' x 400', and will include accessory structures to the wells. Three (3) tanks twenty-two (22'-0") feet in diameter and sixteen (16'-0") feet in height, a separator, gas flare, and a fence may be constructed should production be implemented.

b. Short duration. The exploratory drilling is a temporary activity – anticipated time period is less than 120 days. If resources are located in producible volumes, additional drilling (if any) to create production wells will be of a likewise temporary duration.

c. Regulatory compliance. The proposed exploratory petroleum oil and natural gas wells will adhere to permitting requirements, rules and regulations set forth by the San Joaquin Valley Air Pollution Control District; the California Department of Conservation, Division of Oil, Gas and Geothermal Resources (DOGGR); and the California Regional Water Quality Control Board (RWQCB), and the City of Arvin's Municipal Code Chapter 17.46 (Oil and Gas Production).

d. Noise restrictions. The project will comply with the requirements of Municipal Code Chapter 9.08 (Noise Disturbance Ordinance).

e. Light and glare. All outdoor lighting shall be hooded and directed as to not shine toward adjacent properties and public streets. All portable lighting, including lights located atop the drill rig, shall be pointed downward toward the base of the rig to minimize potential glare.

f. Air traffic safety. All drilling towers shall be marked and lighted in such a manner as to avoid potential safety hazards to aircraft application of herbicides and pesticides on adjacent farmlands.

g. Site restoration. When drilling operations are complete, the Applicant shall return the project site (as much as practical) to its original condition and all drilling equipment shall be removed within 90 days of termination of the drilling operations.

h. Odor and dust control. The project will not involve any process, equipment or materials which will be objectionable to persons living or working in the vicinity by reason of odor, fumes, dust, smoke, etc. Produced oil and muds will be appropriately contained, dust will be minimized by daily spraying during active operations, and any flare equipment will be maintained and used consistent with San Joaquin Valley Air Pollution Control District rules.

i. Cultural resources and human remains. In the event that cultural resources are unearthed during ground-disturbing activities, all work shall be halted in the area of the

Attachment: Att 1 - Reso APC 2018-10 CUP 2017-Petro Lud PC Mtg of 053018 (Public Hearing - Appeal Petro-Lud CUP)

find. An archeologist will be called to evaluate the findings and make any necessary mitigation recommendations. If human remains are unearthed during ground-disturbing activities, no further disturbance will occur until the Kern County Sheriff-Coroner has made the necessary findings as to origin and disposition. All normal evidence procedures should be followed by photos, reports, video, etc. If such remains are determined to be Native American, the Sheriff-Coroner must notify the Native American Commission within 24 hours.

j. Self-contained wastewater. Wastewater will be self-contained and serviced by a private company; no connection to the City's wastewater system is proposed.

k. No hazardous materials will be used. The project will not emit, transport, use or dispose of hazardous materials. No hazardous material will be used in the drilling mud system. All drilled cuttings will be separated from the mud system, de-watered and stored on the location until the drilling is completed, liquid waste (water from the drilling mud) will be re-used as needed in the mud system. The excess will be stored on the site until it is dewatered. All drilling fluids to be used during the drilling of the above referenced well will be the same drilling materials that are currently used in accordance with locally drilled agriculture wells. All cuttings and drilling fluids will be tested, dewatered and hauled off site to an approved non-hazardous drilling mud disposal site or spread on location if desired to build up location for production facilities or other purposes.

l. Fire code compliance and weed abatement. The operator will maintain weed abatement and brush clearance programs to reduce fire hazards to developed property in the immediate vicinity of vacant, undeveloped land, and comply with the applicable fire code.

m. Storm water discharge. The project will comply with National Pollution Discharge Elimination System (NPDES) regulations and permitting requirements to control direct storm water discharge, as well as applying any applicable Water Quality Management Plans and Best Management Practices (BMP).

n. Water well and septic system protections. Prior to commencing operations, all water wells and septic systems within the project area shall be properly destroyed by an appropriately-licensed contractor. Prior to destruction of any agricultural well, a sample of the uppermost fluid in the well column shall be checked for lubricating oil. Should lubricating oil be found in the well, the oil shall be removed from the well prior to placement of fill material for destruction.

o. Plugging and abandonment. If exploratory drilling is unsuccessful, all wells will be plugged and abandoned in compliance with the California Department of Conservation, Division of Oil, Gas and Geothermal Resources regulations.

p. Removal of drill rigs. Drill rigs removed after 90 days of completion of drilling well, unless it will be used for another well on site within 30 days.

q. Landscaping will be required around the perimeter of the site, outside of the surrounding fence or wall, so as screen equipment from public view. Pumping equipment height is also limited to 20 feet.

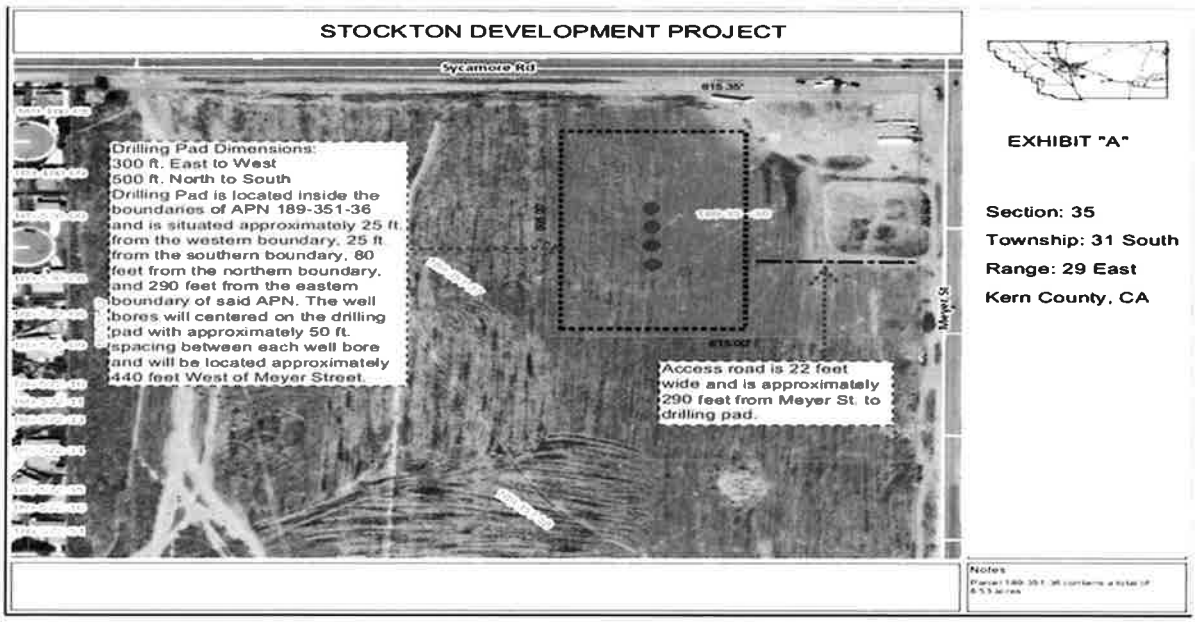
r. Other items set forth in the administrative record, including features required by the conditions of approval and set forth in the Operational Statement.

The Planning Commission further finds and determines that none of the exceptions to

Attachment: Att 1 - Reso APC 2018-10 CUP 2017-Petro Lud PC Mtg of 053018 (Public Hearing - Appeal Petro-Lud CUP)

Categorical Exemptions set forth in the CEQA Guidelines, section 15300.2 apply to this project. The location is in an undeveloped parcel, meeting all setback requirements, and the location is not of a particularly sensitive environment that would otherwise create a significant impact. Additionally, there are no unusual circumstances regarding cumulative impacts; no successive projects of the same type in the same location are proposed, nor would they be significant, and oil and gas operations of this sort are relatively uncommon in comparison with other types of more common uses. Likewise, there is not a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances. The project is also not located next to any scenic highway or resources, nor is located on a hazardous waste site which is included on any list compiled pursuant to Section 65962.5 of the Government Code. Finally, there are no structures on the site that could qualify as historical resources. No structures are proposed to be demolished, nor would the project have a significant adverse impact on a historic resource. For all the foregoing, including evidence in the administrative record, the Planning Commission of the City of Arvin adopts a Class 3 Categorical Exemption under CEQA Guidelines section 15303 (New Construction or Conversion of Small Structures).

3. Use Permit Approved. The Planning Commission approves Conditional Use Permit 2017 – Petro Lud, subject to the conditions as established in Exhibit A, within APN 189-351-36 in the location as generally depicted, 400' X 400', below.



4. Acceptance of Conditions. The property owner(s) and business owners(s) shall submit affidavits of acceptance of the conditions of approval for this project, including an acknowledgement that failure to comply with the conditions of approval shall constitute grounds for revocation or other enforcement, prior to Conditional Use Permit 2017 – Petro Lud becoming effective.

5. This Resolution shall become effective immediately.

Attachment: Att 1 - Reso APC 2018-10 CUP 2017-Petro Lud PC Mtg of 053018 (Public Hearing - Appeal Petro-Lud CUP)

EXHIBIT A
CONDITIONS OF APPROVAL
Conditional Use Permit No. 2017-Petro Lud
(CUP2017-Petro-Lud – Stockton Project - Oil and Gas Exploratory and Production Well - APN 189-351-36 Southwest Corner of Sycamore Road and Meyer Street; proposes the establishment of a drill pad no larger than 400'-0" X 400'-0" and four (4) exploratory well sites which may be converted into production wells)

NOTICE TO PROJECT APPLICANT

In accordance with the provisions of Government Code Section 66020(d)(1), the imposition of fees, dedication, reservations or exactions for this project are subject to protest by the project applicant at the time of approval or conditional approval of the development or within 90 days after the date of imposition of fees, dedications, reservation, or exactions imposed on the development project.

This notice does not apply to those fees, dedications, reservations, or exactions which were previously imposed and duly noticed; or, where no notice was previously required under the provisions of Government Code Section 66020(d)(1) in effect before January 1, 1997.

PART A - PROJECT INFORMATION

1. Assessor's Parcel No: 189-351-36
2. Street Location: Southwest Corner of Sycamore Road and Meyer Street, Arvin.
3. Existing Zoning: C-2 (General Commercial)
4. Planned Land Use: General Commercial
5. Project Description: Conditional Use Permit 2017 – Petro Lud requests authorization to permit four (4) Oil and Gas Exploratory and Production Wells (Stockton Project) on property located at the Southwest Corner of Sycamore Road and Meyer Street, a portion of APN 189-351-36. The proposed drilling area is no larger than 400'-0" X 400'-0."

PART B – GENERAL CONDITIONS AND REQUIREMENTS

The Planning Commission approved these conditions on May 30, 2018.

This project was environmentally assessed, and resulted in a Class 3 Categorical Exemption under CEQA Guidelines section 15303 (New Construction or Conversion of Small Structures).

IMPORTANT: PLEASE READ CAREFULLY

Please note that this project may be subject to a variety of discretionary conditions of approval. These include conditions based on adopted City plans and policies, those determined through site plan review and environmental assessment essential to mitigate adverse effects on the environment including the health, safety, and welfare of the community, and recommended

Attachment: Att 1 - Reso APC 2018-10 CUP 2017-Petro Lud PC Mtg of 053018 (Public Hearing - Appeal Petro-Lud CUP)

conditions for development that are not essential to health, safety, and welfare, but would on the whole enhance the project and its relationship to the neighborhood and environment.

Discretionary conditions of approval may be appealed. All code requirements, however, are mandatory and may only be modified by variance, provided the findings can be made.

All discretionary conditions of approval will ultimately be deemed mandatory unless appealed to the City Council within 15 days after the decision by the Planning Commission or 10 days after the mailing required notices (if any), whichever date is later.

In the event you wish to appeal the Planning Commission's decision or discretionary conditions of approval, you may do so by filing a written appeal with the City Clerk. The appeal shall include a statement of your interest in or relationship to the subject property, the decision or action appealed and specific reasons why you believe the decision or action appealed should not be upheld.

Approval of this conditional use permit shall be considered null and void in the event of failure by the applicant and/or the authorized representative, architect, engineer, or designer to disclose and delineate all facts and information relating to the subject property and the proposed development including, but not limited to, the following:

a. All existing and proposed improvements including but not limited to buildings and structures, signs and their uses, trees, walls, driveways, outdoor storage, and open land use areas on the subject property and all of the preceding which are located on adjoining property and may encroach on the subject property;

b. All public and private easements, rights-of-way and any actual or potential prescriptive easements or uses of the subject property; and,

c. Existing and proposed grade differentials between the subject property and adjoining property zoned or planned for residential use.

Approval of this use permit may become null and void in the event that development is not completed in accordance with all the conditions and requirements imposed on this use permit, the Zoning Ordinance, and all City Standards and Specifications. *This use permit is granted, and the conditions imposed, based upon the Operation Statement provided by the applicant. The Operation Statement is material to the issuance of this use permit. Unless the conditions of approval specifically require operation inconsistent with the Operation Statement, a new or revised use permit is required if the operation of this establishment changes or becomes inconsistent with the Operation Statement.* Failure to operate in accordance with the conditions and requirements imposed may result in revocation of the use permit or any other enforcement remedy available under the law. The City shall not assume responsibility for any deletions or omissions resulting from the use permit review process or for additions or alterations to any construction or building plans not specifically submitted and reviewed and approved pursuant to this use permit or subsequent amendments or revisions.

Attachment: Att 1 - Reso APC 2018-10 CUP 2017-Petro Lud PC Mtg of 053018 (Public Hearing - Appeal Petro-Lud CUP)

No uses of land, buildings, or structures other than those specifically approved pursuant to this use permit shall be permitted.

If a producing well is not secured upon land subject to such permit within twelve (12) months from the date of issuance of this use permit, or within any extended period thereof, this use permit shall expire and the premises shall be restored to their original condition as nearly as practicable to do so. The use permit shall not expire, however, while the permittee is continuously conducting drilling, redrilling, completing or abandoning operations, or related operations, in a well on lands covered by such permit, which operations were commenced while such use permit was otherwise in effect. Continuous operations are operations suspended not more than thirty (30) consecutive days. If at the expiration of such twelve (12) month period the permittee has not completed the drilling program on the lands covered by such permit, the planning commission, may upon a written request of permittee, extend the permit for the additional time requested by permittee for the completion of such drilling program. (Section 17.46.040(B).)[1]

These conditions are applicable to any person or entity making use of this use permit, whether identified as "permittee," "applicant," "operator," "developer," or is unnamed.

PART C – ADDITIONAL CONDITIONS

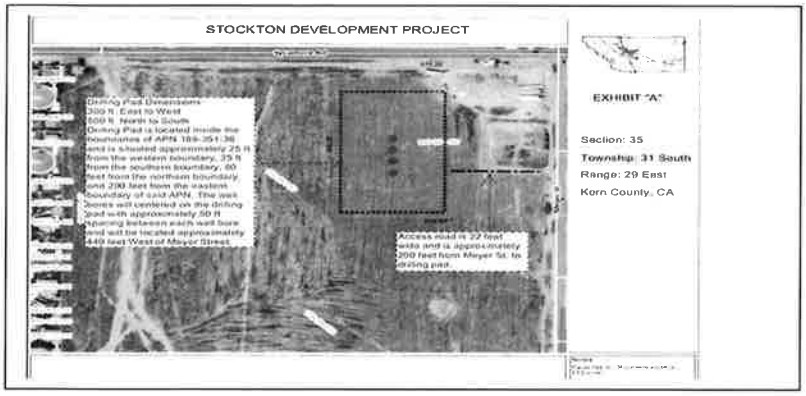
1. Approvals: The project shall be constructed and used in accordance with all approved plans, conditions of approval, and other required permits and approvals. All construction shall comply with applicable building codes.

2. Laws and Regulations: The use will comply with will all applicable laws and government regulations, including all applicable federal, state, and local laws, including those pertaining to hazardous materials, air and water quality, waste disposal, the Clean Water Act, the Clean Air Act, the Federal Water Pollution Control Act, the Solid waste Disposal Act, the Resource Conservation Recovery Act, the Resource Compensation and Liability Act, as well as the rules, regulations and ordinances of the Environmental Projection Agency, the California Division of Oil, Gas, and Geothermal Resources (DOGGR), the California Department of Health Services, the California Regional Water Quality Control Board, the San Joaquin Valley Air Pollution Control District, the City of Arvin's Municipal Code (including Chapter 17.46 – Oil and Gas Production), and any other applicable laws or regulations.

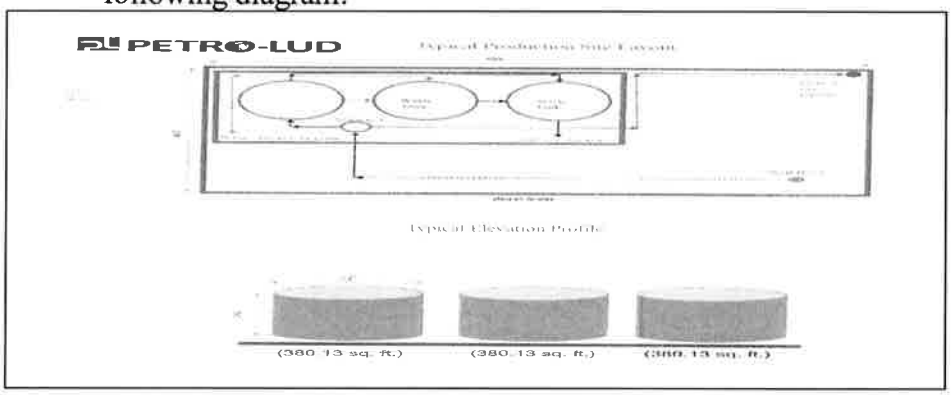
3. Location of Use: Application and operation shall be limited to the surface areas in APN 189-351-36, subject to the setbacks identified below, and generally depicted as an area 400'-0" X 400'-0" as illustrated below:

[1] All references are to the Arvin Municipal Code unless otherwise noted.

Attachment: Att 1 - Reso APC 2018-10 CUP 2017-Petro Lud PC Mtg of 053018 (Public Hearing - Appeal Petro-Lud CUP)



4. Typical Layout: Typical layout of facilities shall generally comply with the following diagram:



5. Setbacks: Location of oil or gas well shall be in the area approved, and under no conditions shall an oil or gas well be within 100 feet of any public highway one within 150 of any residence (Section 17.46.040 A-1). Additionally, the site shall be set back at least 235'-0" feet from the centerline of the City's right of way for Sycamore Street, and 165 feet from the centerline of the City's right of way Meyers Street, to allow for the potential commercial development.

6. Building Permits. If a grading plan is required by the Building Division, building permits will not be issued until the grading plan is approved by both the City Engineer and the Building Division.

7. Parking: All off-street parking and operations and staging shall be restricted to the drill pad area.

8. Fire and Safety Regulations: All operations must conform to all applicable fire and safety regulations and must coordinate and receive clearance or any required approvals from the Kern County Fire Department (Section 17.46.040 A-2). Adequate firefighting apparatus and supplies, approved by the Kern County Fire Department, shall be maintained on the drilling site at all times during drilling and production operations (Section 17.46.040 A-13). All drilling and production activities shall be subject to all fire and safety regulations as required by the Kern County Fire Department and DOGGR. Blowouts, fires, explosions and other life threatening or

Attachment: Att 1 - Reso APC 2018-10 CUP 2017-Petro Lud PC Mtg of 053018 (Public Hearing - Appeal Petro-Lud CUP)

environmental emergencies shall be reported immediately to the Kern County Fire Department, Arvin City Manager, or designee, and State Department of Conservation, Division of Oil, Gas and Geothermal Resources (DOGGR).

9. Signs. Signs shall be directional and warning signs and signs required for identification the well. (Section 17.46.040 A-3) Signs relating to drilling and/or production operations shall be limited to directional and warning signs, and signs for identification of wells and facilities as required by the Fire Code and DOGGR to ensure employee and public safety. Signs not related to said operations shall be subject to the provisions of Arvin Municipal Code.

10. Sanitary Facilities and Wastewater: Sanitary toilet and washing facilities shall be installed and maintained an a clean and sanitary condition at all times. The applicant shall provide proof that a private company will provide maintenance service (Section 17.46.040 A-4). Wastewater will be self-contained and serviced by a private company; no connection to the City's wastewater system is authorized.

11. Drilling Equipment Removal: Any derrick, boilers or other equipment used to drill any well hole or to repair, clean out, deepen or redrill any completed or drilling well, shall be removed within ninety (90) days after completion of such drilling, or after abandonment of any well, unless such derrick, boilers and drilling equipment are to be used, within a thirty (30) days, for the drilling of another well or wells on the premises (Section 17.46.040 A-6).

12. Sumps and Tanks: Earthen sumps are prohibited during production. (Section 17.46.040 A-11.) All produced liquid will be placed into tanks, which may be portable during the test period. No pipelines are proposed to carry away produced oil . Instead, any oil or gas will be produced into and shipped from tanks located on the premises. (Section 17.46.040 A-11.) If gas in producable volumes are located, pipelines may be used to carry away the produced gas.

During drilling operations, an earthen pit may be used for drilling mud and cuttings if consistent with DOGGR regulations and requirements. Liquid drilling mud and cuttings will be stored in the pit, which will be approximately 25'-0" wide by 125'-0" long at a depth of 1- 5 '-0". All material stored in the pit will be tested, and if determined hazardous will be disposed of properly as required by local, state and federal law. If determined to be non-hazardous, the materials may be dewatered and hauled off site to an approved non-hazardous drilling mud disposal site, or spread on location if necessary to build up location for production if such disposal is compliant with local, state and federal law. At the conclusion of drilling operations, and within ninety (90) days after any well has been placed in production or after its abandonment (whichever is sooner), the earthen pit and surrounding area shall be tested for hazardous materials, remediated to remove any hazardous materials consistent with local, state and federal requirements, filled, and the location returned to its original condition as reasonably possible and subject to other conditions related to landscaping, etc., in these conditions of approval. (Section 17.46.040 A-7.)

Attachment: Att 1 - Reso APC 2018-10 CUP 2017-Petro Lud PC Mtg of 053018 (Public Hearing - Appeal Petro-Lud CUP)

13. Flare: Unless otherwise mandated by a regulatory agency with jurisdiction, produced gas will be metered and then incinerated in a flare system utilizing an air induction line, continues pilot, and wind shroud to ensure complete combustion. All flares shall be shielded from adjacent properties and road rights-of-way.

14. Portable Derrick and Drilling: Any derrick used for servicing operations shall be of the portable type; provided, however, that upon presentation of proof that the well is of such depth or has such other characteristics, or for other cause, that a portable-type derrick will not properly service such well, the applicant may seek planning commission approval the use of a standard type of derrick (Section 17.46.040 A-9) The use of portable oil derrick is approved. There will not be more than one (1) drilling rig on location at a time. Drilling operations may take place 24 hours per day.

15. Bonding: Bonding shall be required in the amount of $500.00 per well as is required by Municipal Code Section 7.46.040 A-10. Additionally, operators are required to comply with DOGGR bonding and other requirements at all times, and proof of compliance with such bonding requirement must be submitted to the City prior to any drilling operations.

16. Commercial Uses: The proposed site is located on property zone C-2 (General Commercial). This use permit does not allow applicant the use of the proposed site for commercial purposes other than oil and gas exploratory and production wells as noted in the Project Description and conditioned herein. However, recognizing that drilling, redrilling, re-working, abandonment, maintenance or other equipment is typically required on site on a temporary basis for relatively short durations, portions of the site are authorized - at the applicant's discretion - to be used for commercial parking or similar uses under the following conditions:

a. Prior to use of a portion of the site as a commercial use, the commercial use on APN 189-351-36 must obtain all required City approvals and permits.
b. The applicant/operator shall designate a specific location for the secondary commercial use, which must be approved during the permitting process for the commercial use; or if no permits are pending, by the City's Community Development Department Planning Division.
c. Any incidental commercial use shall be secondary and subservient to the use authorized by this use permit.
d. No permanent structure shall be erected within the area of the project site for the commercial use which will inhibit or restrict drilling, redrilling, re-working, abandonment, maintenance or other equipment used for the site. Paved parking lots, sidewalks, landscaping, irrigation systems, etc., are not permanent structures.
e. A covenant, in a form acceptable to the City, shall be recorded against the commercial property requiring compliance with subsection (a-d) prior to commercial use of a portion of the project site.

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If a covenant is recorded as required by subsection (e), and if the specific location for the commercial use is approved by the City, then conditions herein requiring landscaping and fencing/walls around the project site may be reduced to encompass just the location where commercial uses will not occur. Applicant will still be responsible for litter, debris and weed control for the entire site, will still be responsible for securing the portion of the site where commercial uses will not occur, and is still required to ensure that parking for the permitted use occur on site.

17. Landscaping: Landscaping will be required around the perimeter of the site, outside of the surrounding fence or wall, so as screen equipment from public view (Section 17.46.040 A-11). All facilities shall be landscaped as approved by the Community Development Department Planning Division. Proposed landscaping and irrigation system shall be submitted for review and approval within 60 days of completion of the first well. Landscaping shall be installed within 60 days of approval by the City, or when permanent opaque fencing or walls must be installed, and must be maintained as approved by the City.

18. Deliveries: Except in case of emergency, no materials, equipment, tools or pipe used for either drilling or production operations shall be delivered to or removed from the drilling site, except between the hours of eight (8) a.m. and eight (8) p.m. of any day (Section 17.46.040 A- 12) unless otherwise mandated by DOGGR or other regulatory authority with jurisdiction.

19. Truck Routes: Vehicles in excess of three tons shall be restricted to those public roads specified as Truck Routes as established by the City of Arvin's Circulation Element, primarily Sycamore Street and Meyer Road.

20. Notification of Emergencies: In cases of fires, blowouts, explosions and other emergencies the applicant must promptly contact and notify the Kern County Fire Department, Arvin City Manager or designee, and DOGGR.

21. Pumping Operations: Pumping wells shall be operated by electric motors or muffled internal combustion engines, and the height of all pumping units shall be not more than twenty (20) feet.

22. Maintenance of Equipment: All permanent equipment shall be painted and kept in neat condition unless otherwise required by a regulatory agency having jurisdiction over the equipment or otherwise recommended by the manufacturer to keep the equipment in safe and operating condition. All producing operations shall be as free from noise as possible with modern oil operations (Section 17.46.040 A-14). Should the oil and gas operation go into production, all permanent equipment must kept in neat condition and maintained.

23. Noise: The project shall comply with the requirements of Municipal Code Chapter 9.08 (Noise Disturbance Ordinance). During the drilling operation, 2-500 horsepower main rig engines and 1-1000 hp pump engine with industrial mufflers with

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some (1- 2) auxiliary 50hp. engines is permitted. The use shall utilize technological improvements generally accepted and used in drilling and production methods capable of reducing factors of nuisance and annoyance (Section 17.46.040 A-5).

24. Lighting: Unless otherwise mandated by DOGGR or other agency with regulatory jurisdiction, all outdoor lighting shall be hooded and directed as to not shine toward adjacent properties and public streets. All portable lighting, including lights located atop the drill rig, shall be pointed downward toward the base of the rig to minimize potential glare. All drilling towers shall be marked and lighted in such a manner as to avoid potential safety hazards to aircraft application of herbicides and pesticides on adjacent farmlands.

25. Dust and odors: The project shall not use any process, equipment or materials which will be objectionable to persons living or working in the vicinity by reason of odor, fumes, dust, smoke, etc. Produced oil and muds must contained. The use shall comply with all regulations of the San Joaquin Valley Air Pollution Control District (Regulation VIII) concerning dust suppression during construction of the project. Methods include, but are not limited to; use of water or chemical stabilizer/suppressants to control dust emission from disturbed area, stock piles, and access ways; covering or wetting materials that are transported off-site; limit construction-related speed to 15 mph on all unpaved areas/washing of construction vehicles before they enter public streets to minimize carryout/track out; and cease grading and earth moving during periods of high winds (20 mph or more).

26. Litter and Debris: The site must be kept weed, litter and brush free at all times. A weed abatement and brush clearance maintenance program will be implemented to reduce fire hazards to developed property in the immediate vicinity of vacant, undeveloped land, and comply with the applicable fire code and DOGGR requirements.

27. Secured Site; Fencing and Walls: Operations at the site must be secured at all times. The drilling pad / site shall be fenced or walled prior to commencement of drilling or other operations. (Section 17.46.040 A-15). Fence or wall height must be a minimum of six (6') feet in height. Razor wire is prohibited. Temporary chain link fencing, with an opaque material to obscure view, is permitted until six (6) months after the completion of activities related to the drilling. Thereafter, permanent opaque fencing or walls must be installed around the site, and coated with an anti-graffiti paint or solution. Any graffiti must be removed within 2 (two) business days.

28. Site Access: Site access must be off of Meyer Street; no access from Sycamore Road shall be permitted. Encroachment permit application and approval from the City Engineer for the access road to the drill site from Meyer Street is required. The access from Meyer Street shall be a temporary access road of approximately 22'-0" wide and shall be surfaced with materials to prevent dust and shall be maintained to prevent rutting along the access road. Temporary improvements shall be required to ensure that the Meyer Street roadway will not be

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damaged by the oil and gas operations. Once the oil and gas operations are completed, the temporary road access improvements shall be removed and restored to original condition as near as reasonably possible, unless the applicant and surface right owners obtain approval from the Community Development Department Planning Division. Should operations cause damage to Meyer Road or other City facilities, the operator or use permit holder(s) shall be responsible for the complete cost of repair of the damage.

29. Site Restoration: When drilling operations are complete, the applicant shall return the project site (as much as practical and subject to other conditions related to landscaping, etc., in these conditions) to its original condition as near as reasonably possible.

30. Hazardous Materials: The transport, use or disposal of hazardous materials is prohibited. No hazardous material will be used in the drilling mud system. All drilled cuttings will be separated from the mud system, de-watered and stored on the location until the drilling is completed, liquid waste (water from the drilling mud) will be re-used as needed in the mud system. The excess will be stored on the site until it is dewatered. All drilling fluids to be used during the drilling of the above referenced well will be the same drilling materials that are currently used in accordance with locally drilled agriculture wells. All cuttings and drilling fluids will be dewatered and hauled off site to an approved non-hazardous drilling mud disposal site or spread on location if desired to build up location for production facilities or other purposes.

31. Unauthorized Release of Petroleum Products, Etc.: Any unauthorized releases of petroleum, produced water, or hazardous materials in a reportable amount resulting from use of the site shall be promptly reported as required by applicable federal, state or local law or regulation, and shall report the same to the City in four (4) business days. The applicant/operator shall immediately determine the source of the release, undertake any repairs or procedures to ensure that the release has stopped, and promptly remediate any unauthorized release consistent with federal, state and local requirements.

If petroleum, produced water, or hazardous materials in a reportable amount are discovered present in the soil, water or groundwater at or immediately adjacent to the site, then the applicant/operator shall report the same to the City within four (4) business days after having received a complaint or obtained knowledge of the same, and shall report as required by applicable federal, state or local law or regulation. Applicant/operator shall immediately investigate the source of such alleged release. If the use of the site is responsible for such release, then the applicant/operator shall promptly determine the source of the release, undertake any repairs or procedures to ensure that the release has stopped, and promptly remediate any unauthorized release consistent with federal, state and local requirements.

Applicant/operator shall submit monthly written updates to the Community Development Planning Department until any unauthorized release on the site or attributable to the applicant/operator is remediated consistent with federal, state and local requirements, and the applicant/operator provides acceptable documentation (such as clearance from DOGGR) of the same to the City.

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32. Reporting Requirements: In addition to reporting unauthorized releases, the applicant/operator shall provide the City with any of any notice, claim or allegation of a violation, or proceeding regarding the same, received from any federal, state, or local governmental agency. Applicant/operator shall submit monthly written updates regarding the status of the same to the Community Development Planning Department, including the final determination.

33. Storm Water Discharge. The project shall comply with National Pollution Discharge Elimination System (NPDES) regulations and permitting requirements to control direct storm water discharge, as well as applying any applicable Water Quality Management Plans and Best Management Practices (BMP).

34. Water Wells and Septic Tanks: Prior to commencing operations, all water wells and septic systems within the project area shall be properly destroyed by an appropriately-licensed contractor. Prior to destruction of any agricultural well, a sample of the uppermost fluid in the well column shall be checked for lubricating oil. Should lubricating oil be found in the well, the oil shall be removed from the well prior to placement of fill material for destruction.

35. Undocumented Oil or Gas Wells: In the event a previously undocumented oil or gas well is uncovered or discovered on the project, the operator shall promptly inform DOGGR and comply with DOGGR requirements.

36. Human Remains: If human remains are discovered during grading or construction activities, work would cease pursuant to Section 7050.5 of the California Health and Safety Code. If human remains are identified on the site at any time, work shall stop at the location of the find and the Kern County Coroner shall be notified immediately, and the local Native American community shall be notified immediately, as required by Section 7050.5 of the California Health and Safety Code and Section 5097.98 of the California Public Resource Code.

37. Cultural Resources: If unrecorded cultural resources are located during development of the site, work must halt in the vicinity and the finds must be assessed by a qualified archaeologist. Any recommendations made by the qualified archaeologist shall be completed by the developer prior to commencement of the development.

38. Abandonment: All wells will be plugged and abandoned in compliance with the California Department of Conservation, Division of Oil, Gas and Geothermal Resources regulations. Proof of DOGGR approval of the request to abandon shall be provided to the City prior to abandonment. The applicant shall provide the location of all structures (above and below ground) proposed to be removed or to remain in place, as well as the exact location of all wells (including distances from boundaries) along with the DOGGR well name and number. If any contamination is known, the type and extent shall also be provided to the City, along with the proposed remedial actions to the level of detail that can be assessed through environmental review. Prior to

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abandonment, approval from the Community Development, Planning Division must be obtained regarding measures proposed to be used to prevent or reduce nuisance effects (e.g., dust, fumes, glare, noise, odor, smoke, traffic congestion, vibration, etc.) and to prevent danger to life and property.

39. Rights Run with the Land: Unless otherwise conditioned, this approval runs with the land and may continue under successive owners provided all provisions are satisfied.

40. Fees and Costs: Prior to commencing use under this conditional use permit, the applicant shall pay, in full, all fees and costs required for the processing of the use permit or otherwise required by any applicable City of Arvin resolution or ordinance. If a deposit has been made with the City, and is inadequate, the applicant shall pay any remaining balance(s) within thirty (30) days of being invoiced by the City.

41. Indemnity, Defense and Hold Harmless: The applicant, operator, and/or property owner ("Applicant" herein) agrees to indemnify, defend, and hold harmless the City of Arvin, its officers, agents, employees, departments, commissioners and boards ("City" herein) against any and all liability, claims, actions, causes of action or demands whatsoever against them, or any of them, before administrative or judicial tribunals of any kind whatsoever, in any way arising from, the terms and provisions of this application, including without limitation any CEQA approval or any related development approvals or conditions whether imposed by the City, or not, except for City's sole active negligence or willful misconduct. This indemnification condition does not prevent the Applicant from challenging any decision by the City related to this project and the obligations of this condition apply regardless of whether any other permits or entitlements are issued.

42. The City Manager or designee shall have the authority to review and make minor changes or modifications to conditions and may approve minor changes that enhance the operational and environmental conditions of the project. The City Manager or designee shall advise the Planning Commission of minor changes or modifications.

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I HEREBY CERTIFY that the foregoing resolution was passed and adopted by the Planning Commission of the City of Arvin at a special meeting thereof held on the 30th day of May, 2018 by the following vote:

AYES: PC Rivera, PC Martinez, VC Zavala, Chair Trujillo

NOES: _____

ABSTAIN: _____

ABSENT: PC Tinoco

ATTEST

CECILIA VELA, City Clerk

ARVIN PLANNING COMMISSION

By: _____
OLIVIA TRUJILLO, Chairperson

APPROVED AS TO FORM:

By: _____
SHANNON CHAFFIN, City Attorney
Aleshire & Wynder, LLP

I, _____, Secretary of the Planning Commission of the City of Arvin, California, DO HEREBY CERTIFY that the foregoing is a true and accurate copy of the Resolution passed and adopted by the Planning Commission of the City of Arvin on the date and by the vote indicated herein.

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CITY OF ARVIN
Agenda Report

Meeting Date: May 30, 2018

TO:	**Planning Commission**
FROM:	**Jake Raper, City Planner – Contract Planner JAS Consultants**
SUBJECT:	City of Arvin CUP2017-Petro-Lud – Stockton Project - Oil and Gas Exploratory and Production Well -APN 189-351-36 Southwest Corner of Sycamore Road and Meyer Street; proposes the establishment of a drill pad approximately 300'-0" X 500'-0" and four (4) exploratory well sites which may be converted into production wells and adoption of a related CEQA exemption findings pursuant to the California Environmental Quality Act.

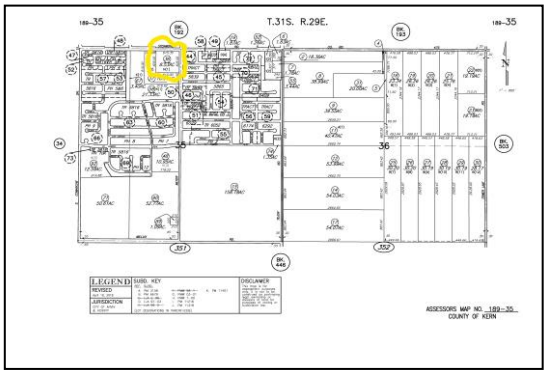
RECOMMENDATION

Staff recommends that the Planning Commission adopt Resolution conditionally approving CUP2017-Petro-Lud – Stockton Project - Oil and Gas Exploratory and Production Well - APN 189-351-36 Southwest Corner of Sycamore Road and Meyer Street; proposes the establishment of a drill pad approximately 300'-0" X 500'-0" and four (4) exploratory well sites which may be converted into production wells and adoption of a related CEQA exemption findings pursuant to the California Environmental Quality Act.

Applicant: Petro-Lud, Inc.; 1311 Calaveras Park Drive, Bakersfield, CA 93311, Clayton Ludington, President/CE)

I. BACKGROUND

The applicant is requesting approval of a Conditional Use Permit (CUP) 2017- Petro-Lud, to permit four (4) Oil and Gas Exploratory and Production Wells (Stockton Project) on property located at the Southwest Corner of Sycamore Road and Meyer Street, Portion of APN 189-351-36. The proposed drilling area is approximately 300'-0" X 500'-0" and is located approximately 80'-0' South of Sycamore Road and 290'-0" from the east property line, west of Meyer Street, 25'-0" from the westerly property line and 25'-0" from the southerly



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property line. (Note: See Section 17.46.040 A-1 Complies with separating requirements from roadways and residence of 100 feet from road ways and 150 feet from residence(s). The proposed drill pad northern location may be modified to have a minimum of 175'-0" from the centerline of Sycamore Road which would allow a commercial development fronting along Sycamore Road.

Staff in the distribution of the project, identified that the applicant's request that included both exploratory and production for Oil and Gas. The applicant's request is being proposed to the Planning Commission for both exploratory and production. The City's Zoning Ordinance, Chapter 17.46 Oil and Gas Production establishes specific criteria for the establishment of exploratory and production of Oil and Gas. The application was analyzed for compliance and the conclusion of this analysis found that the proposed operation complies with all establishedcriteria of the code.

The proposed Oil and Gas exploratory and projection operation is within a portion of Tract 5816 which was approved in 1996 and subsequently development agreement for the 360 acre tract was approved between the project sponsor, Sycamore Villas, Inc., in 2003. Subsequently, the development agreement was amended at various times by new interested and vested owners for the subdivision and development. The latest amendment was in May 2018 between the City and Westminster Capital LLC. The development agreement contains the requirement that the developer set aside 4 one-acre sites for Oil and Gas exploratory and production:

> Section 3.4. Processing of Phases. Each phase of the Project shall be carried out pursuant to an appropriate Parcelization filed …with Government Code Section 66436. **Furthermore, the Developer agrees to designate approximately four (4) acres to be used for drill and well site for the exploration and production of minerals together with access rights. Such four acres shall be in a location or locations determined by the Developer within the Project. Such four acres may be in one contiguous block or in two blocks of approximately two acres each. Such drill pad sites may be located within designated parks to the extent use of the facility is permitted by law and said use does not pose a restriction of the intended use of the facilities and does not result in additional costs to City. Provided the applicant satisfies all other appropriate conditions, the City shall approve Conditional Use Permit(s) necessary to permit oil, gas and mineral exploration and extraction within such designated drill pad sites. The City shall refrain from approving, extending or otherwise permitting any Conditional Use Permit or other form of approval or permit for surface right access to explore or extract minerals except in such Developer designated drill pad sites.**

Petro-Lud Inc., has proposed an approximate 4 acre drill pad on the C-2 General Commercial zoned land currently owned by Westminster Capital LLC. The proposed exploratory and production drill pad and location of the actual drilling of the wells meets the criteria as established in Chapter 17.46 Oil and Gas Production. The application identifies that the area of the application is for APN's 189-351-36, -37, -58. However, the application identifies that the proposed operations will be only located on APN 189-351-36 which is zoned C-2 General Commercial, and staff recommends that the use permit be limited to just APN 189-351-36. The application and proposed operation avoids the properties that have tentative maps for residential development.

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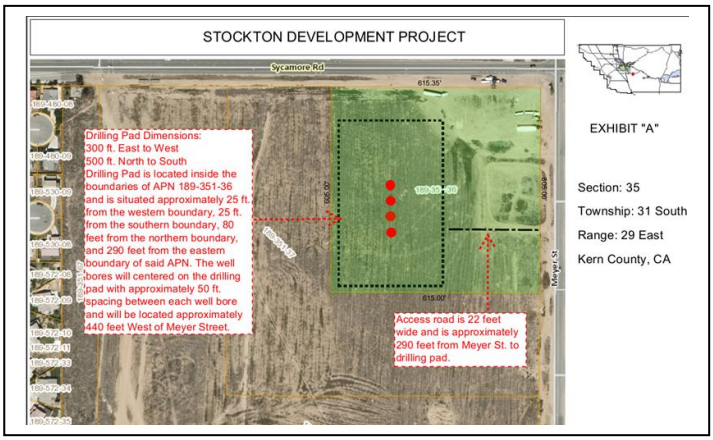
II. Description of Project:

Outline of the Operation by Applicant – ***Additional clarity is added by Staff and noted by italicized text.***
Operational Statement Checklist Development Services Division Planning and Resource Management Department For Petro-Lud, Inc. 1311 Calaveras Park Drive, Bakersfield, CA, 93311 For Stockton Development Projects - SEC. 35, T31S, R29E, City of Arvin, Kern County, Californian, APN: 189-351-36, 189-351-37, 189-351-58

<u>Outline of the Project Operation</u>:

The nature of this project is to temporarily move in a portable drilling rig and drill exploration wells for the accumulation of oil and gas ("Project" or "Proposed Project"). If oil and gas is found in commercial quantities, casing will be installed and the well(s) will be completed, the drilling rig will be removed from the site and a smaller completion rig will be moved in and the well(s) completed.

A new drilling pad will be built in the Northeast Quarter of the Northwest Quarter of Section 35. The drilling pad (E-W) (N-S) will measure approximately 300' x 500' and the actual footprint after drilling will be approximately 250 square feet per well. Access to the location will be a 22-foot-wide access road to be constructed with entry from Meyer Street and extending to the drilling pad and production facilities if oil is found in commercial quantities, ***Exhibit A.***



For each well drilled a temporary well cellar (8' x 8' x 6' - 64 sq. ft.) will be built and conductor pipe will be cemented at the well location to a depth of 80 feet +/- 1 ft. This preliminary work will require four to six days of daylight activity. A mobile drilling rig ***(Figure 1 and 2 – typical mobile drilling rig)*** will be set up for the drilling of each well. There will not be more than 1 drilling rig on location at a time. The move in and rigging-up should take approximately two days per well. (Note: See Section 17.46.040 A-9- Mobile drilling rig is proposed, mobile drilling rig to be removed within the time limits per Section 17.46.040 A-6 – 30 days).

City of Arvin CUP2017-Petro-Lud – Oil and Gas Exploratory and Productio
Figure 1- Typical Oil and Gas Exploratory Well Rig

Actual drilling time is estimated to take approximately 20 days or less per well. The total estimated timeframe to drill all 4 locations would be less than 120 drilling days or less

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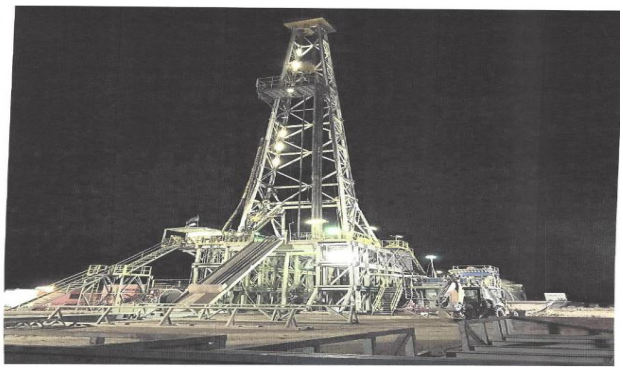
if they were drilled simultaneously. Drilling is a continuous 24 hours per day operation and the drilling crew consists of five men +/- working twelve-hour (12) shifts, two shifts per day.

Figure 2 – Photograph of a similar operation setup – night time view.



They will be supported by the rig company owner/CEO of Petro-Lud, Inc. No hazardous material will be used in the drilling mud system. All drilled cuttings will be separated from the mud system, de-watered and stored on the location until the drilling is completed, liquid (water from the drilling mud) will be re-used as needed in the mud system. The excess will be stored on the site until it is dewatered. All drilling fluids to be used during the drilling of the above referenced well will be the same drilling materials that are currently used in accordance with locally-drilled agriculture wells. Thereafter, all cuttings and drilling fluids will be dewatered and hauled off site to an approved non-hazardous drilling mud disposal site or spread on location if desired to build up location for production facilities or other purposes.

If exploratory drilling is unsuccessful, all wells will be plugged and abandoned in compliance with the rules and regulations of the California Department of Conservation, Division of Oil, Gas and Geothermal Resources ("DOGGR"). The drilling rig and all of the equipment will be removed from the site. The temporary cellar will be removed and the site and access road will be cleaned up and returned to as close to original condition as reasonably possible.

If the well has good oil and gas shows, the drilling rig will run steel casing in the well. The casing will be cemented. Fresh water zones will be protected with cement as required by the DOGGR rules and regulations. Typically, a smaller, portable completion rig will be used instead of the drilling rig to complete the well. It may also be required to run logs, perforate oil/gas sands, perform tests and run tubing.

If the well is expected to produce primarily oil, it will be produced into portable tanks during an initial test period. The capacity of the well will be estimated at that time and permanent facilities will be designed based on expected capacity and installed shortly thereafter. The time required for initial testing of an oil well is not expected to exceed six months. (Note: See Section 17.46.040 A-7 and A-8 – if the well is placed on production **no** earthen sumps shall be used for the storage of petroleum).

If the well is expected to produce primarily natural gas or associated gas with oil, it will be produced through a portable separator scrubber system and flared. The produced gas will be metered and then incinerated in a flare system utilizing an air induction line, continuous pilot, and wind shroud to ensure complete combustion. The capacity of the well will be estimated at this time and permanent facilities will be designed based on the expected capacity and installed shortly thereafter. The time required for initial testing of a gas well is not expected to exceed six months by the DOGGR rules and regulations. If there is a sufficient volume of gas available on a regular basis, it will be transported by pipeline to a nearby gas purchaser, flared or eventually reinjected into in the production formation to maintain reservoir pressure.

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If the well achieves Oil in paying quantities it will be trucked from the site. (Note: See Section 17.46.11 – screening and landscaping to be required if permeant facilities are utilized.) Oil It is anticipated that one or two trucks per day may be needed at first, but the frequency will increase or decrease as the oil production rate is established. Water hauling may require only one truck per week at the outset, but well testing will determine this. A company operator will monitor the well on a daily basis to ensure that the operation continues as required. Producing operations will continue as long as it is profitable. It is our hope that the economic life of the well will be twenty years or longer.

When drilling operations are complete, the Applicant shall return the project site (as much as practical) to its original condition and all drilling equipment shall be removed within ninety (90) days of termination of the drilling operations, unless the equipment will be used for another well on site within 30 days. (Note: See Section 17.46.040 A-6 – Complies with time limits for removal 30 days and has proposed 90 days for reuse at a different location – Planning Commission has the authority to approve or modify the length of time for reuse and move to a different location.)

Operational time limits:

(*There will not be more than 1 drilling rig on location at a time. The move in and rigging-up should take approximately two days per well. Actual drilling time is estimated to take approximately 20 days or less per well. The total estimated timeframe to drill all 4 locations would be approximately 80 drilling days or less if they were drilled simultaneously. Drilling is a continuous 24 hours per day operation and the drilling crew consists of five men +/- working twelve hour shifts, two shifts per day. They will be supported by the rig company owner/CEO of Petro-Lud, Inc)*. The drilling rig, **Exhibit A,** will operate 24 hours per day, 7 days a week until drilling is completed per well. The completion rig will operate +/- 12 hours per day for 2-4 days per well.

Number of customers or visitors:

During an average day while drilling and subsequently while completing the well, if commercial production is encountered, there will be an average 6-10 workers on site with 10-12 other workers temporarily arriving and going with various supplies and activities. The frequency of large trucks at the site will be minimal after the rig is set up and drilling begins. These trucks will enter the site occasionally after drilling begins. These visits will average only two trips per day during this period. Most of the large trucks will be used to move the drilling rig and the equipment at the beginning and at the end of the drilling project. The trucks are needed during drilling only for special operations such as setting surface casing, cementing and logging. Visits by automobiles and pickup trucks may run about ten per day. They will involve crew shift changes, mud loggers, engineers and deliveries of small expendable items to the rig and company representatives.

Number of employees:

Please see the answer above in “Number of Customer visitors”.

Service and delivery vehicles:

It will take +/- 30 tractor and trailer loads of equipment to erect the drilling rig with 5-10 tractor

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and trailer loads of various equipment and supplies moving in and out over every 24-hour period.

Access to the site

Site will be accessed from Meyer Street.

Parking:

The drill site will be bladed and on a flat field. It is 300' x 500' in size. Temporary parking will not be a problem. (Note: All parking shall be located within the drill pad area; actual site size may be reduced by conditions.)

Goods on sale:

There are no goods for sale.

Equipment used:

Please see the answer above in "Outline of the Project Operation".

Supplies:

Diesel fuel will be on site for fuel to run the drilling rig. The diesel will be stored in tanks specifically designed to contain diesel with a secondary containment bin. Other various non-hazardous products to formulate drilling fluids will also be on location to allow the well to be drilled. The drilling fluids products will be in dry bagged form and miscellaneous buckets of products. The formulated drilling fluid will be in above ground steel tanks (mud pits). Various steel casings and tubular products will also be on location, which will be used in the drilling and completion of the well.

Noise & Appearance:

The project will comply with the requirements of Municipal Code Chapter 9.08 (Noise Disturbance Ordinance). During the drilling operation, noise will only consist of the running of approximately 2-500 horsepower main rig engines and 1-1000hp pump engine with industrial mufflers with some (+1- 2) auxiliary 50hp. engines. The noise of these engines will not be noticeable outside the boundaries of the location. Glare and odor will not be a problem.

The project will not involve any process, equipment or materials which will be objectionable to persons living or working in the vicinity by reason of odor, fumes, dust, smoke, etc. Produced oil and muds will be appropriately contained, dust will be minimized by daily spraying during active operations, and any flare equipment will be maintained and used consistent with San Joaquin Valley Air Pollution Control District ("Air District") rules.

A weed abatement and brush clearance maintenance program will be implemented to reduce fire hazards to developed property in the immediate vicinity of vacant, undeveloped land, and comply with the applicable fire code and the CADOGGR requirements.

Air Quality & Odors:

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The proposed exploratory petroleum oil and natural gas wells will adhere to permitting requirements, rules and regulations set forth by the Air District; DOGGR; and the California Regional Water Quality Control Board ("RWQCB"), and the City of Arvin's Municipal Code, Chapter 17.46, Oil and Gas Production

The project will not create objectionable odors and will comply with the Air District Rules. Such compliance will reduce any air quality impacts of the proposed project to a less than significant level.

Solid & Liquid Cuttings:

The project will not emit, transport, use or dispose of hazardous materials. No hazardous material will be used in the drilling mud system. During the drilling of the well, approximately 1500 barrels or 300 yards or 1- 400 tons of solid cuttings will be brought out of the well and stored in a pit 25' wide by 150' long by 1- 5' deep. The cuttings will be analyzed when drilling is completed for hazardous content. Historical analysis of cuttings to date indicates that cuttings are non-hazardous. Therefore, assuming the non-hazardous analysis applies for the Stockton development well(s), the cuttings alone with the drilling mud will be hauled off to a disposal site or spread on location if necessary to build up the location for production facilities. In addition to the cuttings themselves, approximately 1500 barrels of liquid drilling mud will be produced during the drilling of the well. This liquid too, will be analyzed, and if found non-hazardous as 99.9% of the drilling mud water samples are, this material will be dewatered and hauled off site to an approved non-hazardous drilling mud disposal site or spread on location if necessary to build up location for production facilities. Any and all wastes found to be hazardous will be hauled off to a certified and approved California hazardous waste disposal site.

Estimated water:

It is estimated during the course of the drilling operation, approximately 500 barrels of water per day will be used during the drilling of the well. This water will be used to manufacture the drilling fluid and to make cement, which will be used to cement the outside of the casing(s). And, if the well is deemed to be a dry hole, the water will be utilized to formulate cement to place abandonment cement plugs in the hole in accordance with the rules and regulations of DOGGR. Water will be purchased offsite and trucked in when needed to replenish the onsite water tank.

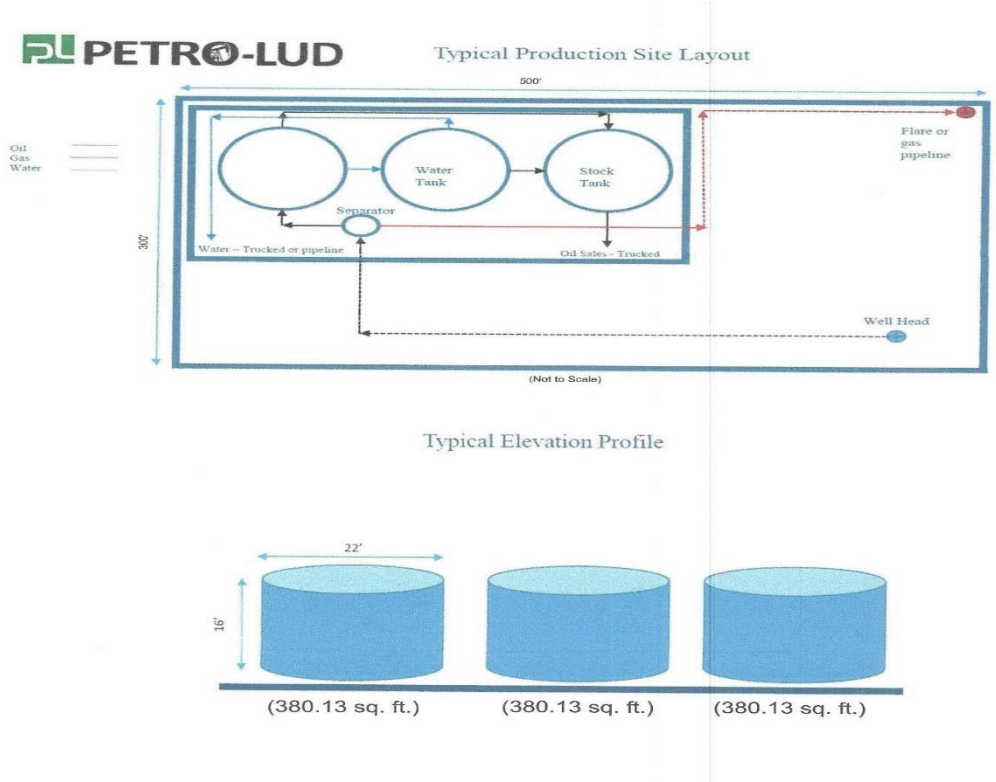
Wastewater will be self-contained and serviced by a private company; no connection to the City of Arvin's wastewater system is proposed. (Note: See Section 17.46.040 A-4 – Complies with requirements for wastewater to be self-contained and serviced by a private company – the project will be conditioned to have suitable and adequate sanitary toilet and washing facilities on-site and proof of continued maintenance from a private company.)

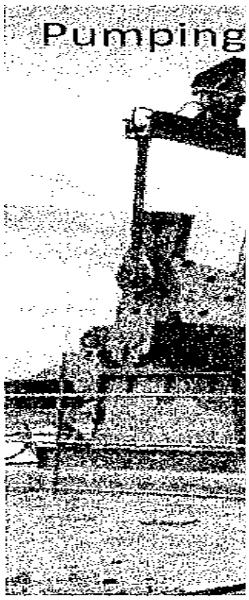
Advertising:

No advertising will exist other than the rig number sign at Myer St location entrance or if a permanent facility is built, a well sign(s). (Note: See Section 17.46.040 A-3 – Complies with signage identified and complies with the requirement).

Buildings:

No existing buildings will be used, nor will any buildings be constructed for this temporary drilling operation. However, if our efforts are successful, we will install a permanent tank battery and proper separation and processing system as are normally associated with oil and gas producing wells, see attached **Exhibit "B".** (Updated May 17, 2018)





Lighting/ Sound:

The rig and location will be lit during the night for working operations by hooded portable and temporary lights that will be focused on the rig and drilling location, and all portable lighting shall be pointed downward toward the base of the rig to minimize potential glare. All outdoor lighting shall be hooded and directed as to not shine toward adjacent properties and public streets.

There will not be any sound amplifications systems.

All drilling towers shall be marked and lighted in such a manner as to avoid potential safety hazards to aircraft application of herbicides and pesticides on adjacent farmlands.

Landscaping:

Since this is a temporary situation, no landscaping or fencing is proposed. However, if oil or gas is found in commercially profitable amounts, we will fence the 300' x 500' location with 8' privacy fence and razor ribbon.

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Additional information:

The Proposed Project will adhere to permitting rules and regulations set forth by the Air District, DOGGR, the RWQCB, and the Chapter 17.46 of the City of Arvin Municipal Code, Oil & Gas Production.

In the event that cultural resources are unearthed during ground-disturbing activities, all work shall be halted in the area of the find. An Archaeologist will be called to evaluate the findings and make any necessary mitigation recommendations. If human remains are unearthed during ground-disturbing activities, no further disturbance will occur until the Kern County Sheriff-Coroner has made the necessary findings as to origin and disposition. All normal evidence procedures should be followed by photos, reports, video, etc. If such remains are determined to be Native American, the Sheriff-Coroner must notify the Native American Commission within 24 hours.

The project will comply with the National Pollution Discharge Elimination System ("NPDES") regulations and permitting requirements to control direct storm water discharge, as well as applying any applicable Water Quality Management Plans and Best Management Practices ("BMPs").

Prior to commencing operations, all water wells and septic systems within the project area shall be properly destroyed by an appropriately-licensed contractor. Prior to destruction of any agricultural well, a sample of the uppermost fluid in the well column shall be checked for lubricating oil. Should lubricating oil be found in the well, the oil shall be removed from the well prior to placement of fill material for destruction.

III. General Plan and Zoning Compliance:

The project site has a General Plan Land Use Designation of General Commercial and is Zoned C-2 General Commercial. See Figures 3 and 4.

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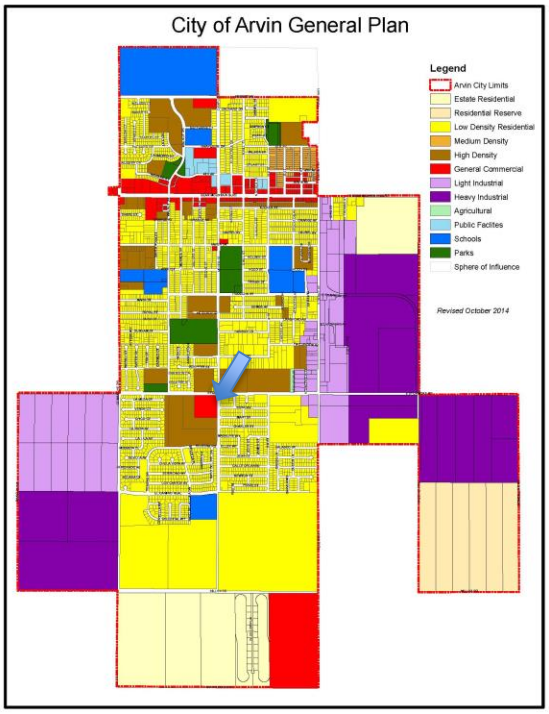

Figure 3 – General Plan Land Use Diagram

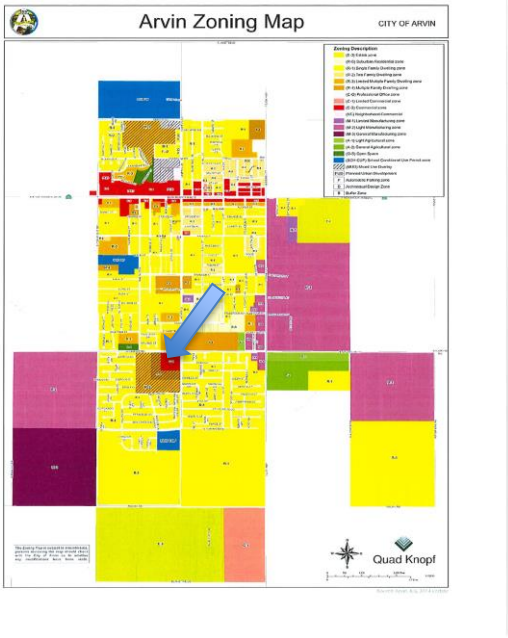

Figure 4 – Zoning Map

CONDITIONAL USE PERMIT – CHECK LIST FOR OIL AND GAS OPERATIONAL CRITERIA – TITLE 17 ZONING – Chapter 17.46 - OIL AND GAS PRODUCTION:

In late December 2017, Planning Staff requested that the applicant review and verify that the proposed oil and gas exploratory and production operations comply Section 17.46.040 Drilling – Conditional Use permit requirements. Section 17.46.040, Subsection A establishes that a Conditional Use Permit is required in a variety of zone districts, including the C-2 General Commercial Zone. Section 17.46.040 (A) establishes that a Conditional Use Permit public hearing may be waived if the surface right owners within 300 feet of the proposed site consent in writing. The surface right owners have not provided a written consent; therefore, the CUP is required, Attachment -Chapter 17.46 Oil and Gas Production. Section 17.46.040 establishes that all drilling and producing operations shall conform to subsections (A) (1) through (A) (10) inclusive, as set forth in this section and one or more of subsections (A) (11) through (A) (15) of this section. The applicant may request a waiver of one (1) or more of such conditions if it finds that such waiver will not result in material detriment to the public welfare or to the property of other persons located in the vicinity thereof. The applicant has not requested waivers of the criteria.

Staff has reviewed the Operational Statement Checklist prepared by the applicant and compare the proposed project with the requirements of Section 17.46.040 Drilling – Conditional Use Permits. The following review has shown compliance with the City's requirements and the

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proposed oil and gas exploratory and production operation.

17.46.040 - Drilling—Conditional use permit requirements.

In the R-1 one-family dwelling zone, R-2 two-family dwelling zone, R-3 limited multiple-family dwelling zone, R-4 multiple-family dwelling zone, R-S suburban residential zone, E estate zone, E-1 estate zone, E-2 estate zone, E-3 estate zone, E-4 estate zone, E-5 estate zone, C-O professional office zone, N-C neighborhood commercial zone, C-1 restricted commercial zone, **C-2 general commercial zone,** PUD (planned unit development) zone, A-1 (light agricultural) zone, and any unzoned territory, the following conditions shall apply: ***(NOTE: The project site, southwest corner of Sycamore Road and Meyer Street, APN 189-351-36, is General Planned General Commercial and is zoned C-2, General Commercial.)***

A. No person, firm or corporation shall conduct the drilling of any well hole or holes for the exploration for, development and production of oil, gas and other hydrocarbon substances, or install any equipment structures and facilities incidental thereto, in or upon lands within the zones specified in this section without first having applied for and obtained, by payment of the fee provided by this chapter, a conditional use permit from the planning commission to do so. No plant for the refining of petroleum products from such operation shall be permitted under this chapter. The procedure for filing of applications, investigation, notices, public hearings, findings and appeal shall be the same as provided for variances, in Chapter 17.50, Variances, Modifications and Zone Changes except that the planning commission may waive public hearing if all the owners of surface rights within three hundred (300) feet of the proposed site consent in writing. (Note: Waiver by surface right owners was not received) Such permit shall provide that all drilling and producing operations ***shall conform to subsections (A) (1) through (A) (10) inclusive***, as set forth in this section ***and one or more of subsections (A) (11) through (A) (15) of this section***, inclusive if applicable and determined as set forth in this section; except that upon request of the applicant, at or subsequent to the time the permit is issued, the planning commission, by specific action in each instance, may waive any one (1) or more of such conditions if it finds that such waiver will not result in material detriment to the public welfare or to the property of other persons located in the vicinity thereof:

1. That no oil or gas well shall be drilled within one hundred (100) feet of any public highway or within one hundred and fifty (150) feet of any residence constructed prior to the commencement of such drilling, without the written consent of the owner thereof;

STAFF REVIEW AND COMMENT: THIS CONDITION HAS BEEN MET. THE DRILL AREA IS PROPOSED TO BE APPROXIMATELY 300'-0" X 500'-0" AND WITHIN 80'-0" FROM SYCAMORE ROAD. THE CLOSEST PROPOSED DRILLING PAD TO MEYER STREET IS APPROXIMATELY 250'-0". CONDITIONS HAVE BEEN IMPOSED TO REQUIRED THE SITE TO HAVE A SETBACK OF AT LEAST 175' FROM THE CENTER LINE OF SYCAMORE ROAD TO ALLOW FOR THE OPPORTUNITY TO HAVE COMMERCIAL DEVELOPMENT ALONG THE FRONTAGE ALONG SYCAMORE ROAD. THE PROPOSED OPERATION IS MORE THAN 150'-0" FROM ANY RESIDENCE.

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2. That all drilling and producing operations shall conform to all applicable fire and safety regulations;

   STAFF REVIEW AND COMMENT: THIS REQUIREMENT HAS BEEN MET. THE CONDITIONS OF APPROVAL REQUIRE THAT ALL OPERATIONS MUST CONFORM TO ALL APPLICABLE FIRE AND SAFETY REGULATIONS AND MUST COORDINATE AND RECEIVE CLEARANCE OR ANY REQUIRED APPROVALS FROM THE KERN COUNTY FIRE DEPARTMENT (SECTION 17.46.040 A-2). ADEQUATE FIREFIGHTING APPARATUS AND SUPPLIES, APPROVED BY THE KERN COUNTY FIRE DEPARTMENT, SHALL BE MAINTAINED ON THE DRILLING SITE AT ALL TIMES DURING DRILLING AND PRODUCTION OPERATIONS (SECTION 17.46.040 A-13). ALL DRILLING AND PRODUCTION ACTIVITIES SHALL BE SUBJECT TO ALL FIRE AND SAFETY REGULATIONS AS REQUIRED BY THE KERN COUNTY FIRE DEPARTMENT AND DOGGR. BLOWOUTS, FIRES, EXPLOSIONS AND OTHER LIFE THREATENING OR ENVIRONMENTAL EMERGENCIES SHALL BE REPORTED IMMEDIATELY TO THE KERN COUNTY FIRE DEPARTMENT, ARVIN CITY MANAGER, OR DESIGNEE, AND STATE DEPARTMENT OF CONSERVATION, DIVISION OF OIL, GAS AND GEOTHERMAL RESOURCES (DOGGR).

3. That no signs, other than directional and warning signs and those required for identification of the well shall be constructed, erected, maintained or placed on the premises or any part thereof except those required by law or ordinance to be displayed in connection with the drilling or maintenance of the well;

   STAFF REVIEW AND COMMENT: THIS REQUIREMENT HAS BEEN MET. THE PROJECT IS CONDITIONED TO REQUIRE THAT SIGNS SHALL BE DIRECTIONAL AND WARNING SIGNS AND SIGNS REQUIRED FOR IDENTIFICATION THE WELL. (SECTION 17.46.040 A-3) SIGNS RELATING TO DRILLING AND/OR PRODUCTION OPERATIONS SHALL BE LIMITED TO DIRECTIONAL AND WARNING SIGNS, AND SIGNS FOR IDENTIFICATION OF WELLS AND FACILITIES AS REQUIRED BY THE FIRE CODE AND DOGGR TO ENSURE EMPLOYEE AND PUBLIC SAFETY. SIGNS NOT RELATED TO SAID OPERATIONS SHALL BE SUBJECT TO THE PROVISIONS OF ARVIN MUNICIPAL CODE.

4. That suitable and adequate sanitary toilet and washing facilities approved by the city health department, shall be installed and maintained in a clean and sanitary condition at all times;

   STAFF REVIEW AND COMMENT: THIS REQUIREMENT HAS BEEN MET. THE PROJECT IS CONDITIONED TO REQUIRE THAT WASTEWATER WILL BE SELF-CONTAINED AND SERVICED BY A PRIVATE COMPANY. THE PROJECT IS CONDITIONED TO REQUIRE HAVING SUITABLE AND ADEQUATE SANITARY TOILET AND WASHING FACILITIES ON-SITE AND PROOF OF CONTINUED MAINTENANCE FROM A PRIVATE COMPANY.

5. That proven technological improvements generally accepted and used in drilling and production methods shall be adopted as they may become from time to time available if capable of reducing factors of nuisance and annoyance;

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STAFF REVIEW AND COMMENT: THIS REQUIREMENT HAS BEEN MET. THE PROJECT HAS BEEN CONDITIONED TO PROHIBIT NUISANCES, INCLUDING NOISE AND OTHER RESTRICTIONS TO REDUCE NUISANCE AND ANNOYANCE. THE PROJECT SHALL COMPLY WITH THE REQUIREMENTS OF MUNICIPAL CODE CHAPTER 9.08 (NOISE DISTURBANCE ORDINANCE). DURING THE DRILLING OPERATION, 2-500 HORSEPOWER MAIN RIG ENGINES AND 1-1000 HP PUMP ENGINE WITH INDUSTRIAL MUFFLERS WITH SOME (1- 2) AUXILIARY 50HP. ENGINES IS PERMITTED. THE USE SHALL UTILIZE TECHNOLOGICAL IMPROVEMENTS GENERALLY ACCEPTED AND USED IN DRILLING AND PRODUCTION METHODS CAPABLE OF REDUCING FACTORS OF NUISANCE AND ANNOYANCE (SECTION 17.46.040 A-5).

6. That the derrick, all boilers and all other drilling equipment used pursuant to this section to drill any well hole or to repair, clean out, deepen or redrill any completed or drilling well, shall be removed within ninety (90) days after completion of such drilling, or after abandonment of any well, unless such derrick, boilers and drilling equipment are to be used, within a reasonable time limit determined by the planning commission, for the drilling of another well or wells on the premises;

STAFF REVIEW AND COMMENT: THIS REQUIREMENT HAS BEEN MET. THE PROJECT HAS BEEN CONDITIONED TO REQUIRE ANY DERRICK, BOILERS OR OTHER EQUIPMENT USED TO DRILL ANY WELL HOLE OR TO REPAIR, CLEAN OUT, DEEPEN OR REDRILL ANY COMPLETED OR DRILLING WELL, SHALL BE REMOVED WITHIN NINETY (90) DAYS AFTER COMPLETION OF SUCH DRILLING, OR AFTER ABANDONMENT OF ANY WELL, UNLESS SUCH DERRICK, BOILERS AND DRILLING EQUIPMENT ARE TO BE USED, WITHIN A THIRTY (30) DAYS, FOR THE DRILLING OF ANOTHER WELL OR WELLS ON THE PREMISES (SECTION 17.46.040 A-6).

7. That after any well has been placed on production **no** earthen sumps shall be used for the storage of petroleum;

STAFF REVIEW AND COMMENT: THIS REQUIREMENT HAS BEEN MET. THE PROPOSED USED HAS BEEN CONDITIONED SUCH THAT EARTHEN SUMPS ARE PROHIBITED DURING PRODUCTION. (SECTION 17.46.040 A-11.) ALL PRODUCED LIQUID WILL BE PLACED INTO TANKS, WHICH MAY BE PORTABLE DURING THE TEST PERIOD. NO PIPELINES ARE PROPOSED TO CARRY AWAY PRODUCED OIL OR GAS. INSTEAD, ANY OIL OR GAS WILL BE PRODUCED INTO AND SHIPPED FROM TANKS LOCATED ON THE PREMISES. (SECTION 17.46.040 A-11.)

DURING DRILLING OPERATIONS, AN EARTHEN PIT MAY BE USED FOR DRILLING MUD AND CUTTINGS IF CONSISTENT WITH DOGGR REGULATIONS AND REQUIREMENTS. LIQUID DRILLING MUD AND CUTTINGS WILL BE STORED IN THE PIT, WHICH WILL BE APPROXIMATELY 25'-0" WIDE BY 125'-0" LONG AT A DEPTH OF 1- 5 '-0". ALL MATERIAL STORED IN THE PIT WILL BE TESTED, AND IF DETERMINED HAZARDOUS WILL BE DISPOSED OF PROPERLY AS REQUIRED BY LOCAL, STATE AND FEDERAL LAW. IF DETERMINED TO BE NON-HAZARDOUS, THE MATERIALS MAY BE DEWATERED AND HAULED OFF SITE TO AN APPROVED NON-HAZARDOUS DRILLING MUD DISPOSAL SITE, OR SPREAD ON LOCATION IF NECESSARY TO BUILD UP LOCATION FOR PRODUCTION IF SUCH DISPOSAL IS COMPLIANT WITH LOCAL, STATE

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AND FEDERAL LAW. AT THE CONCLUSION OF DRILLING OPERATIONS, AND WITHIN NINETY (90) DAYS AFTER ANY WELL HAS BEEN PLACED IN PRODUCTION OR AFTER ITS ABANDONMENT (WHICHEVER IS SOONER), THE EARTHEN PIT AND SURROUNDING AREA SHALL BE TESTED FOR HAZARDOUS MATERIALS, REMEDIATED TO REMOVE ANY HAZARDOUS MATERIALS CONSISTENT WITH LOCAL, STATE AND FEDERAL REQUIREMENTS, FILLED, AND THE LOCATION RETURNED TO ITS ORIGINAL CONDITION AS REASONABLY POSSIBLE AND SUBJECT TO OTHER CONDITIONS RELATED TO LANDSCAPING, ETC., IN THESE CONDITIONS OF APPROVAL. (SECTION 17.46.040 A-7.)

8. That within ninety (90) days after any well has been placed in production or after its abandonment, earthen sumps used in drilling or production or both, unless such sumps are to be used within a reasonable time limit determined by the planning commission for the drilling of another well or wells, shall be filled and the drilling site restored as nearly as practicable to a uniform grade;

   STAFF REVIEW AND COMMENT: THIS REQUIREMENT HAS BEEN MET. (SEE COMMENTS TO #7, ABOVE, WHICH IS INCORPORATED.)

9. That any derrick used for servicing operations shall be of the portable type; provided, however, that upon presentation of proof that the well is of such depth or has such other characteristics, or for other cause, that a portable-type derrick will not properly service such well, the planning commission may approve the use of a standard type of derrick;

   STAFF REVIEW AND COMMENT: THIS REQUIREMENT HAS BEEN MET. THE PROPOSED USE HAS BEEN CONDITIONED TO REQUIRE THAT ANY DERRICK USED FOR SERVICING OPERATIONS SHALL BE OF THE PORTABLE TYPE; PROVIDED, HOWEVER, THAT UPON PRESENTATION OF PROOF THAT THE WELL IS OF SUCH DEPTH OR HAS SUCH OTHER CHARACTERISTICS, OR FOR OTHER CAUSE, THAT A PORTABLE-TYPE DERRICK WILL NOT PROPERLY SERVICE SUCH WELL, THE APPLICANT MAY SEEK PLANNING COMMISSION APPROVAL THE USE OF A STANDARD TYPE OF DERRICK (SECTION 17.46.040 A-9) THE USE OF PORTABLE OIL DERRICK IS APPROVED. THERE WILL NOT BE MORE THAN ONE (1) DRILLING RIG ON LOCATION AT A TIME.

10. That prior to the drilling, redrilling or deepening of any well, the permittee shall file with the city clerk, a satisfactory corporate surety bond in favor of the city in the sum of five hundred dollars ($500.00) per well or two thousand-five hundred dollars ($2,500.00) for five (5) or more wells, executed by such permittee as principal and by an authorized surety company as surety, conditioned that the principal named in the bond shall faithfully comply with all the provisions of this section in drilling, redrilling, or deepening any well or wells covered by the bond, and shall secure the city against all losses, charges and expenses incurred by it to obtain such compliance by the principal named in the bond;

    STAFF REVIEW AND COMMENT: THIS REQUIREMENT HAS BEEN MET. THE PROJECT IS CONDITIONED TO BE REQUIRED TO SUBMIT THE REQUIRED BONDS, WHICH SHALL BE REQUIRED PRIOR TO OPERATION. THE APPLICANT SHALL BE REQUIRED TO

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PROVIDE PROOF OF COMPLIANCE WITH THE ADDITIONAL BONDING REQUIREMENTS MANDATED BY DOGGR PRIOR TO OPERATION.

One or more of subsections (A) (11) through (A) (15) of this section, inclusive if applicable and determined as set forth in this section; except that upon request of the applicant, at or subsequent to the time the permit is issued, the planning commission, by specific action in each instance, may waive any one (1) or more of such conditions if it finds that such waiver will not result in material detriment to the public welfare or to the property of other persons located in the vicinity thereof:

(Applicant has not requested waiver of criteria A-11 through A-15.)

11. That all oil or gas produced shall be carried away by pipelines or, if produced into and shipped from tanks located on the premises, such tanks shall be surrounded by shrubs or trees, planted and maintained so as to develop attractive landscaping and insofar as practicable, screen such tanks from public view;

STAFF REVIEW AND COMMENT: THIS REQUIREMENT HAS BEEN MET. NO PIPELINES ARE PROPOSED TO CARRY AWAY PRODUCED OIL OR GAS. INSTEAD, ANY OIL OR GAS WILL BE PRODUCED INTO AND SHIPPED FROM TANKS LOCATED ON THE PREMISES. (SECTION 17.46.040 A-11.) THE PROJECT HAS BEEN CONDITIONED TO REQUIRE LANDSCAPING AROUND THE PERIMETER OF THE SITE, OUTSIDE OF THE SURROUNDING FENCE OR WALL, SO AS SCREEN EQUIPMENT FROM PUBLIC VIEW (SECTION 17.46.040 A-11). ALL FACILITIES SHALL BE LANDSCAPED AS APPROVED BY THE COMMUNITY DEVELOPMENT DEPARTMENT PLANNING DIVISION. PROPOSED LANDSCAPING AND IRRIGATION SYSTEM SHALL BE SUBMITTED FOR REVIEW AND APPROVAL WITHIN 60 DAYS OF COMPLETION OF THE FIRST WELL. LANDSCAPING SHALL BE INSTALLED WITHIN 60 DAYS OF APPROVAL BY THE CITY, OR WHEN PERMANENT OPAQUE FENCING OR WALLS MUST BE INSTALLED, AND MUST BE MAINTAINED AS APPROVED BY THE CITY. ADDITIONALLY, THE DRILLING PAD / SITE SHALL BE FENCED OR WALLED PRIOR TO COMMENCEMENT OF DRILLING OR OTHER OPERATIONS. (SECTION 17.46.040 A-15). FENCE OR WALL HEIGHT MUST BE A MINIMUM OF SIX (6') FEET IN HEIGHT. RAZOR WIRE IS PROHIBITED. TEMPORARY CHAIN LINK FENCING, WITH AN OPAQUE MATERIAL TO OBSCURE VIEW, IS PERMITTED UNTIL SIX (6) MONTHS AFTER THE COMPLETION OF ACTIVITIES RELATED TO THE DRILLING. THEREAFTER, PERMANENT OPAQUE FENCING OR WALLS MUST BE INSTALLED AROUND THE SITE, AND COATED WITH AN ANTI-GRAFFITI PAINT OR SOLUTION. ANY GRAFFITI MUST BE REMOVED WITHIN 2 (TWO) BUSINESS DAYS

12. That, except in case of emergency, no materials, equipment, tools or pipe used for either drilling or production operations shall be delivered to or removed from the drilling site, except between the hours of eight (8) a.m. and eight (8) p.m. of any day;

STAFF REVIEW AND COMMENT:
THIS REQUIREMENT HAS BEEN MET. THE PROJECT IS CONDITIONED SUCH THAT, EXCEPT IN CASE OF EMERGENCY, NO MATERIALS, EQUIPMENT, TOOLS OR PIPE USED FOR EITHER DRILLING OR PRODUCTION OPERATIONS SHALL BE DELIVERED TO OR

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REMOVED FROM THE DRILLING SITE, EXCEPT BETWEEN THE HOURS OF EIGHT (8) A.M. AND EIGHT (8) P.M. OF ANY DAY (SECTION 17.46.040 A- 12) UNLESS OTHERWISE MANDATED BY DOGGR OR OTHER REGULATORY AUTHORITY WITH JURISDICTION.

13. That adequate firefighting apparatus and supplies, approved by the city fire department, shall be maintained on the drilling site at all times during drilling and production operations;

STAFF REVIEW AND COMMENT:
THIS REQUIREMENT HAS BEEN MET. SEE RESPONSE TO ITEM # 2, ABOVE, WHICH IS INCORPORATED.

14. That pumping wells shall be operated by electric motors or muffled internal combustion engines, and the height of all pumping units shall be not more than twenty (20) feet. All permanent equipment shall be painted and kept in neat condition. All producing operations shall be as free from noise as possible with modern oil operations;

STAFF REVIEW AND COMMENT: THIS REQUIREMENT HAS BEEN MET. THE PROJECT HAS BEEN CONDITIONED TO REQUIRE PUMPING WELLS BE OPERATED BY ELECTRIC MOTORS OR MUFFLED INTERNAL COMBUSTION ENGINES, AND THE HEIGHT OF ALL PUMPING UNITS SHALL BE NOT MORE THAN TWENTY (20) FEET. ADDITIONALLY, ALL PERMANENT EQUIPMENT IS REQUIRED TO BE PAINTED AND KEPT IN NEAT CONDITION UNLESS OTHERWISE REQUIRED BY A REGULATORY AGENCY HAVING JURISDICTION OVER THE EQUIPMENT OR OTHERWISE RECOMMENDED BY THE MANUFACTURER TO KEEP THE EQUIPMENT IN SAFE AND OPERATING CONDITION. ALL PRODUCING OPERATIONS SHALL BE AS FREE FROM NOISE AS POSSIBLE WITH MODERN OIL OPERATIONS (SECTION 17.46.040 A-14). SHOULD THE OIL AND GAS OPERATION GO INTO PRODUCTION, ALL PERMANENT EQUIPMENT MUST KEPT IN NEAT CONDITION AND MAINTAINED. THE PROJECT SHALL COMPLY WITH THE REQUIREMENTS OF MUNICIPAL CODE CHAPTER 9.08 (NOISE DISTURBANCE ORDINANCE). DURING THE DRILLING OPERATION, 2-500 HORSEPOWER MAIN RIG ENGINES AND 1-1000 HP PUMP ENGINE WITH INDUSTRIAL MUFFLERS WITH SOME (1- 2) AUXILIARY 50HP. ENGINES IS PERMITTED. THE USE SHALL UTILIZE TECHNOLOGICAL IMPROVEMENTS GENERALLY ACCEPTED AND USED IN DRILLING AND PRODUCTION METHODS CAPABLE OF REDUCING FACTORS OF NUISANCE AND ANNOYANCE (SECTION 17.46.040 A-5).

15. That the drilling site shall be fenced or landscaped as prescribed by the planning commission.

STAFF REVIEW AND COMMENT: THIS REQUIREMENT HAS BEEN MET. SEE COMMENTS TO #11, ABOVE, WHICH IS INCORPORATED.

B. If a producing well is not secured upon land subject to such permit within twelve (12) months from the date of issuance of such permit, or within any extended period thereof, the permit shall expire and the premises shall be restored to their

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original condition as nearly as practicable to do so. No permit shall expire, however, while the permittee is continuously conducting drilling, redrilling, completing or abandoning operations, or related operations, in a well on lands covered by such permit, which operations were commenced while such permit was otherwise in effect. For the purposes of this chapter, continuous operations are operations suspended not more than thirty (30) consecutive days. If at the expiration of such twelve (12) month period the permittee has not completed his drilling program on the lands covered by such permit, the planning commission, may upon a written request of permittee, extend the permit for the additional time requested by permittee for the completion of such drilling program.

STAFF REVIEW AND COMMENT: THIS REQUIREMENT HAS BEEN MET. THE PROPOSED USE HAS BEEN CONDITIONED WITH THIS REQUIREMENT.

C. No person, firm or corporation shall conduct or maintain any existing oil or gas production operations unless the same complies with all of the fifteen (15) conditions provided for in subsection A of this section for the issuance of a conditional use permit; except that, upon application, the planning commission by specific action in each instance may waive any one (1) or more of conditions of subsections (A) (11) through (A) (15) if it finds that such waiver will not result in material detriment to the public welfare or to the property of other persons located in the vicinity thereof.

STAFF REVIEW AND COMMENT: THIS REQUIREMENT HAS BEEN MET. ALL 15 CONDITIONS HAVE BEEN MET BY THE PROPOSED USE AS CONDITIONED AS NOTED ABOVE, AND THE APPLICANT HAS NOT REQUESTED ANY WAIVERS.

IV. ENVIRONMENTAL CONSIDERATIONS:

Staff has performed a preliminary environmental assessment of this project and have determined that it falls within the Categorical Exemption set forth in section 15303 (New Construction or Conversion of Small Structures) as the project consist of construction and location of limited numbers of new small facilities or structures, which are below the maximum amount allowed on the parcel. The proposed project will consist of four (4) exploratory well sites for a short period (approximately 120 days) and should permanent production wells occur the area utilized is approximately 250 square feet for each production well. Significant amounts of hazardous substances will not be used. Utility connections are available to serve the construction to the extent they are needed. Furthermore, Staff has determined that none of the exceptions to Categorical Exemptions set forth in the CEQA Guidelines, section 15300.2 apply to this project.

In additional to lower traffic volumes, minimal foot traffic, etc., associated with the type of proposed use sought, the project contains several design features that serve to reduce its potential impact, compliance of which is required through conditions of approval. These include:

a. Small size. The actual footprint after drilling will be approximately 250 square feet per well, or 1,000 total feet. The drilling pad (E-W) (N-S) will measure approximately 300' x 500', and will include accessory structures to the wells. Three (3)

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tanks twenty-two (22'-0") feet in diameter and sixteen (16'-0") feet in height, a separator, gas flare, and a fence may be constructed should production be implemented.

b. Short duration. The exploratory drilling is a temporary activity – anticipated time period is less than 120 days. If resources are located in producible volumes, additional drilling (if any) to create production wells will be of a likewise temporary duration.

c. Regulatory compliance. The proposed exploratory petroleum oil and natural gas wells will adhere to permitting requirements, rules and regulations set forth by the San Joaquin Valley Air Pollution Control District; the California Department of Conservation, Division of Oil, Gas and Geothermal Resources (DOGGR); and the California Regional Water Quality Control Board (RWQCB), and the City of Arvin's Municipal Code Chapter 17.46 (Oil and Gas Production).

d. Noise restrictions. The project will comply with the requirements of Municipal Code Chapter 9.08 (Noise Disturbance Ordinance).

e. Light and glare. All outdoor lighting shall be hooded and directed as to not shine toward adjacent properties and public streets. All portable lighting, including lights located atop the drill rig, shall be pointed downward toward the base of the rig to minimize potential glare.

f. Air traffic safety. All drilling towers shall be marked and lighted in such a manner as to avoid potential safety hazards to aircraft application of herbicides and pesticides on adjacent farmlands.

g. Site restoration. When drilling operations are complete, the Applicant shall return the project site (as much as practical) to its original condition and all drilling equipment shall be removed within 90 days of termination of the drilling operations.

h. Odor and dust control. The project will not involve any process, equipment or materials which will be objectionable to persons living or working in the vicinity by reason of odor, fumes, dust, smoke, etc. Produced oil and muds will be appropriately contained, dust will be minimized by daily spraying during active operations, and any flare equipment will be maintained and used consistent with San Joaquin Valley Air Pollution Control District rules.

i. Cultural resources and human remains. In the event that cultural resources are unearthed during ground-disturbing activities, all work shall be halted in the area of the find. An archeologist will be called to evaluate the findings and make any necessary mitigation recommendations. If human remains are unearthed during ground-disturbing activities, no further disturbance will occur until the Kern County Sheriff-Coroner has made the necessary findings as to origin and disposition. All normal evidence procedures should be followed by photos, reports, video, etc. If such remains are determined to be Native American, the Sheriff-Coroner must notify the Native American Commission within 24 hours.

j. Self-contained wastewater. Wastewater will be self-contained and serviced by a private company; no connection to the City's wastewater system is proposed.

k. No hazardous materials will be used. The project will not emit, transport, use or dispose of hazardous materials. No hazardous material will be used in the drilling mud system. All drilled cuttings will be separated from the mud system, de-watered and stored on the location until the drilling is completed, liquid waste (water from the drilling mud) will be re-used as needed in the mud system. The excess will be stored on the site until it is dewatered. All drilling fluids to be used during the drilling of the above referenced well

will be the same drilling materials that are currently used in accordance with locally drilled agriculture wells. All cuttings and drilling fluids will be tested, dewatered and hauled off site to an approved non-hazardous drilling mud disposal site or spread on location if desired to build up location for production facilities or other purposes.

l. Fire code compliance and weed abatement. The operator will maintain weed abatement and brush clearance programs to reduce fire hazards to developed property in the immediate vicinity of vacant, undeveloped land, and comply with the applicable fire code.

m. Storm water discharge. The project will comply with National Pollution Discharge Elimination System (NPDES) regulations and permitting requirements to control direct storm water discharge, as well as applying any applicable Water Quality Management Plans and Best Management Practices (BMP).

n. Water well and septic system protections. Prior to commencing operations, all water wells and septic systems within the project area shall be properly destroyed by an appropriately-licensed contractor. Prior to destruction of any agricultural well, a sample of the uppermost fluid in the well column shall be checked for lubricating oil. Should lubricating oil be found in the well, the oil shall be removed from the well prior to placement of fill material for destruction.

o. Plugging and abandonment. If exploratory drilling is unsuccessful, all wells will be plugged and abandoned in compliance with the California Department of Conservation, Division of Oil, Gas and Geothermal Resources regulations.

p. Removal of drill rigs. Drill rigs removed after 90 days of completion of drilling well, unless it will be used for another well on site within 30 days.

q. Landscaping will be required around the perimeter of the site, outside of the surrounding fence or wall, so as screen equipment from public view. Pumping equipment height is also limited to 20 feet.

r. Other items set forth in the administrative record, including features required by the conditions of approval and set forth in the Operational Statement.

Staff further found and determined that none of the exceptions to Categorical Exemptions set forth in the CEQA Guidelines, section 15300.2 apply to this project. The location is in an undeveloped parcel, meeting all setback requirements, and the location is not of a particularly sensitive environment that would otherwise create a significant impact. Additionally, there are no unusual circumstances regarding cumulative impacts; no successive projects of the same type in the same location are proposed, nor would they be significant, and oil and gas operations of this sort are relatively uncommon in comparison with other types of more common uses. Likewise, there is not a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances. The project is also not located next to any scenic highway or resources, nor is located on a hazardous waste site which is included on any list compiled pursuant to Section 65962.5 of the Government Code. Finally, there are no structures on the site that could qualify as historical resources. No structures are proposed to be demolished, nor would the project have a significant adverse impact on a historic resource. Based on all the above, including evidence in the administrative record, the Staff recommends that the City adopt a Class 3 Categorical Exemption under CEQA Guidelines section 15303 (New Construction or Conversion of Small Structures).

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V. PUBLIC NOTIFICATION AND CONSULTATION:

The City properly noticed the May 18, 2018 hearing before the Planning Commission for the proposed CUP 2017-Petro Lud pursuant to Government Code sections 65090 and 65091 by publication in the newspaper, Attachment #9**.** In addition, the City Clerk provided notice of the proposed conditional use permit by mailing the public notice to all property owners within the 300-foot radius on May 17, 2018, Attachment #9.

VI. AGENCIES COMMENTS/PROJECT CORRESPONDENCE:

On January 17, 2018, the application was distributed to City of Arvin departments, public agencies, and persons of interest for review and comment. Comments were requested to be returned on or before February 6, 2018. Distribution and mailing list on file at Community Development Department, Planning Division.

Comments received:

1. February 6, 2018 -State of California – Natural Resources – Department of Oil, Gas, and Geothermal Resources – Identified two known abandoned oil and gas wells on the project site; further review of any surface development will be required, subject to DOGGR permitting processes and regulations.
2. January 31, 2018 – San Joaquin Valley Air Pollution control District – comment that it is not anticipated to exceed any of the noted District significance thresholds; the project is subject or Regulation VIII (Fugitive PM10 Prohibitions); All portable emission units (including portable drilling rights) are required to registered with either the Calif Air Resources Board (AARB) or with the District (Rule 2280 Portable Equipment Registration); request copy of this letter be provided to the applicant.
3. January 24, 2018- Arvin Building Division – No comment.
4. April 7, 2018 – Comments of Westminster Capital, Inc. – requested modifications and inclusion of conditions on the proposed activity and access.

4a. May 20 2018 – Staff's Review and Comment to WCI on CUP 2017-Petro-:Lud

Attachments: Attachments 1 through 9 include general emails, correspondence, diagrams, supplemental information, project Check List, staff analysis, and public notifications.

<u>EXHIBITS AND ATTACHMENTS</u>

Planning Commission -Resolution conditionally approving CUP 2017-Petro-Lud – Stockton Project - Oil and Gas Exploratory and Production Well -APN 189-351-36 Southwest Corner of Sycamore Road and Meyer Street; proposes the establishment of a drill pad approximately 300'-0" x 500'-0" and four (4) exploratory well sites which may be converted into production wells and adoption of a related CEQA exemption findings pursuant to the California Environmental Quality Act.

Exhibit A – Conditions of Approval – CUP Petro-Lud – Stockton Project Oil and Gas Exploratory and Production Well -APN 189-351-36.

Comments Received:

1. February 6, 2018 -State of California – Natural Resources – Department of Oil, Gas, and Geothermal Resources – Identified two known abandoned oil and gas wells on the project site; further review of any surface development will be required, subject to DOGGR permitting processes and regulations.
2. January 31, 2018 – San Joaquin Valley Air Pollution control District – comment that it is not anticipated to exceed any of the noted District significance thresholds; the project is subject or Regulation VIII (Fugitive PM10 Prohibitions); All portable emission units (including portable drilling rights) are required to registered with either the Calif Air Resources Board (AARB) or with the District (Rule 2280 Portable Equipment Registration); request copy of this letter be provided to the applicant.
3. January 24, 2018- Arvin Building Division – No comment.
4. April 7, 2018 – Comments of Westminster Capital, Inc. – requested modifications and inclusion of conditions on the proposed activity and access.

4a - May 20, 2018 – Staff's Review and Comment to WCI Relating to CUP 2017-Petro-Lud Exploratory Drill Operation

Attachments:

Attachment 1 - May 20, 2018 Updated Operational Statement Checklist
Attachment 2 - December 26, 2017 Response to requested additional information
Attachment 2a – Exhibit A – Locational Photo Overlay with access from Sycamore Road
Attachment 2b -Exhibit B- Typical Photograph of Drill Site
Attachment 2c – Exhibit C – Check List – Oil and Gas Production Locational and Operational Criteria
Attachment 3 - July 31, 2017 - Limited Title Certificate – Memorandum of Oil, Gas, and Mineral Lease
Attachment 4 - January 10, 2018 Response to requested additional Information
Attachment 5 - Typical Oil Field Diesel Generator – Provided January 10, 2018
Attachment 6 - April 7, 2018 – Letter from Westminster Capital – Surface owner requesting modification of access and limitation as to surface activities on the site.
Attachment 7 – February 1, 2018 – Law Offices of Borton Petrini, LLP representing Westminster Capital
Attachment 8- April 11, 2018 Stoel Rives LLP – Attorney for Petro-Lud – Not included materials related to Surface Access Agreement
Attachment 9 - Public Hearing Notice Published May 19, 2018 - Bakersfield Californian

RESOLUTION NO. _____

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF ARVIN APPROVING CONDITIONAL USE PERMIT (CUP) 2017-PETRO-LUD – STOCKTON PROJECT - OIL AND GAS EXPLORATORY AND PRODUCTION WELL -APN 189-351-36 SOUTHWEST CORNER OF SYCAMORE ROAD AND MEYER STREET; ESTABLISHMENT OF A DRILL PAD NO LARGER THAN 300'-0" X 500'-0" AND FOUR (4) EXPLORATORY WELL SITES WHICH MAY BE CONVERTED INTO PRODUCTION WELLS AND ADOPTION OF A RELATED CEQA EXEMPTION FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT.

WHEREAS, the Planning Commission opened the public hearing on May 30, 2018 and has received testimony and other evidence at the meeting; and

WHEREAS, public notice for the public hearing was published in the Bakersfield Californian on May 19, 2018 and notices were mailed to individual property owners within 300-feet of the project site on May 17, 2018; and

WHEREAS, notice has been given in the time and in the manner required by State Law and City Code; and

WHEREAS, Staff has performed a preliminary environmental assessment of this project and have determined that it falls within the Categorical Exemption set forth in section 15303 (New Construction or Conversion of Small Structures) as the project consist of construction and location of limited numbers of new small facilities or structures, which are below the maximum amount allowed on the parcel. The proposed project will consist of four (4) exploratory well sites for a short period (approximately 120 days) and should permanent production wells occur the area utilized is approximately 250 square feet for each production well. Significant amounts of hazardous substances will not be used. Utility connections are available to serve the construction to the extent they are needed. Furthermore, Staff has determined that none of the exceptions to Categorical Exemptions set forth in the CEQA Guidelines, section 15300.2 apply to this project; and

WHEREAS, the Planning Commission of the City of Arvin desires to adopt a Class 3 Categorical Exemption for the Project pursuant to CEQA Guidelines section 15303, and approve Conditional Use Permit 2017 – Petro Lud subject to conditions set forth in Exhibit A.

NOW, THEREFORE, BE IT RESOLVED, by the Planning Commission of the City of Arvin as follows:

1. Recitals. The recitals set forth above are true and correct and incorporated herein by this reference.

2. CEQA. The Planning Commission finds and determines that the project falls within the

Categorical Exemption set forth in CEQA Guidelines section 15303 (New Construction or Conversion of Small Structures) as the project consist of construction and location of limited numbers of new small facilities or structures, which are below the maximum amount allowed on the parcel. The proposed project will consist of four (4) exploratory well sites for a short period of time (approximately 80 days, more or less, total) and should permanent production wells occur the area utilized is approximately 250 square feet for each production well. Significant amounts of hazardous substances will not be used. Utility connections are available to serve the construction to the extent they are needed.

In additional to lower traffic volumes, minimal foot traffic, etc., associated with the type of proposed use sought, the Planning Commission finds that the project contains several design features that serve to reduce its potential impact, compliance of which is required through conditions of approval. These include:

a. Small size. The actual footprint after drilling will be approximately 250 square feet per well, or 1,000 total feet. The drilling pad (E-W) (N-S) will measure approximately 300' x 500', and will include accessory structures to the wells. Three (3) tanks twenty-two (22'-0") feet in diameter and sixteen (16'-0") feet in height, a separator, gas flare, and a fence may be constructed should production be implemented.
b. Short duration. The exploratory drilling is a temporary activity – anticipated time period is less than 120 days. If resources are located in producible volumes, additional drilling (if any) to create production wells will be of a likewise temporary duration.
c. Regulatory compliance. The proposed exploratory petroleum oil and natural gas wells will adhere to permitting requirements, rules and regulations set forth by the San Joaquin Valley Air Pollution Control District; the California Department of Conservation, Division of Oil, Gas and Geothermal Resources (DOGGR); and the California Regional Water Quality Control Board (RWQCB), and the City of Arvin's Municipal Code Chapter 17.46 (Oil and Gas Production).
d. Noise restrictions. The project will comply with the requirements of Municipal Code Chapter 9.08 (Noise Disturbance Ordinance).
e. Light and glare. All outdoor lighting shall be hooded and directed as to not shine toward adjacent properties and public streets. All portable lighting, including lights located atop the drill rig, shall be pointed downward toward the base of the rig to minimize potential glare.
f. Air traffic safety. All drilling towers shall be marked and lighted in such a manner as to avoid potential safety hazards to aircraft application of herbicides and pesticides on adjacent farmlands.
g. Site restoration. When drilling operations are complete, the Applicant shall return the project site (as much as practical) to its original condition and all drilling equipment shall be removed within 90 days of termination of the drilling operations.
h. Odor and dust control. The project will not involve any process, equipment or materials which will be objectionable to persons living or working in the vicinity by reason of odor, fumes, dust, smoke, etc. Produced oil and muds will be appropriately contained, dust will be minimized by daily spraying during active operations, and any

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flare equipment will be maintained and used consistent with San Joaquin Valley Air Pollution Control District rules.

i. Cultural resources and human remains. In the event that cultural resources are unearthed during ground-disturbing activities, all work shall be halted in the area of the find. An archeologist will be called to evaluate the findings and make any necessary mitigation recommendations. If human remains are unearthed during ground-disturbing activities, no further disturbance will occur until the Kern County Sheriff-Coroner has made the necessary findings as to origin and disposition. All normal evidence procedures should be followed by photos, reports, video, etc. If such remains are determined to be Native American, the Sheriff-Coroner must notify the Native American Commission within 24 hours.

j. Self-contained wastewater. Wastewater will be self-contained and serviced by a private company; no connection to the City's wastewater system is proposed.

k. No hazardous materials will be used. The project will not emit, transport, use or dispose of hazardous materials. No hazardous material will be used in the drilling mud system. All drilled cuttings will be separated from the mud system, de-watered and stored on the location until the drilling is completed, liquid waste (water from the drilling mud) will be re-used as needed in the mud system. The excess will be stored on the site until it is dewatered. All drilling fluids to be used during the drilling of the above referenced well will be the same drilling materials that are currently used in accordance with locally drilled agriculture wells. All cuttings and drilling fluids will be tested, dewatered and hauled off site to an approved non-hazardous drilling mud disposal site or spread on location if desired to build up location for production facilities or other purposes.

l. Fire code compliance and weed abatement. The operator will maintain weed abatement and brush clearance programs to reduce fire hazards to developed property in the immediate vicinity of vacant, undeveloped land, and comply with the applicable fire code.

m. Storm water discharge. The project will comply with National Pollution Discharge Elimination System (NPDES) regulations and permitting requirements to control direct storm water discharge, as well as applying any applicable Water Quality Management Plans and Best Management Practices (BMP).

n. Water well and septic system protections. Prior to commencing operations, all water wells and septic systems within the project area shall be properly destroyed by an appropriately-licensed contractor. Prior to destruction of any agricultural well, a sample of the uppermost fluid in the well column shall be checked for lubricating oil. Should lubricating oil be found in the well, the oil shall be removed from the well prior to placement of fill material for destruction.

o. Plugging and abandonment. If exploratory drilling is unsuccessful, all wells will be plugged and abandoned in compliance with the California Department of Conservation, Division of Oil, Gas and Geothermal Resources regulations.

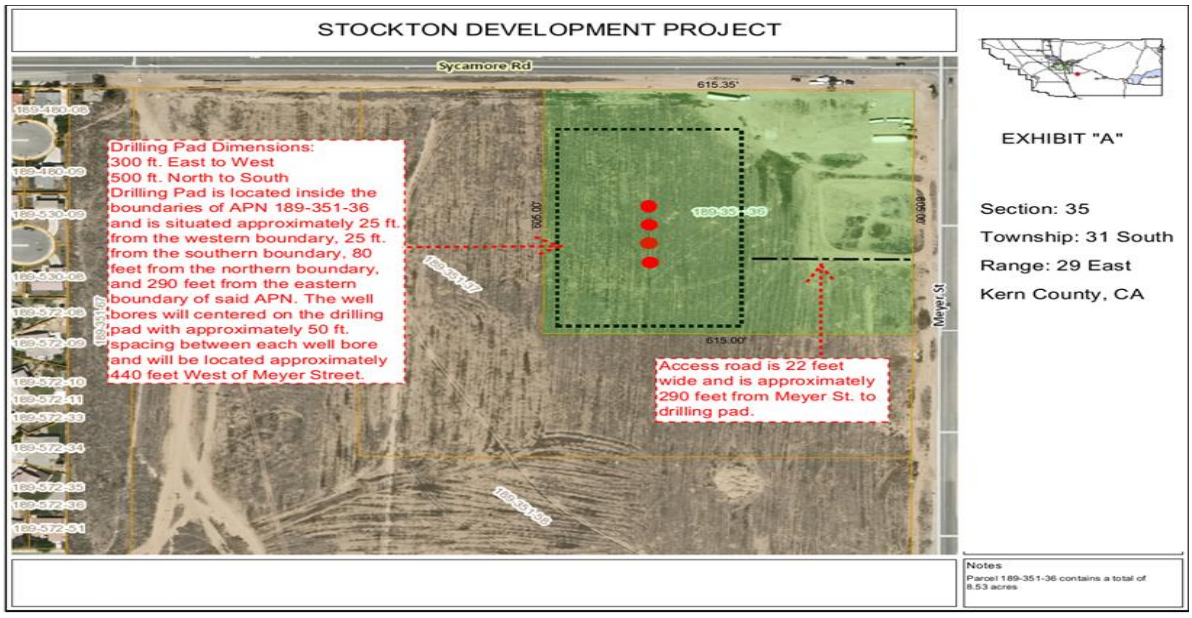
p. Removal of drill rigs. Drill rigs removed after 90 days of completion of drilling well, unless it will be used for another well on site within 30 days.

q. Landscaping will be required around the perimeter of the site, outside of the surrounding fence or wall, so as screen equipment from public view. Pumping equipment height is also limited to 20 feet.

r. Other items set forth in the administrative record, including features required by the conditions of approval and set forth in the Operational Statement.

The Planning Commission further finds and determines that none of the exceptions to Categorical Exemptions set forth in the CEQA Guidelines, section 15300.2 apply to this project. The location is in an undeveloped parcel, meeting all setback requirements, and the location is not of a particularly sensitive environment that would otherwise create a significant impact. Additionally, there are no unusual circumstances regarding cumulative impacts; no successive projects of the same type in the same location are proposed, nor would they be significant, and oil and gas operations of this sort are relatively uncommon in comparison with other types of more common uses. Likewise, there is not a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances. The project is also not located next to any scenic highway or resources, nor is located on a hazardous waste site which is included on any list compiled pursuant to Section 65962.5 of the Government Code. Finally, there are no structures on the site that could qualify as historical resources. No structures are proposed to be demolished, nor would the project have a significant adverse impact on a historic resource. For all the foregoing, including evidence in the administrative record, the Planning Commission of the City of Arvin adopts a Class 3 Categorical Exemption under CEQA Guidelines section 15303 (New Construction or Conversion of Small Structures).

3. Use Permit Approved. The Planning Commission approves Conditional Use Permit 2017 – Petro Lud, subject to the conditions as established in Exhibit A, within APN 189-351-36 in the location as generally depicted, below.



4. Acceptance of Conditions. The property owner(s) and business owners(s) shall submit affidavits of acceptance of the conditions of approval for this project, including an acknowledgement that failure to comply with the conditions of approval shall constitute grounds for revocation or other enforcement, prior to Conditional Use Permit 2017 – Petro

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Lud becoming effective.

5. This Resolution shall become effective immediately.

I HEREBY CERTIFY that the foregoing resolution was passed and adopted by the Planning Commission of the City of Arvin at a special meeting thereof held on the 30th day of May, 2018 by the following vote:

AYES: _____

NOES: _____

ABSTAIN: _____

ABSENT: _____

ATTEST

_____
CECILIA VELA, City Clerk

ARVIN PLANNING COMMISSION

By: _____
OLIVIA TRUJILLO, Chairperson

APPROVED AS TO FORM:

By: _____
SHANNON L. CHAFFIN, City Attorney
Aleshire & Wynder, LLP

I, _____, Secretary of the Planning Commission of the City of Arvin, California, DO HEREBY CERTIFY that the foregoing is a true and accurate copy of the Resolution passed and adopted by the Planning Commission of the City of Arvin on the date and by the vote indicated herein.

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EXHIBIT A
CONDITIONS OF APPROVAL
Conditional Use Permit No. 2017-Petro Lud

(CUP2017-Petro-Lud – Stockton Project - Oil and Gas Exploratory and Production Well - APN 189-351-36 Southwest Corner of Sycamore Road and Meyer Street; proposes the establishment of a drill pad no larger than 300'-0" X 500'-0" and four (4) exploratory well sites which may be converted into production wells)

NOTICE TO PROJECT APPLICANT

In accordance with the provisions of Government Code Section 66020(d)(1), the imposition of fees, dedication, reservations or exactions for this project are subject to protest by the project applicant at the time of approval or conditional approval of the development or within 90 days after the date of imposition of fees, dedications, reservation, or exactions imposed on the development project.

This notice does not apply to those fees, dedications, reservations, or exactions which were previously imposed and duly noticed; or, where no notice was previously required under the provisions of Government Code Section 66020(d)(1) in effect before January 1, 1997.

PART A - PROJECT INFORMATION

1. Assessor's Parcel No: 189-351-36
2. Street Location: Southwest Corner of Sycamore Road and Meyer Street, Arvin.
3. Existing Zoning: C-2 (General Commercial)
4. Planned Land Use: General Commercial
5. Project Description: Conditional Use Permit 2017 – Petro Lud requests authorization to permit four (4) Oil and Gas Exploratory and Production Wells (Stockton Project) on property located at the Southwest Corner of Sycamore Road and Meyer Street, a portion of APN 189-351-36. The proposed drilling area is no larger than 300'-0" X 500'-0."

PART B – GENERAL CONDITIONS AND REQUIREMENTS

The Planning Commission approved these conditions on May 30, 2018.

This project was environmentally assessed, and resulted in a Class 3 Categorical Exemption under CEQA Guidelines section 15303 (New Construction or Conversion of Small Structures).

IMPORTANT: PLEASE READ CAREFULLY

Please note that this project may be subject to a variety of discretionary conditions of approval. These include conditions based on adopted City plans and policies, those determined through site plan review and environmental assessment essential to mitigate adverse effects on the environment including the health, safety, and welfare of the community, and recommended

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conditions for development that are not essential to health, safety, and welfare, but would on the whole enhance the project and its relationship to the neighborhood and environment.

Discretionary conditions of approval may be appealed. All code requirements, however, are mandatory and may only be modified by variance, provided the findings can be made.

All discretionary conditions of approval will ultimately be deemed mandatory unless appealed to the City Council within 15 days after the decision by the Planning Commission or 10 days after the mailing required notices (if any), whichever date is later.

In the event you wish to appeal the Planning Commission's decision or discretionary conditions of approval, you may do so by filing a written appeal with the City Clerk. The appeal shall include a statement of your interest in or relationship to the subject property, the decision or action appealed and specific reasons why you believe the decision or action appealed should not be upheld.

Approval of this conditional use permit shall be considered null and void in the event of failure by the applicant and/or the authorized representative, architect, engineer, or designer to disclose and delineate all facts and information relating to the subject property and the proposed development including, but not limited to, the following:

a. All existing and proposed improvements including but not limited to buildings and structures, signs and their uses, trees, walls, driveways, outdoor storage, and open land use areas on the subject property and all of the preceding which are located on adjoining property and may encroach on the subject property;

b. All public and private easements, rights-of-way and any actual or potential prescriptive easements or uses of the subject property; and,

c. Existing and proposed grade differentials between the subject property and adjoining property zoned or planned for residential use.

Approval of this use permit may become null and void in the event that development is not completed in accordance with all the conditions and requirements imposed on this use permit, the Zoning Ordinance, and all City Standards and Specifications. *This use permit is granted, and the conditions imposed, based upon the Operation Statement provided by the applicant. The Operation Statement is material to the issuance of this use permit. Unless the conditions of approval specifically require operation inconsistent with the Operation Statement, a new or revised use permit is required if the operation of this establishment changes or becomes inconsistent with the Operation Statement*. Failure to operate in accordance with the conditions and requirements imposed may result in revocation of the use permit or any other enforcement remedy available under the law. The City shall not assume responsibility for any deletions or omissions resulting from the use permit review process or for additions or alterations to any construction or building plans not specifically submitted and reviewed and approved pursuant to this use permit or subsequent amendments or revisions.

No uses of land, buildings, or structures other than those specifically approved pursuant to this use permit shall be permitted.

If a producing well is not secured upon land subject to such permit within twelve (12) months from the date of issuance of this use permit, or within any extended period thereof, this use permit shall expire and the premises shall be restored to their original condition as nearly as practicable to do so. The use permit shall not expire, however, while the permittee is continuously conducting drilling, redrilling, completing or abandoning operations, or related operations, in a well on lands covered by such permit, which operations were commenced while such use permit was otherwise in effect. Continuous operations are operations suspended not more than thirty (30) consecutive days. If at the expiration of such twelve (12) month period the permittee has not completed the drilling program on the lands covered by such permit, the planning commission, may upon a written request of permittee, extend the permit for the additional time requested by permittee for the completion of such drilling program. (Section 17.46.040(B).)[1]

These conditions are applicable to any person or entity making use of this use permit, whether identified as "permittee," "applicant," "operator," "developer," or is unnamed.

PART C – ADDITIONAL CONDITIONS

1. Approvals: The project shall be constructed and used in accordance with all approved plans, conditions of approval, and other required permits and approvals. All construction shall comply with applicable building codes.

2. Laws and Regulations: The use will comply with will all applicable laws and government regulations, including all applicable federal, state, and local laws, including those pertaining to hazardous materials, air and water quality, waste disposal, the Clean Water Act, the Clean Air Act, the Federal Water Pollution Control Act, the Solid waste Disposal Act, the Resource Conservation Recovery Act, the Resource Compensation and Liability Act, as well as the rules, regulations and ordinances of the Environmental Projection Agency, the California Division of Oil, Gas, and Geothermal Resources (DOGGR), the California Department of Health Services, the California Regional Water Quality Control Board, the San Joaquin Valley Air Pollution Control District, the City of Arvin's Municipal Code (including Chapter 17.46 – Oil and Gas Production), and any other applicable laws or regulations.

3. Location of Use: Application and operation shall be limited to the surface areas in APN 189-351-36, subject to the setbacks identified below, and generally depicted as follows:

[1] All references are to the Arvin Municipal Code unless otherwise noted.

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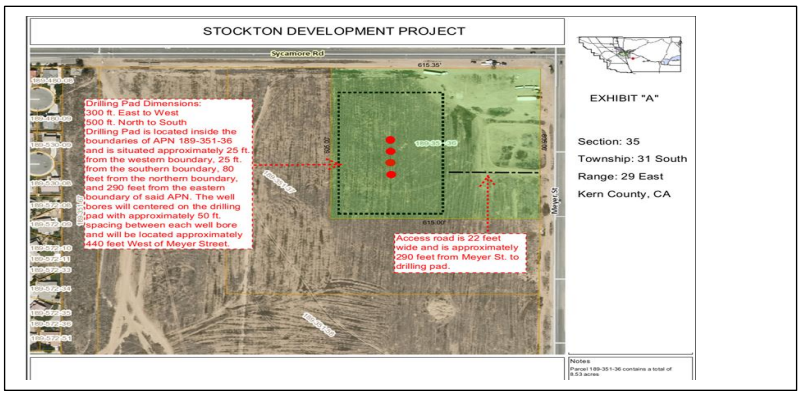
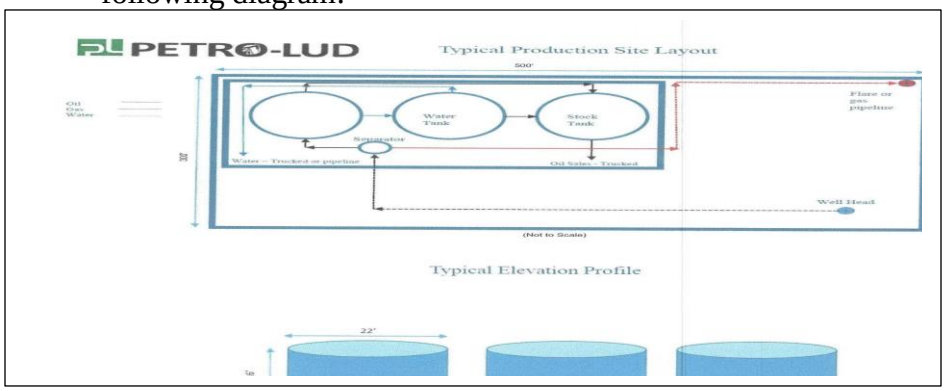


4. Typical Layout: Typical layout of facilities shall generally comply with the following diagram:



5. Setbacks: Location of oil or gas well shall be in the area approved, and under no conditions shall an oil or gas well be within 100 feet of any public highway one within 150 of any residence (Section 17.46.040 A-1). Additionally, the site shall be set back at least 175 feet from the centerline of the City's right of way for Sycamore Street, and 165 feet from the centerline of the City's right of way Meyers Street, to allow for the potential commercial development.

6. Building Permits. If a grading plan is required by the Building Division, building permits will not be issued until the grading plan is approved by both the City Engineer and the Building Division.

7. Parking: All off-street parking and operations and staging shall be restricted to the drill pad area.

8. Fire and Safety Regulations: All operations must conform to all applicable fire and safety regulations and must coordinate and receive clearance or any required approvals from the Kern County Fire Department (Section 17.46.040 A-2). Adequate firefighting apparatus and supplies, approved by the Kern County Fire Department, shall be maintained on the drilling site at all times during drilling and production operations (Section 17.46.040 A-13). All drilling and production activities shall be subject to all fire and safety regulations as required by the Kern County Fire Department and DOGGR. Blowouts, fires, explosions and other life threatening or

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environmental emergencies shall be reported immediately to the Kern County Fire Department, Arvin City Manager, or designee, and State Department of Conservation, Division of Oil, Gas and Geothermal Resources (DOGGR).

9. Signs. Signs shall be directional and warning signs and signs required for identification the well. (Section 17.46.040 A-3) Signs relating to drilling and/or production operations shall be limited to directional and warning signs, and signs for identification of wells and facilities as required by the Fire Code and DOGGR to ensure employee and public safety. Signs not related to said operations shall be subject to the provisions of Arvin Municipal Code.

10. Sanitary Facilities and Wastewater: Sanitary toilet and washing facilities shall be installed and maintained an a clean and sanitary condition at all times. The applicant shall provide proof that a private company will provide maintenance service (Section 17.46.040 A-4). Wastewater will be self-contained and serviced by a private company; no connection to the City's wastewater system is authorized.

11. Drilling Equipment Removal: Any derrick, boilers or other equipment used to drill any well hole or to repair, clean out, deepen or redrill any completed or drilling well, shall be removed within ninety (90) days after completion of such drilling, or after abandonment of any well, unless such derrick, boilers and drilling equipment are to be used, within a thirty (30) days, for the drilling of another well or wells on the premises (Section 17.46.040 A-6).

12. Sumps and Tanks: Earthen sumps are prohibited during production. (Section 17.46.040 A-11.) All produced liquid will be placed into tanks, which may be portable during the test period. No pipelines are proposed to carry away produced oil or gas. Instead, any oil or gas will be produced into and shipped from tanks located on the premises. (Section 17.46.040 A-11.)

During drilling operations, an earthen pit may be used for drilling mud and cuttings if consistent with DOGGR regulations and requirements. Liquid drilling mud and cuttings will be stored in the pit, which will be approximately 25'-0" wide by 125'-0" long at a depth of 1- 5 '-0". All material stored in the pit will be tested, and if determined hazardous will be disposed of properly as required by local, state and federal law. If determined to be non-hazardous, the materials may be dewatered and hauled off site to an approved non-hazardous drilling mud disposal site, or spread on location if necessary to build up location for production if such disposal is compliant with local, state and federal law. At the conclusion of drilling operations, and within ninety (90) days after any well has been placed in production or after its abandonment (whichever is sooner), the earthen pit and surrounding area shall be tested for hazardous materials, remediated to remove any hazardous materials consistent with local, state and federal requirements, filled, and the location returned to its original condition as reasonably possible and subject to other conditions related to landscaping, etc., in these conditions of approval. (Section 17.46.040 A-7.)

13. Flare: Unless otherwise mandated by a regulatory agency with jurisdiction, produced gas will be metered and then incinerated in a flare system utilizing an air induction line, continues pilot, and wind shroud to ensure complete combustion. All flares shall be shielded from adjacent properties and road rights-of-way.

14. Portable Derrick and Drilling: Any derrick used for servicing operations shall be of the portable type; provided, however, that upon presentation of proof that the well is of such depth or has such other characteristics, or for other cause, that a portable-type derrick will not properly service such well, the applicant may seek planning commission approval the use of a standard type of derrick (Section 17.46.040 A-9) The use of portable oil derrick is approved. There will not be more than one (1) drilling rig on location at a time. Drilling operations may take place 24 hours per day.

15. Bonding: Bonding shall be required in the amount of $500.00 per well as is required by Municipal Code Section 7.46.040 A-10. Additionally, operators are required to comply with DOGGR bonding and other requirements at all times, and proof of compliance with such bonding requirement must be submitted to the City prior to any drilling operations.

16. Commercial Uses: The proposed site is located on property zone C-2 (General Commercial). This use permit does not allow applicant the use of the proposed site for commercial purposes other than oil and gas exploratory and production wells as noted in the Project Description and conditioned herein. However, recognizing that drilling, redrilling, re-working, abandonment, maintenance or other equipment is typically required on site on a temporary basis for relatively short durations, portions of the site are authorized - at the applicant's discretion - to be used for commercial parking or similar uses under the following conditions:

a. Prior to use of a portion of the site as a commercial use, the commercial use on APN 189-351-36 must obtain all required City approvals and permits.
b. The applicant/operator shall designate a specific location for the secondary commercial use, which must be approved during the permitting process for the commercial use; or if no permits are pending, by the City's Community Development Department Planning Division.
c. Any incidental commercial use shall be secondary and subservient to the use authorized by this use permit.
d. No permanent structure shall be erected within the area of the project site for the commercial use which will inhibit or restrict drilling, redrilling, re-working, abandonment, maintenance or other equipment used for the site. Paved parking lots, sidewalks, landscaping, irrigation systems, etc., are not permanent structures.
e. A covenant, in a form acceptable to the City, shall be recorded against the commercial property requiring compliance with subsection (a-d) prior to commercial use of a portion of the project site.

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If a covenant is recorded as required by subsection (e), and if the specific location for the commercial use is approved by the City, then conditions herein requiring landscaping and fencing/walls around the project site may be reduced to encompass just the location where commercial uses will not occur. Applicant will still be responsible for litter, debris and weed control for the entire site, will still be responsible for securing the portion of the site where commercial uses will not occur, and is still required to ensure that parking for the permitted use occur on site.

17. Landscaping: Landscaping will be required around the perimeter of the site, outside of the surrounding fence or wall, so as screen equipment from public view (Section 17.46.040 A-11). All facilities shall be landscaped as approved by the Community Development Department Planning Division. Proposed landscaping and irrigation system shall be submitted for review and approval within 60 days of completion of the first well. Landscaping shall be installed within 60 days of approval by the City, or when permanent opaque fencing or walls must be installed, and must be maintained as approved by the City.

18. Deliveries: Except in case of emergency, no materials, equipment, tools or pipe used for either drilling or production operations shall be delivered to or removed from the drilling site, except between the hours of eight (8) a.m. and eight (8) p.m. of any day (Section 17.46.040 A- 12) unless otherwise mandated by DOGGR or other regulatory authority with jurisdiction.

19. Truck Routes: Vehicles in excess of three tons shall be restricted to those public roads specified as Truck Routes as established by the City of Arvin's Circulation Element, primarily Sycamore Street and Meyer Road.

20. Notification of Emergencies: In cases of fires, blowouts, explosions and other emergencies the applicant must promptly contact and notify the Kern County Fire Department, Arvin City Manager or designee, and DOGGR.

21. Pumping Operations: Pumping wells shall be operated by electric motors or muffled internal combustion engines, and the height of all pumping units shall be not more than twenty (20) feet.

22. Maintenance of Equipment: All permanent equipment shall be painted and kept in neat condition unless otherwise required by a regulatory agency having jurisdiction over the equipment or otherwise recommended by the manufacturer to keep the equipment in safe and operating condition. All producing operations shall be as free from noise as possible with modern oil operations (Section 17.46.040 A-14). Should the oil and gas operation go into production, all permanent equipment must kept in neat condition and maintained.

23. Noise: The project shall comply with the requirements of Municipal Code Chapter 9.08 (Noise Disturbance Ordinance). During the drilling operation, 2-500 horsepower main rig engines and 1-1000 hp pump engine with industrial mufflers with

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some (1- 2) auxiliary 50hp. engines is permitted. The use shall utilize technological improvements generally accepted and used in drilling and production methods capable of reducing factors of nuisance and annoyance (Section 17.46.040 A-5).

24. Lighting: Unless otherwise mandated by DOGGR or other agency with regulatory jurisdiction, all outdoor lighting shall be hooded and directed as to not shine toward adjacent properties and public streets. All portable lighting, including lights located atop the drill rig, shall be pointed downward toward the base of the rig to minimize potential glare. All drilling towers shall be marked and lighted in such a manner as to avoid potential safety hazards to aircraft application of herbicides and pesticides on adjacent farmlands.

25. Dust and odors: The project shall not use any process, equipment or materials which will be objectionable to persons living or working in the vicinity by reason of odor, fumes, dust, smoke, etc. Produced oil and muds must contained. The use shall comply with all regulations of the San Joaquin Valley Air Pollution Control District (Regulation VIII) concerning dust suppression during construction of the project. Methods include, but are not limited to; use of water or chemical stabilizer/suppressants to control dust emission from disturbed area, stock piles, and access ways; covering or wetting materials that are transported off-site; limit construction-related speed to 15 mph on all unpaved areas/washing of construction vehicles before they enter public streets to minimize carryout/track out; and cease grading and earth moving during periods of high winds (20 mph or more).

26. Litter and Debris: The site must be kept weed, litter and brush free at all times. A weed abatement and brush clearance maintenance program will be implemented to reduce fire hazards to developed property in the immediate vicinity of vacant, undeveloped land, and comply with the applicable fire code and DOGGR requirements.

27. Secured Site; Fencing and Walls: Operations at the site must be secured at all times. The drilling pad / site shall be fenced or walled prior to commencement of drilling or other operations. (Section 17.46.040 A-15). Fence or wall height must be a minimum of six (6') feet in height. Razor wire is prohibited. Temporary chain link fencing, with an opaque material to obscure view, is permitted until six (6) months after the completion of activities related to the drilling. Thereafter, permanent opaque fencing or walls must be installed around the site, and coated with an anti-graffiti paint or solution. Any graffiti must be removed within 2 (two) business days.

28. Site Access: Site access must be off of Meyer Street; no access from Sycamore Road shall be permitted. Encroachment permit application and approval from the City Engineer for the access road to the drill site from Meyer Street is required. The access from Meyer Street shall be a temporary access road of approximately 22'-0" wide and shall be surfaced with materials to prevent dust and shall be maintained to prevent rutting along the access road. Temporary improvements shall be required to ensure that the Meyer Street roadway will not be

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damaged by the oil and gas operations. Once the oil and gas operations are completed, the temporary road access improvements shall be removed and restored to original condition as near as reasonably possible, unless the applicant and surface right owners obtain approval from the Community Development Department Planning Division. Should operations cause damage to Meyer Road or other City facilities, the operator or use permit holder(s) shall be responsible for the complete cost of repair of the damage.

29. Site Restoration: When drilling operations are complete, the applicant shall return the project site (as much as practical and subject to other conditions related to landscaping, etc., in these conditions) to its original condition as near as reasonably possible.

30. Hazardous Materials: The transport, use or disposal of hazardous materials is prohibited. No hazardous material will be used in the drilling mud system. All drilled cuttings will be separated from the mud system, de-watered and stored on the location until the drilling is completed, liquid waste (water from the drilling mud) will be re-used as needed in the mud system. The excess will be stored on the site until it is dewatered. All drilling fluids to be used during the drilling of the above referenced well will be the same drilling materials that are currently used in accordance with locally drilled agriculture wells. All cuttings and drilling fluids will be dewatered and hauled off site to an approved non-hazardous drilling mud disposal site or spread on location if desired to build up location for production facilities or other purposes.

31. Unauthorized Release of Petroleum Products, Etc.: Any unauthorized releases of petroleum, produced water, or hazardous materials in a reportable amount resulting from use of the site shall be promptly reported as required by applicable federal, state or local law or regulation, and shall report the same to the City in four (4) business days. The applicant/operator shall immediately determine the source of the release, undertake any repairs or procedures to ensure that the release has stopped, and promptly remediate any unauthorized release consistent with federal, state and local requirements.

If petroleum, produced water, or hazardous materials in a reportable amount are discovered present in the soil, water or groundwater at or immediately adjacent to the site, then the applicant/operator shall report the same to the City within four (4) business days after having received a complaint or obtained knowledge of the same, and shall report as required by applicable federal, state or local law or regulation. Applicant/operator shall immediately investigate the source of such alleged release. If the use of the site is responsible for such release, then the applicant/operator shall promptly determine the source of the release, undertake any repairs or procedures to ensure that the release has stopped, and promptly remediate any unauthorized release consistent with federal, state and local requirements.

Applicant/operator shall submit monthly written updates to the Community Development Planning Department until any unauthorized release on the site or attributable to the applicant/operator is remediated consistent with federal, state and local requirements, and the applicant/operator provides acceptable documentation (such as clearance from DOGGR) of the same to the City.

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32. Reporting Requirements: In addition to reporting unauthorized releases, the applicant/operator shall provide the City with any of any notice, claim or allegation of a violation, or proceeding regarding the same, received from any federal, state, or local governmental agency. Applicant/operator shall submit monthly written updates regarding the status of the same to the Community Development Planning Department, including the final determination.

33. Storm Water Discharge. The project shall comply with National Pollution Discharge Elimination System (NPDES) regulations and permitting requirements to control direct storm water discharge, as well as applying any applicable Water Quality Management Plans and Best Management Practices (BMP).

34. Water Wells and Septic Tanks: Prior to commencing operations, all water wells and septic systems within the project area shall be properly destroyed by an appropriately-licensed contractor. Prior to destruction of any agricultural well, a sample of the uppermost fluid in the well column shall be checked for lubricating oil. Should lubricating oil be found in the well, the oil shall be removed from the well prior to placement of fill material for destruction.

35. Undocumented Oil or Gas Wells: In the event a previously undocumented oil or gas well is uncovered or discovered on the project, the operator shall promptly inform DOGGR and comply with DOGGR requirements.

36. Human Remains: If human remains are discovered during grading or construction activities, work would cease pursuant to Section 7050.5 of the California Health and Safety Code. If human remains are identified on the site at any time, work shall stop at the location of the find and the Kern County Coroner shall be notified immediately, and the local Native American community shall be notified immediately, as required by Section 7050.5 of the California Health and Safety Code and Section 5097.98 of the California Public Resource Code.

37. Cultural Resources: If unrecorded cultural resources are located during development of the site, work must halt in the vicinity and the finds must be assessed by a qualified archaeologist. Any recommendations made by the qualified archaeologist shall be completed by the developer prior to commencement of the development.

38. Abandonment: All wells will be plugged and abandoned in compliance with the California Department of Conservation, Division of Oil, Gas and Geothermal Resources regulations. Proof of DOGGR approval of the request to abandon shall be provided to the City prior to abandonment. The applicant shall provide the location of all structures (above and below ground) proposed to be removed or to remain in place, as well as the exact location of all wells (including distances from boundaries) along with the DOGGR well name and number. If any contamination is known, the type and extent shall also be provided to the City, along with the proposed remedial actions to the level of detail that can be assessed through environmental review. Prior to

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abandonment, approval from the Community Development, Planning Division must be obtained regarding measures proposed to be used to prevent or reduce nuisance effects (e.g., dust, fumes, glare, noise, odor, smoke, traffic congestion, vibration, etc.) and to prevent danger to life and property.

39. Rights Run with the Land: Unless otherwise conditioned, this approval runs with the land and may continue under successive owners provided all provisions are satisfied.

40. Fees and Costs: Prior to commencing use under this conditional use permit, the applicant shall pay, in full, all fees and costs required for the processing of the use permit or otherwise required by any applicable City of Arvin resolution or ordinance. If a deposit has been made with the City, and is inadequate, the applicant shall pay any remaining balance(s) within thirty (30) days of being invoiced by the City.

41. Indemnity, Defense and Hold Harmless: The applicant, operator, and/or property owner ("Applicant" herein) agrees to indemnify, defend, and hold harmless the City of Arvin, its officers, agents, employees, departments, commissioners and boards ("City" herein) against any and all liability, claims, actions, causes of action or demands whatsoever against them, or any of them, before administrative or judicial tribunals of any kind whatsoever, in any way arising from, the terms and provisions of this application, including without limitation any CEQA approval or any related development approvals or conditions whether imposed by the City, or not, except for City's sole active negligence or willful misconduct. This indemnification condition does not prevent the Applicant from challenging any decision by the City related to this project and the obligations of this condition apply regardless of whether any other permits or entitlements are issued.

OPERATIONAL STATEMENT CHECKLIST
DEVELOPMENT SERVICES DIVISION
PLANNING & RESOURCE MANAGEMENT DEPARTMENT
FOR
PETRO-LUD, INC.
1311 CALAVERAS PARK DRIVE, BAKERSFIELD, CA 93311
FOR
STOCKTON DEVELOPMENT PROJECT
SEC. 35, T31S, R29E, CITY OF ARVIN, KERN COUNTY, CALIFORNIA
APN: 189-351-36, 189-351-37, 189-351-58

Outline of the Project Operation:

The nature of this project is to temporarily move in a portable drilling rig and drill exploration wells for the accumulation of oil and gas ("Project" or "Proposed Project"). If oil and gas is found in commercial quantities, casing will be installed and the well(s) will be completed, the drilling rig will be removed from the site and a smaller completion rig will be moved in and the well(s) completed.

A new drilling pad will be built in the Northeast Quarter of the Northwest Quarter of Section 35. The drilling pad (E-W) (N-S) will measure approximately 300' x 500' and the actual footprint after drilling will be approximately 250 square feet per well. Access to the location will be a 22 foot wide access road to be constructed with entry from Meyer Street and extending to the drilling pad and production facilities if oil is found in commercial quantities. For each well drilled a temporary well cellar (8' x 8' x 6' - 64 sqft) will be built and conductor pipe will be cemented at the well location to a depth of 80 feet +/- 1 ft. This preliminary work will require four to six days of daylight activity.

A mobile drilling rig will be set up for the drilling of each well. There will not be more than 1 drilling rig on location at a time. The move in and rigging-up should take approximately two days per well. Actual drilling time is estimated to take approximately 20 days or less per well. The total estimated timeframe to drill all 4 locations would be approximately 80 drilling days or less <u>if</u> they were drilled simultaneously. Drilling is a continuous 24 hour per day operation and the drilling crew consists of five men +/- working twelve hour shifts, two shifts per day. They will be supported by the rig company owner/CEO of Petro-Lud, Inc. No hazardous material will be used in the drilling mud system. All drilled cuttings will be separated from the mud system, de-watered and stored on the location until the drilling is completed, liquid (water from the drilling mud) will be re-used as needed in the mud system. The excess will be stored on the site until it is dewatered. All drilling fluids to be used during the drilling of the above referenced well will be the same drilling materials that are currently used in accordance with locally-drilled agriculture wells. Thereafter, all cuttings and drilling fluids will be dewatered and hauled off site to an approved non-hazardous drilling mud disposal site or spread on location if desired to build up location for production facilities or other purposes.

If exploratory drilling is unsuccessful, all wells will be plugged and abandoned in compliance with the rules and regulations of the California Department of Conservation, Division of Oil,

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Gas and Geothermal Resources ("DOGGR"). The drilling rig and all of the equipment will be removed from the site. The temporary cellar will be removed and the site and access road will be cleaned up and returned to as close to original condition as reasonably possible.

If the well has good oil and gas shows, the drilling rig will run steel casing in the well. The casing will be cemented. Fresh water zones will be protected with cement as required by the DOGGR rules and regulations. Typically a smaller, portable completion rig will be used instead of the drilling rig to complete the well. It may also be required to run logs, perforate oil/gas sands, perform tests and run tubing.

If the well is expected to produce primarily oil, it will be produced into portable tanks during an initial test period. The capacity of the well will be estimated at that time and permanent facilities will be designed based on expected capacity and installed shortly thereafter. The time required for initial testing of an oil well is not expected to exceed six months.

If the well is expected to produce primarily natural gas or associated gas with oil, it will be produced through a portable separator scrubber system and flared. The produced gas will be metered and then incinerated in a flare system utilizing an air induction line, continuous pilot, and wind shroud to ensure complete combustion. The capacity of the well will be estimated at this time and permanent facilities will be designed based on the expected capacity and installed shortly thereafter. The time required for initial testing of a gas well is not expected to exceed six months by the DOGGR rules and regulations. If there is a sufficient volume of gas available on a regular basis, it will be transported by pipeline to a nearby gas purchaser, flared or eventually reinjected into in the production formation to maintain reservoir pressure.

If the well achieves Oil in paying quantities it will be trucked from the site. It is anticipated that one or two trucks per day may be needed at first, but the frequency will increase or decrease as the oil production rate is established. Water hauling may require only one truck per week at the outset, but well testing will determine this. A company operator will monitor the well on a daily basis to ensure that the operation continues as required. Producing operations will continue as long as it is profitable. It is our hope that the economic life of the well will be twenty years or longer.

When drilling operations are complete, the Applicant shall return the project site (as much as practical) to its original condition and all drilling equipment shall be removed within ninety (90) days of termination of the drilling operations, unless the equipment will be used for another well on site within 30 days.

Operational time limits:

See the time windows above. The drilling rig will operate 24 hours per day, 7 days a week until drilling is completed per well. The completion rig will operate +/- 12 hours per day for 2-4 days per well.

Number of customers or visitors:

During an average day while drilling and subsequently while completing the well, if commercial production is encountered, there will be an average 6-10 workers on site with 10-12 other workers temporarily arriving and going with various supplies and activities. The frequency of large trucks at the site will be minimal after the rig is set up and drilling begins. These trucks will

enter the site occasionally after drilling begins. These visits will average only two trips per day during this period. Most of the large trucks will be used to move the drilling rig and the equipment at the beginning and at the end of the drilling project. The trucks are needed during drilling only for special operations such as setting surface casing, cementing and logging. Visits by automobiles and pickup trucks may run about ten per day. They will involve crew shift changes, mud loggers, engineers and deliveries of small expendable items to the rig and company representatives.

Number of employees:

Please see the answer above in "Number of Customer visitors".

Service and delivery vehicles:

It will take +/- 30 tractor and trailer loads of equipment to erect the drilling rig with 5-10 tractor and trailer loads of various equipment and supplies moving in and out over every 24-hour period.

Access to the site

Site will be accessed from Meyer Street.

Parking:

The drill site will be bladed and on a flat field. It is 300' x 500' in size. Temporary parking will not be a problem.

Goods on sale:

There are no goods for sale.

Equipment used:

Please see the answer above in "Outline of the Project Operation".

Supplies:

Diesel fuel will be on site for fuel to run the drilling rig. The diesel will be stored in tanks specifically designed to contain diesel with a secondary containment bin. Other various non-hazardous products to formulate drilling fluids will also be on location to allow the well to be drilled. The drilling fluids products will be in dry bagged form and miscellaneous buckets of products. The formulated drilling fluid will be in above ground steel tanks (mud pits). Various steel casings and tubular products will also be on location, which will be used in the drilling and completion of the well.

Noise & Appearance:

The project will comply with the requirements of Municipal Code Chapter 9.08 (Noise Disturbance Ordinance). During the drilling operation, noise will only consist of the running of approximately 2-500 horsepower main rig engines and 1-1000hp pump engine with industrial

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mufflers with some (+1- 2) auxiliary 50hp. engines. The noise of these engines will not be noticeable outside the boundaries of the location. Glare and odor will not be a problem.

The project will not involve any process, equipment or materials which will be objectionable to persons living or working in the vicinity by reason of odor, fumes, dust, smoke, etc. Produced oil and muds will be appropriately contained, dust will be minimized by daily spraying during active operations, and any flare equipment will be maintained and used consistent with San Joaquin Valley Air Pollution Control District ("Air District") rules.

A weed abatement and brush clearance maintenance program will be implemented to reduce fire hazards to developed property in the immediate vicinity of vacant, undeveloped land, and comply with the applicable fire code and the CADOGGR requirements.

Air Quality & Odors:

The proposed exploratory petroleum oil and natural gas wells will adhere to permitting requirements, rules and regulations set forth by the Air District; DOGGR; and the California Regional Water Quality Control Board ("RWQCB"), and the City of Arvin's Municipal Code, Chapter 17.46, Oil and Gas Production

The project will not create objectionable odors and will comply with the Air District Rules. Such compliance will reduce any air quality impacts of the proposed project to a less than significant level.

Solid & Liquid Cuttings:

The project will not emit, transport, use or dispose of hazardous materials. No hazardous material will be used in the drilling mud system. During the drilling of the well, approximately 1500 barrels or 300 yards or 1- 400 tons of solid cuttings will be brought out of the well and stored in a pit 25' wide by 150' long by 1- 5' deep. The cuttings will be analyzed when drilling is completed for hazardous content. Historical analysis of cuttings to date indicates that cuttings are non-hazardous. Therefore, assuming the non-hazardous analysis applies for the Stockton development well(s), the cuttings alone with the drilling mud will be hauled off to a disposal site or spread on location if necessary to build up the location for production facilities. In addition to the cuttings themselves, approximately 1500 barrels of liquid drilling mud will be produced during the drilling of the well. This liquid too, will be analyzed, and if found non-hazardous as 99.9% of the drilling mud water samples are, this material will be dewatered and hauled off site to an approved non-hazardous drilling mud disposal site or spread on location if necessary to build up location for production facilities. Any and all wastes found to be hazardous will be hauled off to a certified and approved California hazardous waste disposal site.

Estimated water:

It is estimated during the course of the drilling operation, approximately 500 barrels of water per day will be used during the drilling of the well. This water will be used to manufacture the drilling fluid and to make cement, which will be used to cement the outside of the casing(s). And, if the well is deemed to be a dry hole, the water will be utilized to formulate cement to place abandonment cement plugs in the hole in accordance with the rules and regulations of DOGGR. Water will be purchased offsite and trucked in when needed to replenish the onsite water tank.

Wastewater will be self-contained and serviced by a private company; no connection to the City of Arvin's wastewater system is proposed.

Advertising:

No advertising will exist other than the rig number sign at Myer St location entrance or if a permanent facility is built, a well sign(s).

Buildings:

No existing buildings will be used, nor will any buildings be constructed for this temporary drilling operation. However, if our efforts are successful, we will install a permanent tank battery and proper separation and processing system as are normally associated with oil and gas producing wells, see attached Exhibit "D".

Lighting/Sound:

The rig and location will be lit during the night for working operations by hooded portable and temporary lights that will be focused on the rig and drilling location, and all portable lighting shall be pointed downward toward the base of the rig to minimize potential glare. All outdoor lighting shall be hooded and directed as to not shine toward adjacent properties and public streets.

There will not be any sound amplifications systems.

All drilling towers shall be marked and lighted in such a manner as to avoid potential safety hazards to aircraft application of herbicides and pesticides on adjacent farmlands.

Landscaping:

Since this is a temporary situation, no landscaping or fencing is proposed. However, if oil or gas is found in commercially profitable amounts, we will fence the 300' x 500' location with 8' privacy fence and razor ribbon.

Additional information:

The Proposed Project will adhere to permitting rules and regulations set forth by the Air District, DOGGR, the RWQCB, and the Chapter 17.46 of the City of Arvin Municipal Code, Oil & Gas Production.

In the event that cultural resources are unearthed during ground-disturbing activities, all work shall be halted in the area of the find. An Archaeologist will be called to evaluate the findings and make any necessary mitigation recommendations. If human remains are unearthed during ground-disturbing activities, no further disturbance will occur until the Kern County Sheriff-Coroner has made the necessary findings as to origin and disposition. All normal evidence

procedures should be followed by photos, reports, video, etc. If such remains are determined to be Native American, the Sheriff-Coroner must notify the Native American Commission within 24 hours.

The project will comply with the National Pollution Discharge Elimination System ("NPDES") regulations and permitting requirements to control direct storm water discharge, as well as applying any applicable Water Quality Management Plans and Best Management Practices ("BMPs").

Prior to commencing operations, all water wells and septic systems within the project area shall be properly destroyed by an appropriately-licensed contractor. Prior to destruction of any agricultural well, a sample of the uppermost fluid in the well column shall be checked for lubricating oil. Should lubricating oil be found in the well, the oil shall be removed from the well prior to placement of fill material for destruction.

Maps:

See attached maps for reference.

END OPERATIONAL STATEMENT CHECKLIST

PETRO-LUD, INC.

Clayton Lud

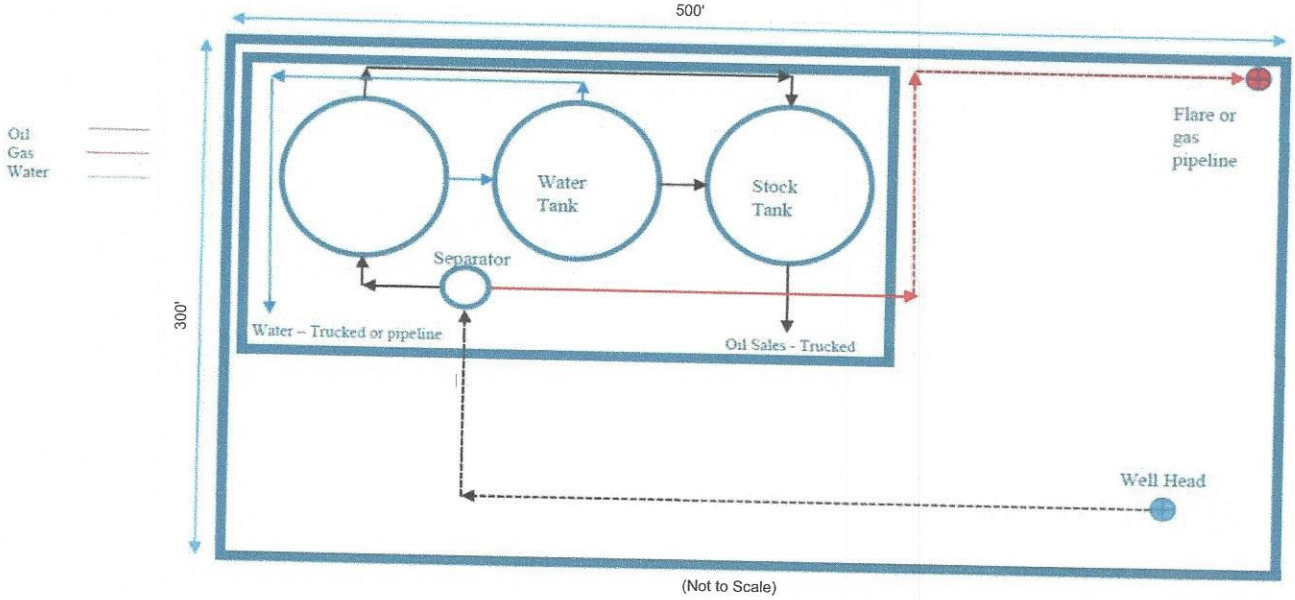
By: Clayton Ludington, President

Date: May 9, 2018

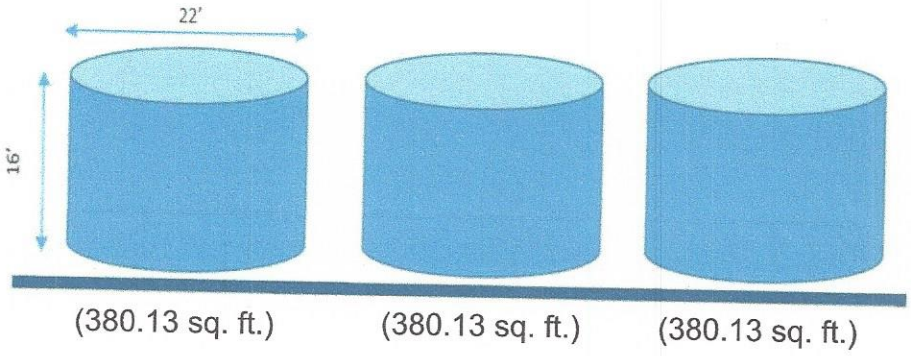
EXHIBIT "D"

PETRO-LUD

Typical Production Site Layout



Typical Elevation Profile

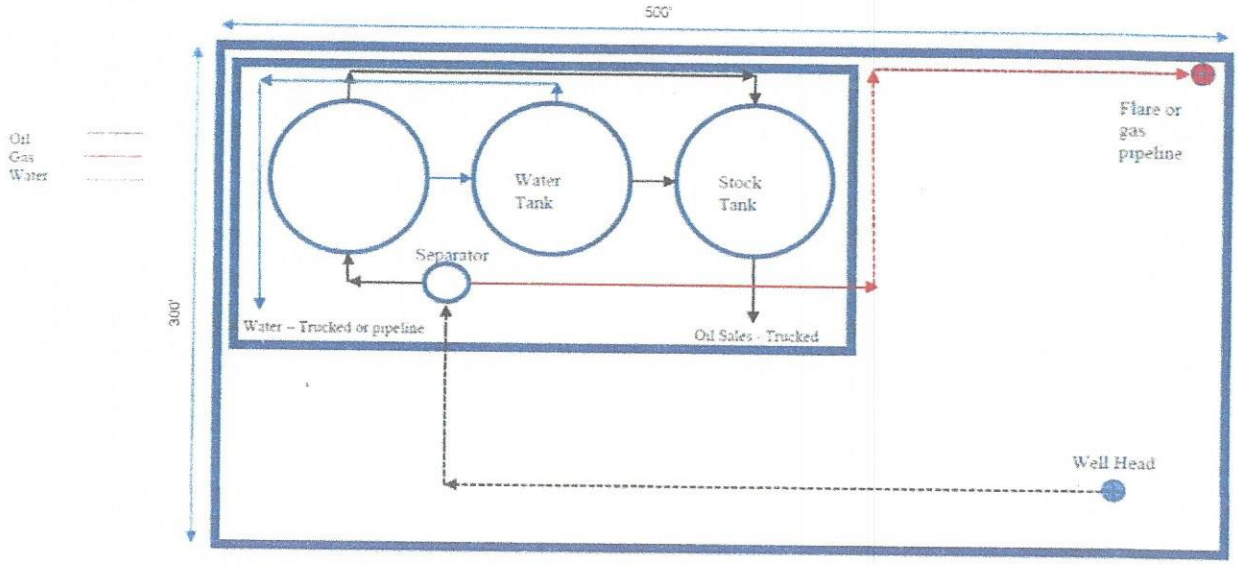


Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal Petro-Lud CUP)

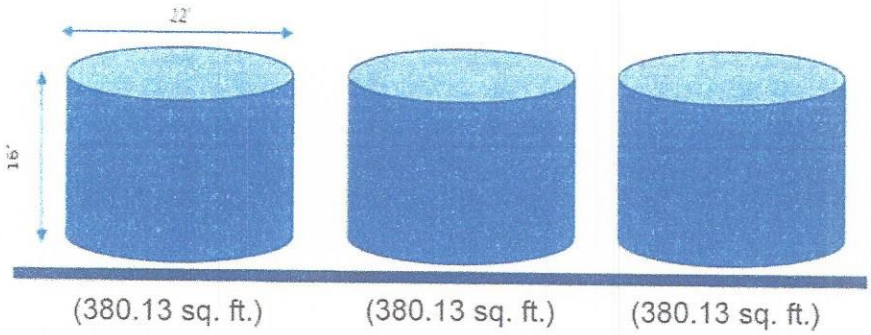
EXHIBIT "D"

PETRO-LUD

Typical Production Site Layout



Typical Elevation Profile



Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal Petro-Lud CUP)

Comments Received: - 1. February 6, 2018 -State of California – Natural Resources – Department of Oil, Gas, and Geothermal Resources - DOGGR

State of California • Natural Resources Agency
Department of Conservation
Division of Oil, Gas, and Geothermal Resources
Inland District
4800 Stockdale Highway • Suite 100
Bakersfield, CA 93309
(661) 322-4031 • FAX (661) 861-0279

Edmund G. Brown Jr., *Governor*

February 6, 2018

Mr. Jake Raper, AICP JAS Contract Planner
City of Arvin, Community Development Department, Planning Division
141 Plumtree Drive
Arvin, CA 93203

Subject: CUP 2017 Petro-Lud Exploratory Drill Operation APN 189-351-36

Dear Mr. Raper:

The Department of Conservation, Division of Oil, Gas, and Geothermal Resources (Division) supervises the drilling, maintenance, and plugging and abandonment of oil, gas, and geothermal wells in California. The Division has received and reviewed the above notice and submits the following evaluation.

The project is located in Kern County, within the Mountain View oil field administrative boundaries. Division records indicate there are **two known** abandoned oil and gas wells located within the project boundaries. As the notice does not indicate surface development is planned, further review of these wells will be done upon request. All oil and gas well operations are subject to the Division's well permitting process, and all oil and gas operations must abide by any pertinent Division statute or regulation.

If during project operations, any unknown wells are encountered the project developer or property owner shall immediately notify the Division's Inland District office for consultation. Remedial plugging and abandonment operations may be required.

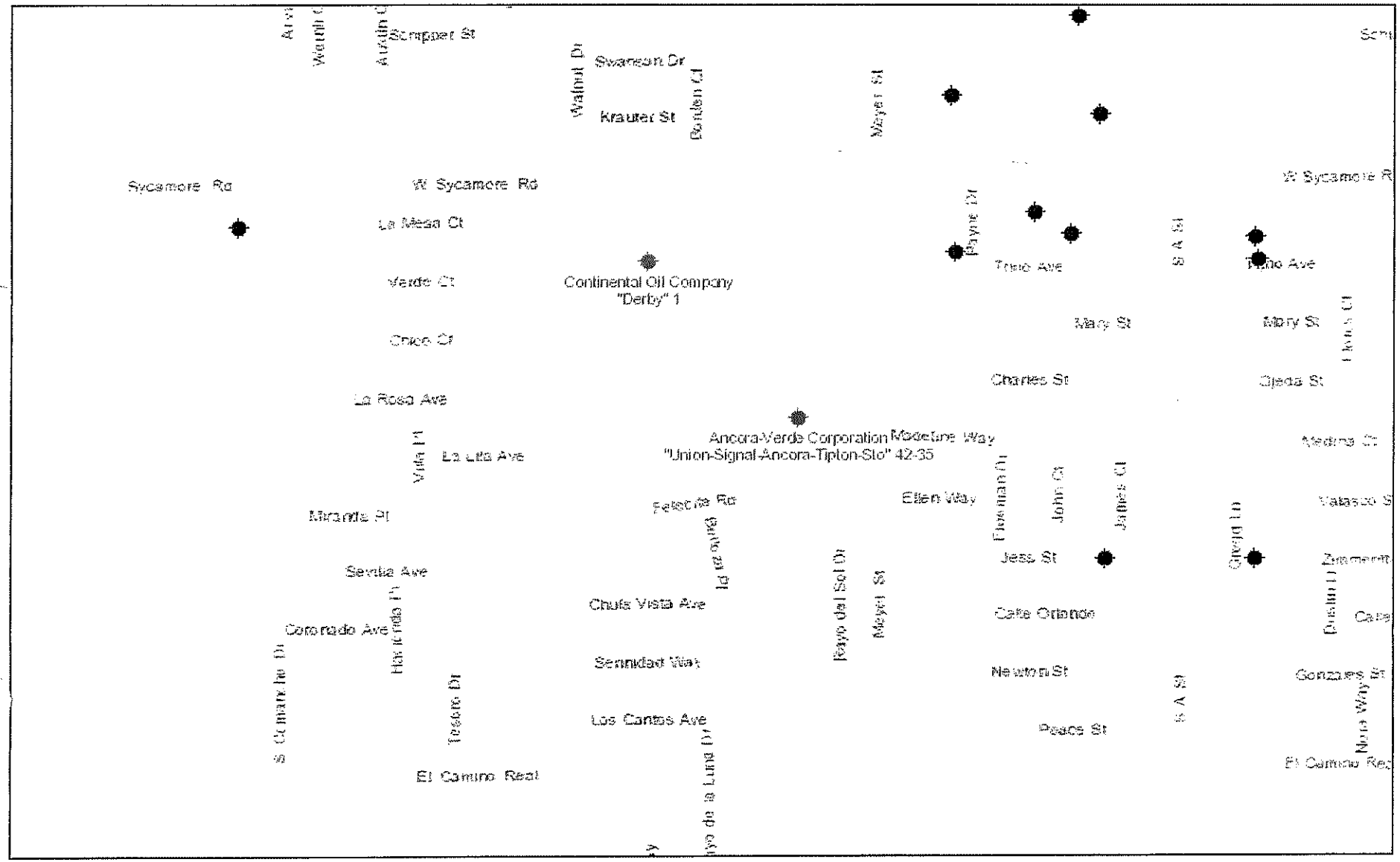
Thank you for the opportunity to comment on this project. Should any questions arise, please contact me in the Bakersfield district office at **(661) 334-3662**.

Sincerely,

Michael Toland
Senior Oil and Gas Engineer
Environmental Unit Supervisor

enclosures

Petro-Lud APN 189-351-36



February 6, 2018

●	<all other values>	●	AI	●	DH
●	<Null>	●	AP	▲	GT
●	AB	●	D	●	N

1:9,028

0 0.075 0.15 0.3 mi

0 0.1 0.2 0.4 km

Sources: Esri, HERE, DeLorme, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey,

Petro-Lud APN 189-351-36

February 6, 2018

	<all other values>		AI		DH
	<Null>		AP		GT
	AB		D		N

1:9,028

0 0.075 0.15 0.3 mi

0 0.1 0.2 0.4 km

Esri, HERE, DeLorme, MapmyIndia, © OpenStreetMap contributors, and the GIS user community

5.A.b

Attachment 2 - December 26, 2017 Response to requested additional information

December 26, 2017

Mr. Jake Raper
Arvin Planning Division
141 Plumtree Drive
Arvin, California 93203

RE: Stockton Development Project – Conditional Use Permit Application

Dear Mr. Raper:

Thank you for your letter of December 21, 2017.

In response to your request for additional information, please note the following:

- The precise surface location we are proposing for our project will be on APN: 189-351-36. The Kern County Assessor shows this parcel's measurements as being 615.15 feet East to West by 605 feet North to South. Our operations location on this tract will be approximately 450 feet East of Meyer Street which borders this parcel on the East, and 450 feet South of Sycamore Road, which borders this parcel on the North.

- During the estimated 20 days of drilling operations, noise will only consist of the running of approximately 2-500 horsepower main rig engines and 1 – 1000 horsepower pump engine with industrial mufflers with (+/-) 2 auxiliary 50 horsepower engines. The noise of these engines will not be noticeable outside the boundaries of the location. With regards to lighting, the rig and location will be totally lit during the night for working operations by portable temporary lights that will be focused and directly pointed on the rig and drilling location. Glare will not be a problem.

- Exhibits attached herewith:

  - "Exhibit A" for a plat showing our proposed location
  - "Exhibit B" for a photograph of a similar operational setup
  - "Exhibit C" Check List – Oil and Gas Production, Locational, and Operational Criteria

- Please disregard the copies of the Stockton Family oil and gas leases we provided with our application which pertained to other lands which are not in the Arvin area and are not included in this project. Attached are the copies of the Stockton Family leases that pertain to their interest in our proposed Stockton Development Project.

Please let us know if you require any additional information.

Sincerely,

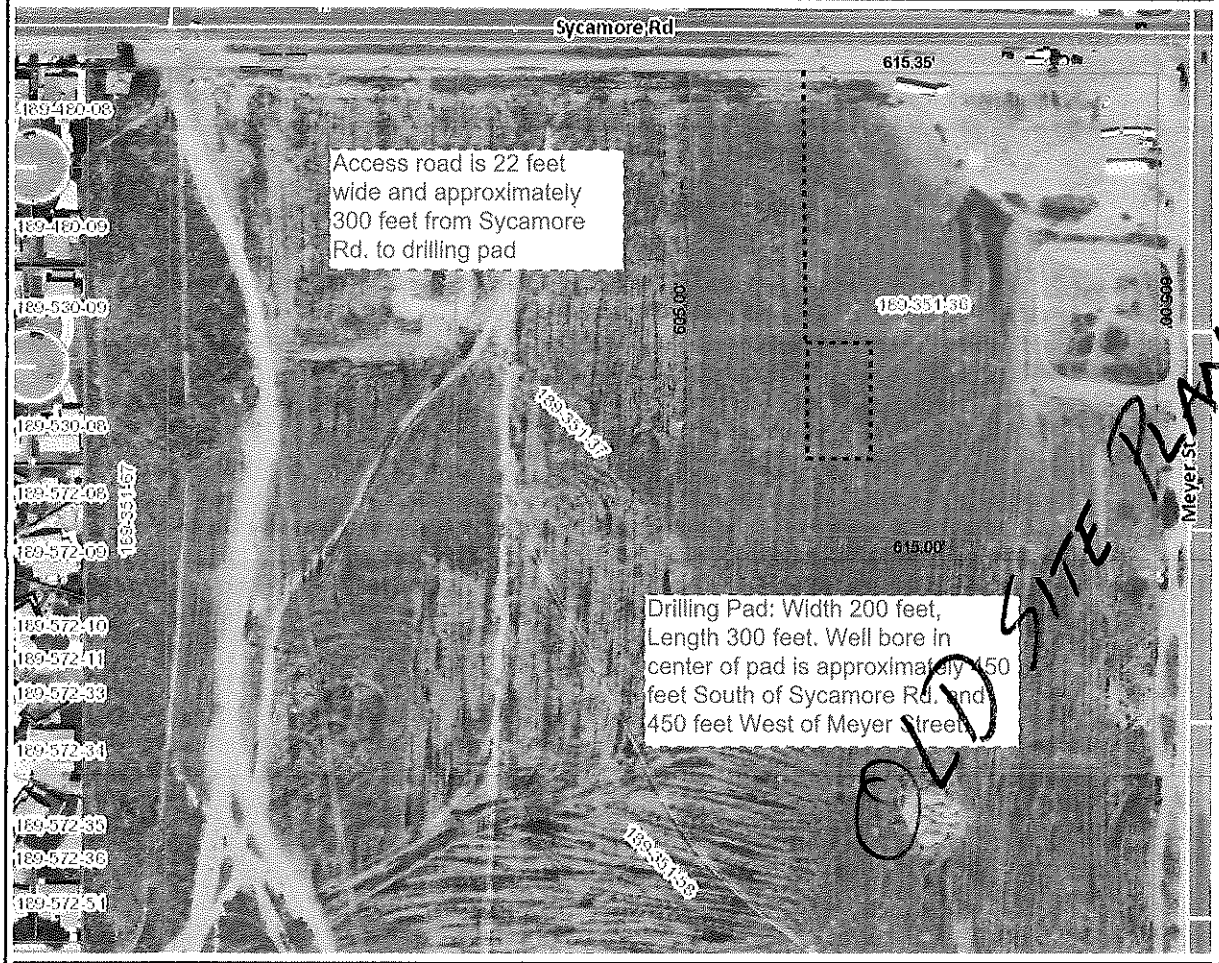
Clayton Ludington
President/CEO

1311 Calaveras Park Drive, Bakersfield, California 93311 -Tel: (661) 747-4779 - Web: www.petro-lud.com

Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal Petro-Lud CUP)

Attachment 2a – Exhibit A – Locational Photo Overlay with access from Sycamore Road

STOCKTON DEVELOPMENT PROJECT



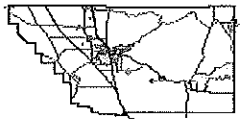


EXHIBIT "A"

Section: 35

Township: 31 South

Range: 29 East

Kern County, CA

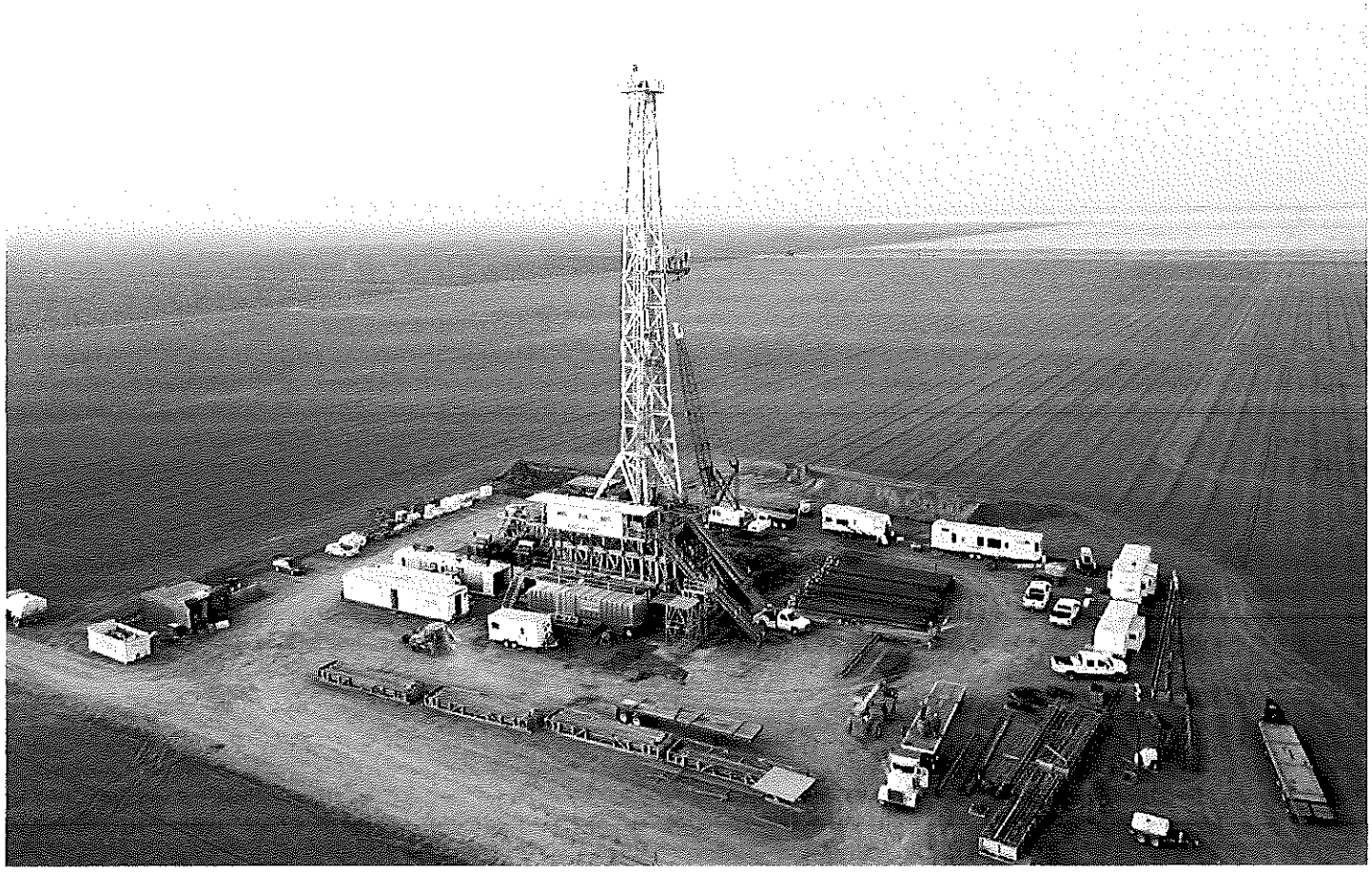
Notes

Parcel 189-351-36 contains a total of 8.53 acres

Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal Petro-Lud CUP)

Attachment 2b -Exhibit B- Typical Photograph of Drill Site

EXHIBIT "B"



Attachment 2c – Exhibit C – Check List – Oil and Gas Production Locational and Operational Criteria

Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal

EXHIBIT "C"

CHECK LIST – OIL AND GAS PRODUCTION
LOCATIONAL AND OPERATIONAL CRITERIA

City of Arvin – Title 17, Zoning Section 17.40.020 A – provides a minimal operational and locational criterion for oil and gas production – A-1 through A-15. This section specifically applies for operations where public hearings are waived, however, the list also provides a basis for the establishment of operational conditions and criteria for the Planning Commission when considering a Conditional Use Permit. **Other Conditions may be considered by the Planning Commission.**

INSTRUCTION: Box marked under Yes meets city standards
Box marked No does not meet city standard
NA means not applicable to the proposed project.

YES	NO	NA	SECTION 17.40.020 A	CRITERIA	NOTES
Y			1.	That no oil or gas well shall be drilled within one hundred (100) feet of any public highway or within one hundred and fifty (150) feet of any residence constructed prior to the commencement of such drilling, without the written consent of the owner thereof;	Show setback locations of the proposed drill sites on an aerial.
Y			2.	That all drilling and producing operations shall conform to all applicable fire and safety regulations	Provide compliance list from Kern County Fire and OSHA/statement of compliance.
Y			3.	That no signs, other than directional and warning signs and those required for identification of the well shall be constructed, erected, maintained or placed on the premises or any part thereof except those required by law or ordinance to be displayed in connection with the drilling or maintenance of the well;	Describe and Illustrate compliance.
Y			4.	That suitable and adequate sanitary toilet and washing facilities approved by the city health department, shall be installed and maintained in a clean and sanitary condition at all times;	Prepare and show typical site layout of temporary drill and operational site. Picture of similar operational sites would be beneficial.
Y			5.	That proven technological improvements generally accepted and used in drilling and production methods shall be adopted as they may become from time to time available if capable of reducing factors of nuisance and	Describe how this is implemented.

Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal Petro-Lud CUP)

EXHIBIT "C"

				annoyance;	

				CHECK LIST – OIL AND GAS PRODUCTION **LOCATIONAL AND OPERATIONAL CRITERIA**	
City of Arvin – Title 17, Zoning Section 17.40.020 A – provides a minimal operational and locational criterion for oil and gas production – A-1 through A-15. This section specifically applies for operations where public hearings are waived, however, the list also provides a basis for the establishment of operational conditions and criteria for the Planning Commission when considering a Conditional Use Permit.					
INSTRUCTION: Box marked under Yes meets city standards Box marked No does not meet city standard NA means not applicable to the proposed project.					
Y			6.	That the derrick, all boilers and all other drilling equipment used pursuant to this section to drill any well hole or to repair, clean out, deepen or redrill any completed or drilling well, shall be removed within ninety (90) days after completion of such drilling, or after abandonment of any well, unless such derrick, boilers and drilling equipment are to be used, within a reasonable time limit determined by the planning commission, for the drilling of another well or wells on the premises;	State operational, removal, and remediation of site after temporary utilization. For Operational well production show operational, removal, and remediation after close of operation.
Y			7	That after any well has been placed on production no earthen sumps shall be used for the storage of petroleum	State how compliance will be gained and describe method used. Illustrations of storage options and provide pictures of similar operations
Y			8.	That within ninety (90) days after any well has been placed in production or after its abandonment, earthen sumps used in drilling or production or both, unless such sumps are to be used within a reasonable time limit determined by the planning commission for the drilling of another well or wells, shall be filled and the drilling site restored as nearly as practicable to a uniform grade;	Show and illustrate how compliance will be implemented.

Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal Petro-Lud CUP)

EXHIBIT "C"

CHECK LIST – OIL AND GAS PRODUCTION
LOCATIONAL AND OPERATIONAL CRITERIA

City of Arvin – Title 17, Zoning Section 17.40.020 A – provides a minimal operational and locational criterion for oil and gas production – A-1 through A-15. This section specifically applies for operations where public hearings are waived, however, the list also provides a basis for the establishment of operational conditions and criteria for the Planning Commission when considering a Conditional Use Permit.

INSTRUCTION: Box marked under Yes meets city standards
Box marked No does not meet city standard
NA means not applicable to the proposed project.

Y			9.	That any derrick used for servicing operations shall be of the portable type; provided, however, that upon presentation of proof that the well is of such depth or has such other characteristics, or for other cause, that a portable-type derrick will not properly service such well, the planning commission may approve the use of a standard type of derrick;	New CUP will be required should production well be proposed.
Y			10.	That prior to the drilling, redrilling or deepening of any well, the permittee shall file with the city clerk, a satisfactory corporate surety bond in favor of the city in the sum of five hundred dollars ($500.00) per well or two thousand-five hundred dollars ($2,500.00) for five (5) or more wells, executed by such permittee as principal and by an authorized surety company as surety, conditioned that the principal named in the bond shall faithfully comply with all the provisions of this section in drilling, redrilling, or deepening any well or wells covered by the bond, and shall secure the city against all losses, charges and expenses incurred by it to obtain such compliance by the principal named in the bond;	Security bonds be provided upon action by the Planning Commission and prior to operation
Y			11.	That all oil or gas produced shall be carried away by pipelines or, if produced into and shipped from tanks located on the premises, such tanks shall be surrounded by shrubs or trees, planted and maintained so as to develop attractive landscaping and insofar as practicable, screen such tanks from public view;	Show and illustrates operational aspect of this phase of operation.

Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal Petro-Lud CUP)

EXHIBIT "C"

CHECK LIST – OIL AND GAS PRODUCTION
LOCATIONAL AND OPERATIONAL CRITERIA

City of Arvin – Title 17, Zoning Section 17.40.020 A – provides a minimal operational and locational criterion for oil and gas production – A-1 through A-15. This section specifically applies for operations where public hearings are waived, however, the list also provides a basis for the establishment of operational conditions and criteria for the Planning Commission when considering a Conditional Use Permit.

INSTRUCTION: Box marked under Yes meets city standards
Box marked No does not meet city standard
NA means not applicable to the proposed project.

Y			12.	That, except in case of emergency, no materials, equipment, tools or pipe used for either drilling or production operations shall be delivered to or removed from the drilling site, except between the hours of eight (8) a.m. and eight (8) p.m. of any day;	Operational Plan to highlight delivery schedules in compliance with this section.
Y			13.	That adequate firefighting apparatus and supplies, approved by the city fire department, shall be maintained on the drilling site at all times during drilling and production operations;	Describe operational compliance.
Y			14.	That pumping wells shall be operated by electric motors or muffled internal combustion engines, and the height of all pumping units shall be not more than twenty (20) feet. All permanent equipment shall be painted and kept in neat condition. All producing operations shall be as free from noise as possible with modern oil operations;	Show and illustrate compliance with City Noise standards.
Y			15.	That the drilling site shall be fenced or landscaped as prescribed by the planning commission.	Show and illustrate on site plan compliance

Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal Petro-Lud CUP)

Comments Received: - 2. January 31, 2018 – San Joaquin Valley Air Pollution Control District.

San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT

HEALTHY AIR LIVING™

JAN 3 1 2018

Jake Raper
City of Arvin
P.O. Box 548
141 Plumtree Drive
Arvin, CA 93203

Project: CUP 2017 – Petro Lub Exploratory Drill Operation

District CEQA Reference No: 20180069

Dear Mr. Raper:

The San Joaquin Valley Air Pollution Control District (District) has reviewed the project referenced above consisting of establishing an exploratory drilling operation located at the southwest corner of Sycamore and Meyer (APN 189-351-36) in Arvin, CA. The District offers the following comments.

District Comments:

1. Based on information provided to the District, project specific annual emissions of criteria pollutants are not expected to exceed any of the following District significance thresholds: 100 tons per year of carbon monoxide (CO), 10 tons per year of oxides of nitrogen (NOx), 10 tons per year of reactive organic gases (ROG), 27 tons per year of oxides of sulfur (SOx), 15 tons per year of particulate matter of 10 microns or less in size (PM10), or 15 tons per year of particulate matter of 2.5 microns or less in size (PM2.5). Therefore, the District concludes that the project would have a less than significant impact on air quality when compared to the above-listed annual criteria pollutant emissions significance thresholds.

2. The project is subject to Regulation VIII (Fugitive PM10 Prohibitions).

3. All portable emission units (including portable drilling rigs) are required to be registered with either the California Air Resources Board (CARB) or with the District (Rule 2280 Portable Equipment Registration).

4. The District recommends that a copy of the District's comments be provided to the project proponent.

Seyed Sadredin
Executive Director/Air Pollution Control Officer

Northern Region
4800 Enterprise Way
Modesto, CA 95356-8718
Tel: (209) 557-6400 FAX: (209) 557-6475

Central Region (Main Office)
1990 E. Gettysburg Avenue
Fresno, CA 93726-0244
Tel: (559) 230-6000 FAX: (559) 230-6061

Southern Region
34946 Flyover Court
Bakersfield, CA 93308-9725
Tel: 661-392-5500 FAX: 661-392-5585

www.valleyair.org www.healthyairliving.com

Printed on recycled paper.

District staff is available to meet with you and/or the applicant to further discuss the regulatory requirements that are associated with this project.

If you have any questions or require further information, please call Sharla Yang at (559) 230-5934.

Sincerely,

Arnaud Marjollet
Director of Permit Services

for

Brian Clements
Program Manager

AM: sy

Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal Petro-Lud CUP)

Attachment 3 - July 31, 2017 - Limited Title Certificate – Memorandum of Oil, Gas, and Mineral Lease

LIMITED TITLE CERTIFICATE

Prospect: Stockton Development Project

County: KERN

State: California

APN: 189-351-36; 189-351-37; 189-351-58

Description: NW 1/4 of Section 35 T31S R29E

Gross Acres: 160

No.	Minerals Owner(s)	Vesting Doc	Ownership %	Net Acres
001	Barbara Stockton, heir of Derby Tipton and Eve Derby Stockton	1960 - 3269/798	33.333%	53.3333
	Peter Stockton, heir of Derby Tipton and Eve Derby Stockton	1960 - 3269/798	33.333%	53.3333
	Monica Ann Stockton, heir of Derby Tipton and Eve Derby Stockton	1960 - 3269/798	33.333%	53.3333
		Totals	**1.0000**	
No.	**Surface Owner(s)**	**Vesting Doc**	**Ownership %**	**Net Acres**
002	Westminster Capital 9665 Wilshire Boulevard, Ste. M-10 Beverly Hills, CA 90212	2009-00185125	100.00%	160.0000
		Totals	**1.0000**	**160.0000**

Leases: Petro-Lud 2017

Examination Period:

Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal Petro-Lud CUP)

Jon Lifquist, Asse[illegible] – Recorder
Kern County Official Rec[illegible]
Recorded at the request of
Public

BOLDEN[illegible]
7/31/2017
10:42 AM

DOC#: 217098338

Stat Types: 1 Pages: 4

Fees	22.00
Taxes	2.20
Others	0.00
PAID	$24.20

Recording Requested By and
When Recorded Mail Document and
Tax Statements To:

Petro-Lud Corporation
1311 Calaveras Park Dr
Bakersfield, CA 93311

The Undersigned Declares:
Documentary Transfer Tax Is $ 2.20
Documentary Transfer Tax Is Computed
On The Full Value of the Property Conveyed.

APN: See Exhibit "A" attached

MEMORANDUM OF OIL, GAS, AND MINERAL LEASE

MONICA ANN STOCKTON, A/K/A/ MONICA A. STOCKTON, as her separate property, as Lessor, and Petro-Lud Corporation, a California corporation, as Lessee.

WITNESSETH:

For and in consideration of rental paid in advance, other good and valuable consideration, and the covenants and agreements herein contained on the part of Lessee to be kept and performed, the receipt and adequacy of which are hereby acknowledged by Lessor, Lessor does hereby grant and lease to Lessee the land described hereafter and herein call the *leased land*, with the exclusive rights and for the purposes of prospecting, exploring, mining, drilling, and operating the leased land for oil, gas, hydrocarbons, all associated substances, sulfur, nitrogen, carbon dioxide, helium, and other commercially valuable substances which may be produced through wells on the leased land, whether or not similar to those substances mentioned above, which are herein collectively called *said substances*. The land hereby leased is situated in Kern County, California, and is described as follows:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

together with such rights as Lessor may have in any roads, streets, alleys, waterways, canals, sloughs, levees, ditches, easements, and rights-of-way upon, within or adjoining the leased land and containing **160.00** acres, more or less.

In addition to the rights granted to Lessee herein, Lessor hereby grants to Lessee the sole and exclusive right during the term hereof to explore the leased land by geological, geophysical, or other methods, whether similar to those herein specified or not and whether now known or not, including the drilling of shallow holes, for the purpose of determining subsurface geological conditions. During the term of this lease, Lessor shall not, without the written consent of Lessee, which may be withheld for any reason, enter into any contracts or agreements that would allow any party other than Lessee to (a) conduct geological, geophysical or seismic surveys on or across the leased land; (b) use the surface of the leased land for the drilling of wells, the purpose of which is to explore for or produce any of said substances from lands in the vicinity of the leased land; or (c) construct or install a pipeline in, on, or across the leased land, the purpose of which is to transport any of said substances.

This lease is made for the term and upon and subject to each and all the terms, provisions, covenants, and conditions set forth in that certain Oil, Gas, and Mineral Lease of even date herewith between Lessor and Lessee.

IN WITNESS WHEREOF, Lessor and Lessee have caused this lease to be duly executed as of June 5th, 2017

LESSEE:

Petro-Lud Corporation
By: Clayton Ludington
Clayton Ludington, President

LESSOR:

Monica Ann Stockton
Monica Ann Stockton a/k/a Monica A. Stockton
Monica Ann Stockton

Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal Petro-Lud CUP)

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL, GAS AND MINERAL LEASE made and entered into this 5th day of June, 2017, by and between **MONICA ANN STOCKTON A/K/A MONICA A. STOCKTON,** hereinafter called "Lessor" (whether one or more), and **PETRO-LUD CORPORATION,** hereinafter called "Lessee."

EXHIBIT "A"

TOWNSHIP 31 SOUTH, RANGE 29 EAST, KERN COUNTY, CALIFORNIA

SECTION 35: The Northwest Quarter (NW/4)

APN(S): 189-351-36, 37, 58 & 67; 189-471-01; 189-472-01 through 14 inclusive; 189-473-01 through 05 inclusive; 189-480-01 through 16 inclusive; 189-521-01; 189-522-01 through 14 inclusive; 189-523-01 through 05 inclusive; 189-530-01 through 16 inclusive; 189-571-01 through 18 inclusive; 189-572-01 through 51 inclusive; 189-573-01 through 09 inclusive; 189-574-01 through 27 inclusive; 189-611-01 through 08 inclusive; 189-612-01 through 12 inclusive; 189-613-01 through 27 inclusive; 189-614-01; 189-621-01 through 33 inclusive; 189-622-01 through 21 inclusive; 189-623-01 through 12 inclusive; 189-641-01 through 29 inclusive; 189-642-01 through 26 inclusive; 189-651-01 through 28 inclusive;189-652-01 through 30 inclusive; 189-671-01 through 09 inclusive; 189-672-01 through 20 inclusive;189-673-01 through 23 inclusive; and 189-680-01 through 30 inclusive.

It is understood and agreed that it is the intention of Lessor herein, to lease unto Lessee, any and all mineral interest that they may own in and to any and all streets, alleys, roadways, highways, ditches, canals, bayous, coulees, railroad easements, easements and/or rights-of-way, strips and/or parcels of land not specifically described above, public or private, which are situated within and/or adjacent to the above described leased premises.

Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal Petro-Lud CUP)

STATE OF OREGON

COUNTY OF Josephine §

On July 19, 2017, 2017, before me Rebekah M. Kasparian, a Notary Public, personally appeared MONICA ANN STOCKTON A/K/A MONICA A. STOCKTON, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of Oregon that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Rebekah Kasparian
Notary Public

OFFICIAL STAMP
REBEKAH M KASPARIAN
NOTARY PUBLIC - OREGON
COMMISSION NO. 943694
MY COMMISSION EXPIRES OCTOBER 18, 2019

Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal Petro-Lud CUP)

California All-Purpose Acknowledgement

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of KERN

On July 31, 2017 before me, Donna D. Nelson, Notary Public
Name of Notary Public, Title

personally appeared CLAYTON LUDINGTON

who proved to me on the basis of satisfactory evidence to be the person(~~s~~) whose name(~~s~~) is/~~are~~ subscribed to be within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(~~s~~) on the instrument the person(~~s~~), or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

I certify under **PENALTY OF PERJURY** under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Donna D Nelson
Signature of Notary Public

DONNA D. NELSON
COMM. #2073509
NOTARY PUBLIC • CALIFORNIA
KERN COUNTY
My Comm. Exp. July 31, 2018

Seal

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Jon Lifquist, Asses -Recorder
Kern County Official Records
Recorded at the request of
Public

BOLDENL
7/31/2017
10:42 AM

DOC#: 217098340

Stat Types: 1 Pages: 4

Fees	22.00
Taxes	2.20
Others	0.00
PAID	$24.20

Recording Requested By and
When Recorded Mail Document and
Tax Statements To:

Petro-Lud Corporation
1311 Calaveras Park Dr
Bakersfield, CA 93311

The Undersigned Declares:
Documentary Transfer Tax Is $ 2.20
Documentary Transfer Tax Is Computed
On The Full Value of the Property Conveyed.

APN: See Exhibit "A" attached

MEMORANDUM OF OIL, GAS, AND MINERAL LEASE

BARBARA STOCKTON, as her separate property, as heir or devisee of the Estate of Tom Derby Stockton, deceased, as Lessor, and Petro-Lud Corporation, a California corporation, as Lessee.

WITNESSETH:

For and in consideration of rental paid in advance, other good and valuable consideration, and the covenants and agreements herein contained on the part of Lessee to be kept and performed, the receipt and adequacy of which are hereby acknowledged by Lessor, Lessor does hereby grant and lease to Lessee the land described hereafter and herein call the *leased land*, with the exclusive rights and for the purposes of prospecting, exploring, mining, drilling, and operating the leased land for oil, gas, hydrocarbons, all associated substances, sulfur, nitrogen, carbon dioxide, helium, and other commercially valuable substances which may be produced through wells on the leased land, whether or not similar to those substances mentioned above, which are herein collectively called *said substances*. The land hereby leased is situated in Kern County, California, and is described as follows:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

together with such rights as Lessor may have in any roads, streets, alleys, waterways, canals, sloughs, levees, ditches, easements, and rights-of-way upon, within or adjoining the leased land and containing **160.00** acres, more or less.

In addition to the rights granted to Lessee herein, Lessor hereby grants to Lessee the sole and exclusive right during the term hereof to explore the leased land by geological, geophysical, or other methods, whether similar to those herein specified or not and whether now known or not, including the drilling of shallow holes, for the purpose of determining subsurface geological conditions. During the term of this lease, Lessor shall not, without the written consent of Lessee, which may be withheld for any reason, enter into any contracts or agreements that would allow any party other than Lessee to (a) conduct geological, geophysical or seismic surveys on or across the leased land; (b) use the surface of the leased land for the drilling of wells, the purpose of which is to explore for or produce any of said substances from lands in the vicinity of the leased land; or (c) construct or install a pipeline in, on, or across the leased land, the purpose of which is to transport any of said substances.

This lease is made for the term and upon and subject to each and all the terms, provisions, covenants, and conditions set forth in that certain Oil, Gas, and Mineral Lease of even date herewith between Lessor and Lessee.

IN WITNESS WHEREOF, Lessor and Lessee have caused this lease to be duly executed as of June 5th, 2017

LESSEE:

Petro-Lud Corporation

By: Clayton Ludington
Clayton Ludington, President

LESSOR:

Barbara Stockton
Barbara Stockton, as heir or devisee of the Estate of Tom Derby Stockton, Deceased

Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal Petro-Lud CUP)

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL, GAS AND MINERAL LEASE made and entered into this 5th day of June, 2017, by and between **BARBARA STOCKTON AS HEIR OR DEVISEE OF THE ESTATE OF TOM DERBY STOCKTON,** hereinafter called "Lessor" (whether one or more), and **PETRO-LUD CORPORATION,** hereinafter called "Lessee."

EXHIBIT "A"

TOWNSHIP 31 SOUTH, RANGE 29 EAST, KERN COUNTY, CALIFORNIA

SECTION 35: The Northwest Quarter (NW/4)

APN(S): 189-351-36, 37, 58 & 67; 189-471-01; 189-472-01 through 14 inclusive; 189-473-01 through 05 inclusive; 189-480-01 through 16 inclusive; 189-521-01; 189-522-01 through 14 inclusive; 189-523-01 through 05 inclusive; 189-530-01 through 16 inclusive; 189-571-01 through 18 inclusive; 189-572-01 through 51 inclusive; 189-573-01 through 09 inclusive; 189-574-01 through 27 inclusive; 189-611-01 through 08 inclusive; 189-612-01 through 12 inclusive; 189-613-01 through 27 inclusive; 189-614-01; 189-621-01 through 33 inclusive; 189-622-01 through 21 inclusive; 189-623-01 through 12 inclusive; 189-641-01 through 29 inclusive; 189-642-01 through 26 inclusive; 189-651-01 through 28 inclusive;189-652-01 through 30 inclusive; 189-671-01 through 09 inclusive; 189-672-01 through 20 inclusive;189-673-01 through 23 inclusive; and 189-680-01 through 30 inclusive.

It is understood and agreed that it is the intention of Lessor herein, to lease unto Lessee, any and all mineral interest that they may own in and to any and all streets, alleys, roadways, highways, ditches, canals, bayous, coulees, railroad easements, easements and/or rights-of-way, strips and/or parcels of land not specifically described above, public or private, which are situated within and/or adjacent to the above described leased premises.

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California All-Purpose Acknowledgement

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of Sonoma

On June 15 2017 before me, Richard L. Pellascini a Notary Public
Name of Notary Public, Title

personally appeared BARBARA STOCKTON

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to be within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under **PENALTY OF PERJURY** under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Richard Pellascini
Signature of Notary Public

RICHARD L. PELLASCINI
Commission # 2062344
Notary Public - California
Sonoma County
My Comm. Expires Apr 23, 2018

Seal

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State of California

County of KERN

On July 31, 2017 before me, Donna D. Nelson, Notary Public
Name of Notary Public, Title

personally appeared CLAYTON LUDINGTON

who proved to me on the basis of satisfactory evidence to be the person(~~s~~) whose name(~~s~~) is/~~are~~ subscribed to be within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(~~s~~) on the instrument the person(~~s~~), or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

I certify under **PENALTY OF PERJURY** under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Donna D Nelson
Signature of Notary Public

DONNA D. NELSON
COMM. #2073509
NOTARY PUBLIC • CALIFORNIA
KERN COUNTY
My Comm. Exp. July 31, 2018

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Jon Lifquist, Asse r – Recorder
Kern County Official Records
Recorded at the request of
Public

BOLDEN
7/31/2017
10:42 AM

DOC#: 217098339

Stat Types: 1 Pages: 4

Fees	22.00
Taxes	2.20
Others	0.00
PAID	$24.20

Recording Requested By and
When Recorded Mail Document and
Tax Statements To:

Petro-Lud Corporation
1311 Calaveras Park Dr
Bakersfield, CA 93311

The Undersigned Declares:
Documentary Transfer Tax Is $ 2.20
Documentary Transfer Tax Is Computed
On The Full Value of the Property Conveyed.

APN: See Exhibit "A" attached

MEMORANDUM OF OIL, GAS, AND MINERAL LEASE

Peter Stockton, as his separate property, as Lessor, and Petro-Lud Corporation, a California corporation, as Lessee.

WITNESSETH:

For and in consideration of rental paid in advance, other good and valuable consideration, and the covenants and agreements herein contained on the part of Lessee to be kept and performed, the receipt and adequacy of which are hereby acknowledged by Lessor, Lessor does hereby grant and lease to Lessee the land described hereafter and herein call the *leased land*, with the exclusive rights and for the purposes of prospecting, exploring, mining, drilling, and operating the leased land for oil, gas, hydrocarbons, all associated substances, sulfur, nitrogen, carbon dioxide, helium, and other commercially valuable substances which may be produced through wells on the leased land, whether or not similar to those substances mentioned above, which are herein collectively called *said substances*. The land hereby leased is situated in Kern County, California, and is described as follows:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

together with such rights as Lessor may have in any roads, streets, alleys, waterways, canals, sloughs, levees, ditches, easements, and rights-of-way upon, within or adjoining the leased land and containing **160.00** acres, more or less.

In addition to the rights granted to Lessee herein, Lessor hereby grants to Lessee the sole and exclusive right during the term hereof to explore the leased land by geological, geophysical, or other methods, whether similar to those herein specified or not and whether now known or not, including the drilling of shallow holes, for the purpose of determining subsurface geological conditions. During the term of this lease, Lessor shall not, without the written consent of Lessee, which may be withheld for any reason, enter into any contracts or agreements that would allow any party other than Lessee to (a) conduct geological, geophysical or seismic surveys on or across the leased land; (b) use the surface of the leased land for the drilling of wells, the purpose of which is to explore for or produce any of said substances from lands in the vicinity of the leased land; or (c) construct or install a pipeline in, on, or across the leased land, the purpose of which is to transport any of said substances.

This lease is made for the term and upon and subject to each and all the terms, provisions, covenants, and conditions set forth in that certain Oil, Gas, and Mineral Lease of even date herewith between Lessor and Lessee.

IN WITNESS WHEREOF, Lessor and Lessee have caused this lease to be duly executed as of June 5th, 2017

LESSEE:

Petro-Lud Corporation

By: Clayton Ludington
Clayton Ludington, President

LESSOR:

Monica Ann Stockton - POA
for Peter Stockton
Peter Stockton
Monica Ann Stockton - POA
for Peter Stockton

Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal Petro-Lud CUP)

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL, GAS AND MINERAL LEASE made and entered into this 5th day of June, 2017, by and between **PETER STOCKTON,** hereinafter called "Lessor" (whether one or more), and **PETRO-LUD CORPORATION,** hereinafter called "Lessee."

EXHIBIT "A"

TOWNSHIP 31 SOUTH, RANGE 29 EAST, KERN COUNTY, CALIFORNIA

SECTION 35: The Northwest Quarter (NW/4)

APN(S): 189-351-36, 37, 58 & 67; 189-471-01; 189-472-01 through 14 inclusive; 189-473-01 through 05 inclusive; 189-480-01 through 16 inclusive; 189-521-01; 189-522-01 through 14 inclusive; 189-523-01 through 05 inclusive; 189-530-01 through 16 inclusive; 189-571-01 through 18 inclusive; 189-572-01 through 51 inclusive; 189-573-01 through 09 inclusive; 189-574-01 through 27 inclusive; 189-611-01 through 08 inclusive; 189-612-01 through 12 inclusive; 189-613-01 through 27 inclusive; 189-614-01; 189-621-01 through 33 inclusive; 189-622-01 through 21 inclusive; 189-623-01 through 12 inclusive; 189-641-01 through 29 inclusive; 189-642-01 through 26 inclusive; 189-651-01 through 28 inclusive;189-652-01 through 30 inclusive; 189-671-01 through 09 inclusive; 189-672-01 through 20 inclusive;189-673-01 through 23 inclusive; and 189-680-01 through 30 inclusive.

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STATE OF OREGON
COUNTY OF Josephine §

On July 19TH, 2017, before me Rebekah M. Kasparian, a Notary Public, personally appeared PETER STOCKTON, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of Oregon that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Rebekah Kasparian
Notary Public

OFFICIAL STAMP
REBEKAH M KASPARIAN
NOTARY PUBLIC - OREGON
COMMISSION NO. 943694
MY COMMISSION EXPIRES OCTOBER 18, 2019

California All-Purpose Acknowledgement

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of KERN

On July 31, 2017 before me, Donna D. Nelson, Notary Public
Name of Notary Public, Title

personally appeared CLAYTON LUDINGTON

who proved to me on the basis of satisfactory evidence to be the person(~~s~~) whose name(~~s~~) is/~~are~~ subscribed to be within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(~~s~~) on the instrument the person(~~s~~), or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

I certify under **PENALTY OF PERJURY** under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Donna D. Nelson
Signature of Notary Public

DONNA D. NELSON
COMM. #2073509
NOTARY PUBLIC • CALIFORNIA
KERN COUNTY
My Comm. Exp. July 31, 2018

Seal

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Comments Received: - 3. January 24, 2018- Arvin Building Division – No comment.

CUP2017-Petro Lub
Exploratory Drill Operation
APN189-351-36
Southwest Corner of
Sycamore and Meyer

CITY OF ARVIN PROJECT AND
ENVIRONMENTAL REVIEW
141 Plumtree Drive, P.O. Box 548
Arvin, California 93203
661-854-2822 Office
661-854-2969 Fax

CITY OF ARVIN PROJECT AND ENVIRONMENTAL REVIEW

CITY STAFF

(X) City Administration
(X) City Clerk
(X) Building Division
( ) Public Works
( ) Economic Development
( ) Recreation Department
(X) City Engineer – Adam Ojeda, Dewalt Engineering
(X) City Attorney
(X) Finance Department
(X) Chief of Police
( ) Transportation Department

OTHER

( ) Arvin Post Office
( ) So. San Joaquin Valley Archeological Info Center
(X) San Joaquin Air Pollution Control District
( ) Arvin Edison Water Storage District
(X) Westminister Capital – Land Owner
(X) Petro-Lub Corporation– Applicant

LOCAL UTILITIES

(X) Veolia Waters - Sewer
( ) Pacific Gas & Electric
( ) Pacific Bell
(X) Arvin Community Services District
( ) Southern California Edison
( ) Time Warner Cable
( ) Other _____

SCHOOL DISTIRCTIS

( ) Arvin Union School District

COUNTY AGENCIES - KERN

(X) Kern County Fire- Prevention
( ) Environmental Resources
( ) Environmental Health Services
( ) LAFCO
( ) Assessor's Office
( ) Public Works Department
( ) Sheriff's Office
( ) Planning Department
( )
( ) Other_____
( ) Other_____

STATE AGENCIES

( ) Cal-Trans, District 6
( ) Dept. Fish & Game
( ) Water Control Quality Board
( ) US Fish & Wildlife
( ) Central CA Archaeological Ctr
( ) Native American Heritage Comm.
( ) Air Resources Board
( ) Dept. Conservation
( ) State Clearing House
( ) California EPA
( ) Environmental Protection Agency
(X) Division of Oil, Gas & Geothermal Resources
( ) Calif. Depart of Social Services, Community Care Licensing Div – Fresno Office
() Department of Alcoholic Beverage Control;

DATE MAILED: January 17, 2018
Staff Member: Jake Raper, JAS Contract Planner

Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal Petro-Lud CUP)

Return Completed Form to:
City of Arvin, 141 Plumtree Drive, Arvin, CA 93203
Community Development Department, Planning Division
Attn: Jake Raper, AICP JAS Contract Planner
E-mail: jraper@arvin.org or jakeraper@yahoo.com
661-854-2822 Office 661-854-2969 Fax
Alternate phone number for Jake: 805-234-7908

AGENCY MAILING LABEL HERE

CUP2017-Petro Lub
Exploratory Drill Operation
APN189-351-36
Southwest Corner of
Svcamore and Mever

WILL THIS PROJECT AFFECT YOUR AGENCY/JURISDICTION? (If yes, specify.)

☐ YES – Please complete below.

☒ NO – Sign and Return EITHER by Mail, Fax, or Email.

SUGGESTION(S) TO REDUCE IMPACTS/ADDRESS CONCERNS-- Please list or email requested conditions to be included for consideration:

REQUIRED CONDITIONS OF APPROVAL- Please list or email requested conditions to be included for consideration

DOES YOUR AGENCY NEED ANY ADDITIONAL INFORMATION FOR YOU TO COMPLETE YOUR REVIEW? (Be specific):

REVIEWED BY: MARK McCLAIN (Name (Please Print)) _____ (Phone Number) 1-24-2018 (Date)

Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal Petro-Lud CUP)

Attachment 4 - January 10, 2018 Response to requested additional Information

January 10, 2018

Mr. Jake Raper
Arvin Planning Department
141 Plumtree Drive
Arvin California, 9320

Re: Response to email of January 3, 2018

1. Noise from the diesel generators on the surrounding areas. Not sure if you have any information from the manufactory as to the noise decibels while in operation mode. Since they will be in operation 24/7 we will need to address and possible create some noise barriers to lessen the noise intrusion on the surrounding areas. In your operational statement, it is indicated that noise will not discernible by the surrounding areas. The question does this meet the noise standards of the city?

Petro-Lud: Attached is a spec sheet of a generator typically used. These generators will be outfitted with powerful industrial mufflers to be in compliance with the noise standards. The generators will be turned off when not in use.

2. An encroachment permit will be needed and possible some temporary improvements to and from the site may be required. Once the application goes out for review, the City Engineer will advise as to what is needed.

Petro-Lud: We do not expect to be required to acquire an encroachment permit since none of our drilling operations will be performed within a county right-of-way. However, if it is determined by the reviewing agency that we need an encroachment permit, we will apply for one with the proper agency.

3. Light and glare, although temporary, weeks to months?, will need to analyzed not sure if you have night photos of an operation similar to this if so that would be helpful.

Petro-Lud: Drilling operations will take approximately 20 days. Attached is a night time drilling rig photo. All portable lights and lighting located atop the drilling rig shall be pointed downward towards the base of the rig to minimize potential glare.

4. Contamination to soil and remediation will need to be addressed - your past practices and remediation of previous site operations would be helpful. The operational statement indicates that most operational materials are non-hazardous and where found to exist are disposed of in accordance with state regulations.

Petro-Lud: Petro-Lud Inc. will use a clay-based mud whose liquid phase shall be fresh water from a nearby irrigation well. The drilling mud will be non-hazardous. Any hazardous materials found will be hauled off to the proper disposal site in accordance with local and state regulations.

1311 Calaveras Park Drive, Bakersfield, California 93311 -Tel: (661) 747-4779 - Web: www.petro-lud.com

5. Remediation of the site once the temporary operation is completed will need to be addressed. Your past practices on site remediation of previous site operations would be helpful.

Petro-Lud: We always restore the site (as reasonably practical) to its original condition once we have ceased operations.

6. Dust control - temporary road access to and from the site to the public roadway as well as the operational site - what is the proposed operational protocol for dust control.

Petro-Lud: The location will be watered daily with complete coverage of operations area to prevent and address any dust problems.

7. Closure of the site should it not go into production mode. My understanding is that State has specific capping requirements and standards. Of course they will be on the list to receive the distribution of the application and requesting their comments and input as well.

Petro-Lud: If the well is unsuccessful, it will be plugged with cement as required by the California Division of Oil and Gas. The drilling rig and all of the equipment will be removed from the site and the access road and operations location will be cleaned up and returned to its original condition as reasonably practical.

8. Conversion of the site to a production mode will need a Conditional Use Permit for that phase of operation.

In our recent successful Conditional Use Permit (CUP) application in Fresno County, we applied for both the drilling and production facilities CUP in one. We desire to do the same in this instance for the most efficient use of the City's and our time.

Best regards,
Alex Guitart, RPL
Agent for Petro-Lud Corporation

Comments Received: - 4. April 7, 2018 – Comments of Westminster Capital, Inc. – requested modifications and inclusion of conditions on the proposed activity and access.

CUP2017 – Petro-Lud
Exploratory Drill Operation
APN 189-351-36

Comments of Westminster Capital, Inc. ("WCI"), fee owner of APN 189-351-36

REQUEST FOR COMMENTS, CONDITIONS, ENVIRONMENTAL ASSESSMENT, AND ENTITLEMENT APPLICATION

WCI agrees with the Project Description that the CUP should be solely for the exploratory well and that a separate CUP application be filed, if and when a permanent well is requested. By requiring separate CUP applications, the City can monitor the applicant's performance and adherence to conditions and requirements under the exploratory CUP before approving a CUP for a permanent well. The applicant's performance under the exploratory CUP will allow the City to impose conditions on the second CUP reflective of the applicant's performance in drilling the exploratory well.

The Project Description states that the drill site is to be located on APN 189-351-36. In other documents, the applicant has listed APNs: 189-351-36, -37, -58, -67, all of which are owned by WCI. **WCI is in agreement with the City that the drill site should be located on APN 189-351-36.** WCI agree to the site identified by the applicant in its letter of December 26, 2017 to Mr. Jake Raper, the Planning Director, as a site 200' by 300' located on APN 189-351-36 at the location depicted on Exhibit A to that letter. However, WCI does not agree to the access route depicted in that Exhibit A that extends from Sycamore to the drill site. WCI requests that the access route be from Meyer to the drill site to allow for use of the balance of APN 189-351-36 for commercial development without interference with the frontage on Sycamore. Any reference to parcels other than 189-351-36 should be disregarded in applicant's communications concerning its CUP application.

CUP APPLICATION

Section 3 – This Section lists the property owners as Monica, Barbara and Peter Stockton. This is incorrect. The property owner is WCI. Monica, Peter and Barbara Stockton are the purported owners of the mineral rights under APN 189-351-36. Although WCI has requested from applicant documents to support the Stockton's claim to the mineral rights, applicant has not yet provided a chain of title to support Barbara Stockton's claimed one-third interest.

Section 4 – This Section lists the project site as APNs 189-351-36, -37, -58, -67. The City Request for Comments lists only 189-351-36. The Application should be amended to reflect the single parcel consistent with the City's Request for Comments.

Part1 – General Information Application

The name of the legal owner is incorrect throughout this Application. The legal owner is WCI, not the Stocktons.

Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal Petro-Lud CUP)

The Property Description refers to APNs 189-351-36, -37 and -58. As noted above, the City' Request for Comments is limited to APN 189-351-36.

The Property Dimensions are incorrect. According to the assessor's parcel information, the site is 615.15' by 605'.

Sewage

The Application indicates there will be no sewage. However, the Application states under "Water" that 1400 gallons of water will be used per day, and elsewhere in the document's notes that mud will be "dewatered." However, the Application does not address the disposal of any used water which should appropriately be considered sewage.

Operational Statement Checklist

Section 1. Outline of the operation.

The last sentence of the third paragraph of this Section states, "all drilling cuttings and drilling fluids will be dewatered and hauled offsite…or spread on location if desired to build up location for production facilities or other purposes."

WCI, as owner of the property, objects to any use of the surface after completion of the exploratory drilling to spread drilling cuttings or drilling fluids for any purpose. WCI requests that the City include a condition in any CUP requiring that all drilling cuttings and drilling fluids shall be removed from the property by Applicant.

Paragraph 4 of this Section states that following conclusion of drilling the site will be "cleaned up and returned to as close to their (sic) original condition as reasonably possible." WCI requests that Applicant commit "to use its best effort to clean up and restore the property to its original condition," without any further qualifiers.

Section 6. Section 6 of the Statement states that access to the drill site will be from Sycamore. WCI requests that the access be from Meyer, as noted above, in order to preserve as much as reasonably possible the potential commercial development of APN 189-351-36.

Section 7. Section 7 of the Statement addresses parking. There is not a clear statement that the parking will be entirely on the drill site. A condition of the CUP should be that all parking associated with the drill site will be on that site.

Section 11. Section 11 of the Statement requires the Applicant to address "Appearance." The Applicant references noise, glare, dust and odor in response to the item, but does not address visual appearance. Applicant should be required to fence the site with cyclone fencing covered with an opaque material that blocks view of its operations and prevents children who reside in surrounding residential communities from gaining access to the attractive nuisance of the drilling equipment.

Section 12. Section 12 of the Statement describes Applicant's plans for dealing with cuttings and liquid drilling mud resulting from its operations. As noted above, Applicant states it will haul cuttings and dewaterd mud offsite or spread it onsite. WCI requests that Applicant be conditioned to remove from the site all cuttings and all mud, and, further, that Applicant be conditioned to remove produced water from the property and not dispose of any of these waste products on the property.

Section 18. Section 18 requires comments regarding landscaping. Applicant's response is that it plans no landscaping or fencing. As noted above, WCI requests that the City condition any CUP to require the Applicant to fence the perimeter of the drill site.

Limited Title Certificate

This document gives no indication as to who prepared it or certified it. In fact, Applicant has not yet provided WCI with recorded documents that support Barbara Stockton's claim to be a one-third owner of the mineral rights.

Letter to the City of Arvin from Petro-Lud dated December 26, 2018

The first paragraph of the letter sets out a narrative description of the drill site proposed by Applicant and Exhibit A depicts the location on an aerial photo. WCI objects to the access route to the drill site proposed by Applicant because it effectively interferes with the development of the balance of the site for commercial purposes as the zoning for the property intends. WCI requests that the City require the Applicant to work with WCI to locate the access route to the drill site so that it enters the property from Meyer.

Exhibit "C"

Items 7 and 8 deal with restoration of sumps on completion of operations. WCI requests that the City obtain more detail of restoration plans from Applicant and a history of exploration drilling undertaken by Applicant in other jurisdiction to enable the City and WCI to examine Applicant's prior performance.

Letter to the City of Arvin from Petro-Lud dated January 18, 2018

In response to Item 8 in the Letter Applicant states that it wishes to have the CUP cover both the exploratory well and permanent well. **WCI supports the City's position that there should be two CUPs and that the current CUP be exclusively for the exploratory well.**

Further Comments

In addition to WCI's comments above addressing specific portions of Applicant's application and other communications with the City, WCI requests that, if the City grants a CUP to Applicant for exploratory drilling, that any such CUP include, the following requirements and conditions:

1. **Survey**: Within thirty (30) days of the grant of the CUP, Applicant will commission a formal engineering survey of the drill site and access route, and provide to WCI and the City the exact specifications, in feet and inches, of the drill site and access route. WCI and the City will have the right to review and approve the engineering survey. Applicant shall not commence any activity on the drill site other than such survey unless and until such survey is approved in writing by WCI and the City.

2. **Fencing**: Applicant will fence the drill site with minimum eight (8) foot fencing and secured access.

3. **Termination**: The CUP shall terminate (1) if there is a cessation of exploration or development activity on the drill site for a continuous period of ninety (90) days, or (2) one (1) year from the grant of the CUP.

4. **Construction and Maintenance**: Applicant shall construct and maintain the access route as compacted native soil conditioned and maintained to industry standards to mitigate dust and particulate matter, at all times, and consistent with the standards and requirements of the San Joaquin Valley Air Pollution Control District. Upon the completion of exploratory operations, Applicant shall restore the access route so as to return it to a condition as close to the condition existing prior to construction of the access route as is reasonably possible under the circumstances.

5. **Water**: Applicant will supply its own water by trucking it in by way of the access route. Under no circumstances will applicant drill water well(s), or a well designed to produce only water, on the property.

6. **Produced Water**: During exploration, Applicant shall only dispose of produced water by hauling it off the property. Under no circumstances will Applicant dispose of produced water, or any other substance, on the property (drill site, access route or other property owned by WCI).

7. **Abandonment**: Upon abandonment of the drill site, or any well contained therein, Applicant shall plug and abandon any dry hole or permanently abandoned well in accordance with good oil field practices and in compliance with the rules and regulations of the State of California, Division of Oil, Gas and Geothermal Resources and the City.

8. **Indemnification**: Applicant shall indemnify WCI and the City for damage or destruction of any property or injury to any persons resulting from acts or omissions of Applicant in

connection with its use of the drill site or the access route. Such indemnity should be by way of a separate indemnity agreement.

9. **Insurance:** Applicant, shall maintain in full force and effect, at its own expense, a policy or policies of worker's compensation insurance as required by the State of California and a policy or policies of comprehensive general liability insurance, the form and substance of which shall be subject to WCI's and City's prior review and written approval, insuring Applicant, WCI and the City (and such other persons, firms or corporations as are designated by WCI as having an interest in the property) against any liability for death, personal injury or property damages arising out of or resulting from Applicant's operations. All such policies shall be submitted to WCI and the City not less than 30 days prior to the intended commencement date of such policies for WCI's and the City's review and approval. The comprehensive general liability insurance shall have coverage of not less than $2,000,000.00, per occurrence. All required insurance policies, or properly executed certificates evidencing the same, together with satisfactory evidence of premium payments shall be deposited with WCI and the City prior to the commencement of Applicant's use and/or occupation of the property, and for renewals, at least thirty (30) days prior to the expiration of such coverage. In each instance, WCI and the City shall be an additional named insureds. All such policies shall contain a requirement that the insurer provide WCI and the City with thirty (30) days prior written notice of cancellation.

10. **Environmental**: Applicant, in its use of the property shall at all times comply with all applicable laws and government regulations, including all applicable federal, state and local laws, ordinances and regulations pertaining to Hazardous Materials, air and water quality, waste disposal and other environmental matters, the Clean Water Act, the Clean Air Act, the Federal Water Pollution Control Act, the Solid Waste Disposal Act, the Resource Conversation Recovery Act and the Comprehensive Environmental Response, Compensation and Liability Act, and the rules, regulations and ordinances of the Environmental Protection Agency, the California Division of Oil, Gas, and Geothermal Resources, the California Department of Health Services, the Regional Water Quality Control Board, the State Water Resources Control Board, and the San Joaquin Valley Air Pollution Control District.

    a. If any oil or hazardous materials from the applicant's facilities are released or are discovered to be present in the soil, water or groundwater in or adjacent to the property, in which such release or discovery is deemed to be reportable to the City, County of Kern or State of California, then Applicant shall immediately undertake to investigate and remediate or remove such oil or hazardous materials and the medium in which they are found at its sole cost and expense, pursuant to the requirements of the applicable city, county or state laws and regulations. Applicant shall also immediately determine the source of the release and cause its repair and restoration at its sole cost and expense. "Release" shall mean any spill, leak or other means of escape from Applicant's facilities or the facilities of a contractor or agent of Applicant, whether or not sudden or gradual, whether

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known or unknown and whether or not due to the negligence, willful act or other fault of any person or entity.

b. All actions to investigate, remove and remediate oil or hazardous materials and repair or restore facilities as provided in the preceding paragraph shall be the sole responsibility of Applicant and shall be conducted by Applicant or its employees, agents, contractors, subcontractors, or suppliers in conformance with all applicable present and future statutes, regulations, rules, ordinances, orders and similar items of all governmental agencies, at Applicant's sole cost and expense. If Applicant fails to commence such investigation, removal or remediation within thirty (30) days after delivery of notice from WCI or the City or from discovery of the oil or hazardous substance, or fails to continuously and diligently pursue such work to completion, then WCI or the City (without any obligation to do so) shall be entitled to perform such work and charge applicant for the cost thereof plus an overhead and management fee of twenty percent (20%), which shall be payable thirty (30) days after delivery of an itemized invoice for such work from WCI or the City, as the case may be. WCI or the City (without any obligation to do so) may conduct any investigative actions to ascertain the fact and extent of any release or presence of oil or hazardous materials at any time at its own expense, but if oil or hazardous materials released from the pipeline or other facilities are discovered, Applicant shall reimburse WCI or the City, as the case may be, its costs of such investigation. Under no circumstances shall WCI or the City be obligated to engage in work or repair or restore the tanks and/or pipeline or other equipment and materials owned or controlled by applicant.

Applicant shall reimburse WCI for all costs and expenses related to a release of oil or hazardous materials from the facilities or pipeline or the presence of oil or hazardous materials that applicant is required to investigate as set forth above, including (a) time spent by employees and contractors of WCI or the City, as the case may be, and related expenses to help contain an apparent emergency situation or comply with a government agency order; (b) all temporary or permanent damages suffered by WCI or the City, as the case may be, as a result of such release or presence of oil or hazardous materials, including loss of use, damage to improvements, damage and injury to natural resources, loss of land value, and other consequential damages to real property owned by WCI or in which it has an interest; and (c) costs reasonably incurred by WCI or the City, as the case may be, to manage or monitor the investigation and removal or remediation processes, whether accomplished by Applicant, WCI, governmental agencies or other parties, including the cost of consultants to monitor or analyze cleanup proposals, work, or reports, attorneys to monitor regulatory processes and analyze liability issues, and persons to monitor persons present on WCI's property.

c. Applicant shall deliver to WCI and the City immediate notice of any of the following occurrences: (a) any release from a pipeline and/or other facilities or the presence in or adjacent to the property of oil or hazardous materials; and (b) any

notice, claim or allegation of a violation received from any federal, state, or local governmental agency or authority or any nongovernmental person or entity or the filing or commencement of any judicial or administrative proceeding by any such agency or authority or nongovernmental person or entity that relates to or is a result of applicant's activities on the property.

d. Applicant agrees to indemnify, defend and hold WCI and the City harmless against (1) all claims, damages and liabilities of whatever nature, foreseen or unforeseen, under any hazardous substance law or regulation, including but not limited to the all fees incurred in defending any action or proceeding brought by a public or private entity and arising from the presence, containment, use, manufacture, handling, creation, storage, treatment, discharge, release, or burial on the property or the transportation to or from the property of any hazardous substance. The fees for which the Applicant shall be responsible under this subparagraph shall include, but shall not be limited to, the fees charged by (a) attorneys, (b) environmental consultants, (c) engineers, (d) surveyors, and (e) expert witnesses; and (2) any diminution in the value of the property attributable to (a) the breach or failure of any obligation or condition contained in the CUP; or (b) any cleanup, detoxification, remediation, or other type of response action taken with regard to any hazardous substance on or under the property regardless of whether or not that action was mandated by the federal, state or local government.

11. **Bonds:** Applicant should be required to post a bond to assure it performs all of its obligations under the CUP, including maintenance, indemnification, closure of wells and restoration of the property following abandonment of drilling, and environmental clean-up. Applicant has provided no evidence of its financial resources and may not be inclined to fulfill its obligations once drilling is abandon. To protect WCI and the City, Applicant should be required to post a bond in the amount of $1,000,000 in favor of WCI and the City.

Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal Petro-Lud CUP)

Subject: CUP Application of Petro-Lud

From: kb@westminstercapital.com
To: jakeraper@yahoo.com; jraper@arvin.org
Cc: gb@westminstercapital.com; sr@westminstercapital.com
Date: Saturday, April 7, 2018 09:35:54 AM PDT

Jake,

Below is a letter addressed to you accompanying Westminster Capital's comments on Petro-Lud's CUP application which are attached. I am available to discuss Westminster's comments at your convenience.

Keenan

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VIA ELECTRONIC AND U.S. MAIL

City of Arvin

Community Development Department, Planning Division

Attn: Jake Raper, AICP

141 Plumtree Drive

Arvin, CA 93203

jraper@arvin.org

jakeraper@yahoo.com

Re: CUP2017-Petro-Lud: WCI CUP Application Comments

Dear Mr. Raper:

Enclosed please find the comments by Westminster Capital. Inc. ("WCI") directed to the Petro-Lud Application for Conditional Use Permit, CUP2017. WCI respectfully requests that the City of Arvin and its Community Development Department consider the enclosed comments in connection with determination on the pending CUP application by Peto-Lud.

As you are aware, WCI attempted, in good faith, to reach agreement with Petro-Lud on terms of a surface use agreement. Those discussions have been ongoing since approximately January 25, 2018. Unfortunately, negotiations for an acceptable surface use agreement have broken down. This is

unfortunate as we believe WCI was making reasonable requests and had waived any claim for compensation in connection with that agreement.

For your information and consideration, along with the WCI comments, we have enclosed the form of surface use agreement most recently proposed by WCI to Petro-Lud.

Should you have questions or require something further, please do not hesitate to contact our offices. We appreciate your time and attention to these matters.

Very Truly Yours,

Keenan Behrle

Keenan Behrle

KB&KF, LLC

233 Wilshire Boulevard, Suite 400

Santa Monica, CA 90401

310 415 2797

WCI comments on CUP2017 Application - final 4-7-18.docx
27.1kB

Proposed_Surface_Use_Agreement_Westminster-Petro-Lud_02-21-2018.docx
38.4kB

Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal Petro-Lud CUP)

Comments Received: - 4a – Staff's Review and Comment – WCI Relating to CUP 2017-Petro-Lud Exploratory and Production Oil and Gas

STAFF'S REVIEW AND COMMENT TO " WCI" RELATING TO CUP2017 — Petro-Lud - Exploratory Drill Operation - APN 189-351-36

Comments of Westminster Capital, Inc. ("WCI"), fee owner of APN 189-351-36
REQUEST FOR COMMENTS, CONDITIONS, ENVIRONMENTAL ASSESSMENT, AND ENTITLEMENT APPLICATION

1. **WCI agrees with the Project Description that the CUP should be solely for the exploratory well and that a separate CUP application be filed, if and when a permanent well is requested.** By requiring separate CUP applications, the City can monitor the applicant's performance and adherence to conditions and requirements under the exploratory CUP before approving a CUP for a permanent well. The applicant's performance under the exploratory CUP will allow the City to impose conditions on the second CUP reflective of the applicant's performance in drilling the exploratory well.

1. **Staff's Review and Comment:** Staff in the initial review of the application believed that the best approach for the City and the Applicant was to process and review the project in two phases. The first phase would be the Exploratory Drilling and the second phase would be the Permanent Production. However, upon reviewing other jurisdictions review and processing of this type of application, the two phases were considered as one and approved by the other jurisdictions. The other factor considered in combining the application as one, exploratory and production, is the City of Arvin's regulatory requirements, Chapter 17.46 Oil and Gas Production. The City's ordinance establishes fifteen (15) compliance criteria for the approval of a Conditional Use Permit. The applicant's updated and modified Operational Statement Checklist meets the compliance criteria. In addition, the code identities that the applicant may request waiver of one or more of the compliance criteria only if findings can be made by the Planning Commission. The applicant has not requested waiver of any compliance criteria. Therefore, Staff is presenting the CUP application for consideration for both phases of the operation. (May 21, 2018)

2. **WCI** - The Project Description states that the drill site is to be located on APN 189-351-36. In other documents, the applicant has listed APNs: 189-351-36, -37, -58, -67, all of which are owned by WCI. WCI **is in agreement with the City that the drill site should be located on APN 189351-36.** WCI agree to the site identified by the applicant in its letter of December 26, 2017 to Mr. Jake Raper, the Planning Director, as a site 200' by 300' located on APN 189-351-36 at the location depicted on Exhibit A to that letter. However, WCI does not agree to the access route depicted in that Exhibit A that extends from Sycamore to the drill site. WCI requests that the access route be from Meyer to the drill site to allow for use of the balance of APN 189-351-36 for commercial development without interference with the frontage on Sycamore. Any reference **to** parcels other than 189-351-36 should be disregarded in applicant's communications concerning its CUP application.

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STAFF'S REVIEW AND COMMENT TO " WCI" RELATING TO CUP2017 — Petro-Lud - Exploratory Drill Operation - APN 189-351-36

2a Staff's Review and Comment: The CUP recommended conditions limit the Petro-Lud operation to APN 189-351-36 as shown on the updated Exhibit A locating the proposed drill pad. Also, the access road from Sycamore has been relocated to Meyer Road.

CUP APPLICATION

3 **WCI -Section 3** — This Section lists the property owners as Monica, Barbara and Peter Stockton. This **is** incorrect. The property owner is WCI. Monica, Peter and Barbara Stockton are the purported owners of the mineral rights under APN 189-351-36. Although WCI has requested from applicant documents to support the Stockton's claim to the mineral rights, applicant has not yet provided a chain of title to support Barbara Stockton's claimed one-third

Section 4 — This Section lists the project site as APNs 189-351-36, -37, -58, -67. The City Request for Comments lists only 189-351-36. The Application should be amended to reflect the single parcel consistent with the Partl — General Information Application

The name of the legal owner is incorrect throughout this Application. The legal owner is The Property Description refers to APNs 189-351-36, -37 and -58. WCI, not the Stockton. As noted above, the City' Request for Comments is limited to APN 189-351-36. The Property Dimensions are incorrect. According to the assessor's parcel information, the site is 615.15' by 605'.

3a. Staff's Review and Comment: An updated Limited Title Certificate – Memorandum of Oil, Gas and Mineral Lease recorded on July 31, 2017 has been provided by the applicant, Attachment 3 of the Staff Report.

3. 4. WCI - Sewage

The Application indicates there will be no sewage. However, the Application states under "Water" that 1400 gallons of water will be used per day, and elsewhere in the document's notes that mud will be "dewatered." However, the Application does not address the disposal of any used water which should appropriately be considered sewage.

5a Staff's Review and Comment: The Applicant's Operational Statement and Checklist, under Solid & Liquid Cuttings, states that the liquid drilling mud and cuttings will be stored in a pit 25'-0" wide by 125'-0" long at a depth of 1- 5 '-0". The items will be tested and if determined hazardous be disposed of properly and if non-hazardous will be dewatered and hauled off site to an approved non-hazardous drilling mud disposal site or spread on location if necessary to build up location for production.

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STAFF'S REVIEW AND COMMENT TO " WCI" RELATING TO CUP2017 — Petro-Lud - Exploratory Drill Operation - APN 189-351-36

Operational Statement Checklist

WCI - Section 1. Outline of the operation.

6a WCI - The last sentence of the third paragraph of this Section states, "all drilling cuttings and drilling fluids will be dewatered and hauled offsite...or spread on location if desired to build up location for production facilities or other purposes." WCI, as owner of the property, objects to any use of the surface after completion of the exploratory drilling to spread drilling cuttings or drilling fluids for any purpose. WCI requests that the City include a condition in any CUP requiring that all drilling cuttings and drilling fluids shall be removed from the property by Applicant.

6a - Staff Review and Comment: The Applicant's Operational Statement and Checklist, Solid & Liqued Cuttings identifies the drilling mud would be properly disposed of off-site OR used to build up the site for production facilities.

4. **WCI** Paragraph 4 of this Section states that following conclusion of drilling the site will be "cleaned up and returned to as close to their (sic) original condition as reasonably possible." WCI requests that Applicant commit "to use its best effort to clean up and restore the property to its original condition," without any further qualifiers.

7a Staff's **Review and Comment.** Staff has included condition to restore the access road from Meyer to its previous condition.

8 - WCI - Section 6. Section 6 of the Statement states that access to the drill site will be from Sycamore. WCI requests that the access be from Meyer, as noted above, in order to preserve as much as reasonably possible the potential commercial development of APN 189-351-36.

8a Staff Review and Comment: The Applicant modified the access road connection to Meyer Road per the request of the surface rights owner.

9 **WCI - Section 7.** Section 7 of the Statement addresses parking. There is not a clear statement that the parking will be entirely on the drill site. A condition of the CUP should be that all parking associated with the drill site will be on that site.

9a Staff Review and Comment: The project application is conditioned that all operational and staff parking be located within the drill pad location as identified under Exhibit A of the recommended conditions of approval.

10 – WCI - Section 11. Section 11 of the Statement requires the Applicant to address "Appearance." The Applicant references noise, glare, dust and odor in response to the item, but does not address visual appearance. Applicant should be required to fence the site with cyclone fencing covered with an opaque material that blocks view of its operations and prevents children who reside in surrounding residential communities from gaining access to the attractive nuisance of the drilling equipment.

Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal Petro-Lud CUP)

STAFF'S REVIEW AND COMMENT TO " WCI" RELATING TO CUP2017 — Petro-Lud - Exploratory Drill Operation - APN 189-351-36

10a – Staff Review and Comment: Staff has recommended conditions to require fencing/walls and landscaping per City ordinance. Said landscaping and irrigation to be reviewed and approved by Staff and requires improvements to be maintained.

11 – WCI - Section 12. Section 12 of the Statement describes Applicant's plans for dealing with cuttings and liquid drilling mud resulting from its operations. As noted above, Applicant states it will haul cuttings and dewaterd mud offsite or spread it onsite. WCI requests that Applicant be conditioned to remove from the site all cuttings and all mud, and, further, that Applicant be conditioned to remove produced water from the property and not dispose of any of these waste products on the property.

11a – Staff Review and Comment: See items 5 and 6 above.

12- WCI - Section 18. Section 18 requires comments regarding landscaping. Applicant's response is that it plans no landscaping or fencing. As noted above, WCI requests that the City condition any CUP to require the Applicant to fence the perimeter of the drill site.

12a – Staff Review and Comment: See item 10 above.

13- WCI - Limited Title Certificate: This document gives no indication as to who prepared it or certified it. In fact, Applicant has not yet provided WCI with recorded documents that support Barbara Stockton's claim to be a one-third owner of the mineral rights.

13a – Staff Review and Comment: See time 4 above.

14 WCI - Letter to the City of Arvin from Petro-Lud dated December 26, 2018 - The first paragraph of the letter sets out a narrative description of the drill site proposed by Applicant and Exhibit A depicts the location on an aerial photo. WCI objects to the access route to the drill site proposed by Applicant because it effectively interferes with the development of the balance of the site for commercial purposes as the zoning for the property intends. WCI requests that the City require the Applicant to work with WCI to locate the access route to the drill site so that it enters the property from Meyer.

14a – Staff Review and Comment: See item 2 above

15 – WCI - Items 7 and 8 deal with restoration of sumps on completion of operations. WCI requests that the City obtain more detail of restoration plans from Applicant and a history of exploration drilling undertaken by Applicant in other jurisdiction to enable the City and WCI to examine Applicant's prior performance.

15a – Staff Review and Comment: The Staff has recommended that conditions be placed on the project for bonding and as part of the Operational Statement and Checklist restoration is required. Staff have no evidence in the record that Applicant has a history of filing to restore sites as required. There are also limitation on a city's authority to consider such evidence under the law.

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STAFF'S REVIEW AND COMMENT TO " WCI" RELATING TO CUP2017 — Petro-Lud - Exploratory Drill Operation - APN 189-351-36

16 WCI - Letter to the City of Arvin from Petro-Lud dated January 18, 2018
In response to Item 8 in the Letter Applicant states that it wishes to have the CUP cover both the exploratory well and permanent well. WCI supports the City's position that there should be two CUPs and that the current CUP be exclusively for the exploratory well.

16a. Staff Review and Comment: See item 1 above.

17 WCI - Further Comments

17- WCI - In addition to WCI's comments above addressing specific portions of Applicant's application **and** other communications with the City, WCI requests that, if the City grants a CUP to **Applicant for** exploratory drilling, that any such CUP include, the following requirements and conditions:

17-1 WCI 1. Survey. Within thirty (30) days of the grant of the CUP, Applicant will commission a formal engineering survey of the drill site and access route, and provide to WCI and the City the exact specifications, in feet and inches, of the drill site and access route. WCI and the City will have the right to review and approve the engineering survey. Applicant shall not commence any activity on the drill site other than such survey unless and until such survey is approved in writing by WCI and the City.

17-1a. Staff Review and Comment: Staff believes that a formal survey and specific information as requested by WCI is not necessary and therefore was not recommended for inclusion as a condition. Locations of property or other lines is a private affair under these circumstances, and not before the City to determine.

17-2 WCI - Fencing: Applicant will fence the drill site with minimum eight (8) foot fencing and secured access.

17-2a. Staff Review and Comment: Staff has recommended that fencing/walls of a minimum of six (6) feet in height and landscaping as set forth in greater detail in the conditions of approval.

17-3 WCI - Termination: The CUP shall terminate (1) if there is a cessation of exploration or development activity on the drill site for a continuous period of ninety (90) days, or (2) one **(1)** year from the grant of the CUP.

17-3a – Staff Review and Comment; Staff has recommended that the operation, should it proceed, be terminated as required per Section 17.46.040 B.

17-4 WCI - Construction and Maintenance: Applicant shall construct and maintain the access route as compacted native soil conditioned and maintained to industry standards to mitigate dust and particulate matter, at all times, and consistent with the standards and

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requirements of the San Joaquin Valley Air Pollution Control District. Upon the completion of exploratory operations, Applicant shall restore the access route so as to return it to a condition as close to the condition existing prior to construction of the access route as is reasonably possible under the circumstances.

17-4a – Staff Review and Comment: Staff has recommended condition that will require that the access road be improved to prevent rutting, dust control, and restoration upon completion of the operation.

17-5 WCI - Water: Applicant will supply its own water by trucking it in by way of the access route. Under no circumstances will applicant drill water well(s), or a well designed to produce only water, on the property.

17-5a – Staff Review and Comment: The Operational Statement and Checklist identifies that water will be provided by trucking the water in – no water wells are proposed as part of this application.

17-6 WCI - Produced Water: During exploration, Applicant shall only dispose of produced water by hauling it off the property. Under no circumstances will Applicant dispose of produced water, or any other substance, on the property (drill site, access route or other property owned by WCI).

17-6a Staff Review and Comment: See items 5 and 6 above.

17-7 WCI - Abandonment: Upon abandonment of the drill site, or any well contained therein, Applicant shall plug and abandon any dry hole or permanently abandoned well in accordance with good oil field practices and in compliance with the rules and regulations of the State of California, Division of Oil, Gas and Geothermal Resources and the City.

17-7a – Staff Review and Comment: Staff has recommended that conditions be imposed on the project to comply with abandonment process and procedures, including those mandated by DOGGR.

17-8 WCI - Indemnification: Applicant shall indemnify WCI and the City for damage or destruction of any property or injury to any persons resulting from acts or omissions of Applicant in connection with its use of the drill site or the access route. Such indemnity should be by way of a separate indemnity agreement.

17-8a - Staff Review and Comment: The project applicant is subject to the city's standard indemnification requirements. The City has limited authority to require it for third parties to be indemnified, or the City to be indemnified for claims to non-city property.

17-9 WCI - Insurance: Applicant, shall maintain in full force and effect, at its own expense, a policy or policies of worker's compensation insurance as required by the State of California and a policy or policies of comprehensive general liability insurance, the form and substance of which shall be subject to WCI's and City's prior review and written

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approval, insuring Applicant, WCI and the City (and such other persons, firms or corporations as are designated by WCI as having an interest in the property) against any liability for death, personal injury or property damages arising out of or resulting from Applicant's operations. All such policies shall be submitted to WCI and the City not less than 30 days prior to the intended commencement date of such policies for WCI's and the City's review and approval. The comprehensive general liability insurance shall have coverage of not less than $2,000,000.00, per occurrence. All required insurance policies, or properly executed certificates evidencing the same, together with satisfactory evidence of premium payments shall be deposited with WCI and the City prior to the commencement of Applicant's use and/or occupation of the property, and for renewals, at least thirty (30) days prior to the expiration of such coverage. In each instance, WCI and the City shall be an additional named insureds. All such policies shall contain a requirement that the insurer provide WCI and the City with thirty (30) days prior written notice of cancellation.

17-9a – Staff Review and Comment: Staff has recommended bonding to be in a form as required by the Municipal Code. The bonding requirements and proof of bonding shall be the City only, and not to any non-party, and must be consistent with the requirements of Chapter 17.46 of Municipal Code. The operator has also been conditioned to show proof of bonding as required by DOGGR.

17-10 WCI - Environmental: Applicant, in its use of the property shall at all times comply with all applicable laws and government regulations, including all applicable federal, state and local laws, ordinances and regulations pertaining to Hazardous Materials, air and water quality, waste disposal and other environmental matters, the Clean Water Act, the Clean Air Act, the Federal Water Pollution Control Act, the Solid Waste Disposal Act, the Resource Conversation Recovery Act and the Comprehensive Environmental Response, Compensation and Liability Act, and the rules, regulations and ordinances of the Environmental Protection Agency, the California Division of Oil, Gas, and Geothermal Resources, the California Department of Health Services, the Regional Water Quality Control Board, the State Water Resources Control Board, and the San Joaquin Valley Air Pollution Control District.

17-10a – Staff Review and Comment: Staff has recommended conditions to address compliance with other local, state, and federal agencies. Regardless if conditioned by the City, the applicant must still comply with any applicable local, state, or federal law.

17-11 WCI - a. If any oil or hazardous materials from the applicant's facilities are released or are discovered to be present in the soil, water or groundwater in or adjacent to the property, in which such release or discovery is deemed to be reportable to the City, County of Kern or State of California, then Applicant shall immediately undertake to investigate and remediate or remove such oil or hazardous materials and the medium in which they are found at its sole cost and expense, pursuant to the requirements of the applicable city, county or state laws and regulations. Applicant shall also immediately determine the source of the release and cause its repair and restoration at its sole cost and expense. "Release" shall mean any spill, leak or other means of escape from Applicant's facilities or the facilities of a contractor or agent of Applicant, whether or not sudden or gradual,

Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal Petro-Lud CUP)

whether known or unknown and whether or not due to the negligence, willful act or other fault of any person or entity.

17-11a -Staff Review and Comment: Staff has recommended a condition, as modified, to be imposed on the project.

17-12 WCI – b. All actions to investigate, remove and remediate oil or hazardous materials and repair or restore facilities as provided in the preceding paragraph shall be the sole responsibility of Applicant and shall be conducted by Applicant or its employees, agents, contractors, subcontractors, or suppliers in conformance with all applicable present and future statutes, regulations, rules, ordinances, orders and similar items of all governmental agencies, at Applicant's sole cost and expense. If Applicant fails to commence such investigation, removal or remediation within thirty (30) days after delivery of notice from WCI or the City or from discovery of the oil or hazardous substance, or fails to continuously and diligently pursue such work to completion, then WCI or the City (without any obligation to do so) shall be entitled to perform such work and charge applicant for the cost thereof plus an overhead and management fee of twenty percent (20%), which shall be payable thirty (30) days after delivery of an itemized invoice for such work from WCI or the City, as the case may be. WCI or the City (without any obligation to do so) may conduct any investigative actions to ascertain the fact and extent of any release or presence of oil or hazardous materials at any time at its own expense, but if oil or hazardous materials released from the pipeline or other facilities are discovered, Applicant shall reimburse WCI or the City, as the case may be, its costs of such investigation. Under no circumstances shall WCI or the City be obligated to engage in work or repair or restore the tanks and/or pipeline or other equipment and materials owned or controlled by applicant.

17-12a – Staff Review and Comment: Among others, the City cannot delegate its enforcement authority, cannot authorize a non-party as proposed, and has certain limitations mandated by law for fee recovery and charges. It also has limits on authority to authorize financial remuneration to itself for damages done to private property which it does not own. However, the City has other enforcement mechanisms. For example, if an applicant fails to comply with conditions of approval, the city can revoke the CUP and shut down operations. It also has nuisance, injunction and code enforcement authority. Here, the CUP is conditioned to require repair and remediate releases. If the applicant fails to do so, the City may enforce the condition.

17-13 WCI - Applicant shall reimburse WCI for all costs and expenses related to a release of oil or hazardous materials from the facilities or pipeline or the presence of oil or hazardous materials that applicant is required to investigate as set forth above, including (a) time spent by employees and contractors of WCI or the City, as the case may be, and related expenses to help contain an apparent emergency situation or comply with a government agency order; (b) all temporary or permanent damages suffered by WCI or the City, as the case may be, as a result of such release or presence of oil or hazardous materials, including loss of use, damage to improvements, damage and injury to natural resources, loss of land value, and other consequential damages to real property owned by WCI or in which it has an interest; and (c) costs reasonably incurred by WCI or the City, as the case may be, to manage or monitor the investigation and removal or remediation processes, whether

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accomplished by Applicant, WCI, governmental agencies or other parties, including the cost of consultants to monitor or analyze cleanup proposals, work, or reports, attorneys to monitor regulatory processes and analyze liability issues, and persons to monitor persons present on WCI's property.

17-13a – Staff Review and Comment: See comment 17-12a. Additionally, nothing in the condition will limit third parties' rights to proceed to recover for damage against their property.

17-14 WCI – a. Applicant shall deliver to WCI and the City immediate notice of any of the following occurrences: (a) any release from a pipeline and/or other facilities or the presence in or adjacent to the property of oil or hazardous materials; and (b) any notice, claim or allegation of a violation received from any federal, state, or local governmental agency or authority or any nongovernmental person or entity or the filing or commencement of any judicial or administrative proceeding by any such agency or authority or nongovernmental person or entity that relates to or is a result of applicant's activities on the property.

17-14a - **Staff Review and Comment**: Staff has recommended a similar condition be imposed on the project but has not included WCI, only the City

17-15 WCI - Applicant agrees to indemnify, defend and hold WCI and the City harmless against (1) all claims, damages and liabilities of whatever nature, foreseen or unforeseen, under any hazardous substance law or regulation, including but not limited to the all fees incurred in defending any action or proceeding brought by a public or private entity and arising from the presence, containment, use, manufacture, handling, creation, storage, treatment, discharge, release, or burial on the property or the transportation to or from the property of any hazardous substance. The fees for which the Applicant shall be responsible under this subparagraph shall include, but shall not be limited to, the fees charged by (a) attorneys, (b) environmental consultants, (c) engineers, (d) surveyors, and (e) expert witnesses; and (2) any diminution in the value of the property attributable to (a) the breach or failure of any obligation or condition contained in the CUP; or (b) any cleanup, detoxification, remediation, or other type of response action taken with regard to any hazardous substance on or under the property regardless of whether or not that action was mandated by the federal, state or local government.

17-15a - Staff Review and Comment: Staff has recommended the a condition to be imposed on the project per its standard indemnification provisions. No third parties or non-governmental entities have been included.

17-16-WCI- Bonds: Applicant should be required to post a bond to assure it performs all of its obligations under the CUP, including maintenance, indemnification, closure of wells and restoration of the property following abandonment of drilling, and environmental clean-up. Applicant has provided no evidence of its financial resources and may not be inclined to fulfill its obligations once drilling is abandon. To protect WCI and the City, Applicant should be required to post a bond in the amount of $1,000,000 in favor of WCI and the City.

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STAFF'S REVIEW AND COMMENT TO " WCI" RELATING TO CUP2017 — Petro-Lud - Exploratory Drill Operation - APN 189-351-36

17.16a **Staff Review and Comment**: Staff has recommended a condition for bonding per the legal mandates of Section 17.46.040 (B). Additionally, operators are required to comply with DOGGR bonding requirements, etc., and proof of compliance with such bonding requirement has been recommended as a condition of approval. As noted above, the City has limitations in requiring bonding for the benefit of non-parties or third parties.

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Attachment 5 - Typical Oil Field Diesel Generator – Provided January 10, 2018

Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal

CATERPILLAR®

C18 Diesel Oilfield Generator Set

545 ekW (680 kVA) 60 Hz 480 Volts 1800 rpm

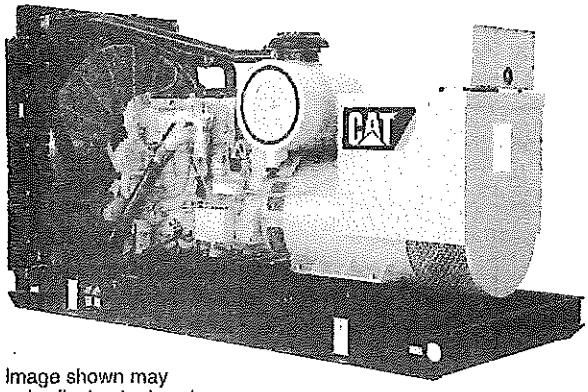

Image shown may not reflect actual package.

CATERPILLAR® ENGINE SPECIFICATIONS

C18 In-Line 6, 4-Stroke-Cycle water-cooled diesel

Bore	145 mm (5.71 in.)
Stroke	183 mm (7.2 in.)
Displacement	18.13 L (1106.36 cu. in.)
Compression Ratio	14.5:1
Aspiration	Air-to-Air Aftercooled
Fuel System	MEUI
Governor Type	Caterpillar® ADEM™ A4 control system
Package Weight (estimated)	5032.61 kg (11,095 lb.)

Caterpillar is leading the power generation marketplace with Power Solutions engineered to deliver unmatched flexibility, expandability, reliability, and cost-effectiveness.

FEATURES

Ready to Run
- Shipped from the factory complete and ready to run

Fuel/Emissions Strategy
- Tier 2

Enclosures (design to order)
- Sound attenuated
- Weather protective

Single-Source Supplier
- Fully prototype-tested with certified torsional vibration analysis available
- Factory-designed systems built at Caterpillar ISO 9001:2000 certified facilities

Worldwide Product Support
- Caterpillar dealers provide extensive post-sale support including maintenance and repair agreements.
- Caterpillar dealers fill 99.7 percent of parts orders within 24 hours.
- Caterpillar dealers have over 2,100 dealer branch stores operating in 200 countries.
- The Cat® S•O•S℠ program cost-effectively detects internal engine component condition, even the presence of unwanted fluids and combustion by-products.

Cat® C18 Tier 2 ATAAC Diesel Engine
- Utilizes ACERT™ Technology
- Reliable, rugged, durable design
- Field-proven in thousands of applications worldwide
- Four-stroke diesel engine combines consistent performance and excellent fuel economy with minimum weight
- Electronic engine control

Cat Generator
- Designed to match performance and output characteristics of Caterpillar diesel engines
- 2/3 pitch minimizes harmonic distortion and facilitates parallel operation
- UL 1446 Recognized Class H Insulation

Cat EMCP 3 Control Panels
- EMCP 3.1 offers basic engine/generator monitoring, metering, and protection.
- Segregated low voltage (AC/DC) accessory box provides single point access to accessory connections
- Panel lights

Web Site

For all your petroleum power requirements, visit www.cat-oilandgas.com.

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CATERPILLAR®

C18 DIESEL OILFIELD GENERATOR SET

545 ekW (680 kVA)

STANDARD EQUIPMENT

Air Inlet System
- Dual element air cleaner
- Service indicator

Control Panels
- EMCP 3.1 (package mounted)

Controls
- Electronic governor

Cooling System
- Radiator with guard sized for 50° C
- Low coolant level sensor
- Coolant level sight gauge
- Coolant drain line with valve
- Fan and belt guards
- Caterpillar Extended Life Coolant

Exhaust System
- Turbo outlet elbow

Fuel System
- Primary fuel filter with integral water separator
- Secondary fuel filters
- Fuel priming pump
- Fuel pressure gauge
- Flexible fuel lines

Generator
- Self excited
- Class H insulation
- Class H temperature rise
- Random wound
- Voltage regulator
- Power terminal strip connections
- IP23 Protection
- CDVR 3-phase sensing
- Power center

Governor
- ADEM™ A4

Lube System
- Lubricating oil and filter
- Oil drain line with valves
- Fumes disposal
- Dipstick

Mounting System
- Oilfield skid base
- Hard mounted

Starting/Charging System
- 45-amp charging alternator
- 24-volt starting motor(s)
- Batteries with rack and cables
- Battery disconnect switch

General
- Paint — Caterpillar yellow except rails and radiators (gloss black)
- Flywheel and flywheel housing — SAE No. 1

OPTIONAL EQUIPMENT

Air Inlet System
- Heavy-duty air cleaner with precleaner

Control Panels
- EMCP 3.2 provides comprehensive monitoring, metering, and protection including: power metering, protective relaying and MODBUS communication.
- EMCP 3.3 provides all of the EMCP 3.2 features and adds the ability to expand the system for advanced engine and generator monitoring.
- Local alarm and remote annunciator modules
- Narrow base

OPTIONAL EQUIPMENT (continued)

Exhaust System
- Industrial, residential, and critical mufflers
- Stainless steel exhaust flex and ANSI weld flange

Generator
- Permanent magnet conversion for self-excited generators
- Oversize and premium generators
- Space heaters only available with permanent magnet excitation generators

Governor
- Load share module

Starting/Charging System
- Jacket water heater
- Block heater
- Oversize batteries

SPECIFICATIONS

Cat Generator

Voltage	480 V
Excitation	Self excited
Pitch	2/3
Number of poles	4
Number of leads	12
Insulation	UL 1446 Recognized Class H with tropicalization and antiabrasion (consult your Caterpillar dealer for available voltages)
IP Rating	Drip Proof IP22
Alignment	Pilot Shaft
Overspeed capability	125% of rated
Wave form deviation (line-to-line)	2%
Voltage regulation	Less than ± 1/2% (steady state) Less than ± 1/2% (with 3% speed change)
Harmonic Distortion	Less than 5%

Cat Control Panel

EMCP 3 Series Controls
24-Volt DC control
EMCP 3.1 (standard)
- CSA/CE

NEMA 1, IP22 enclosure
- Run/Auto/Stop control
- True RMS metering, 3-phase
- Speed adjust

Voltage adust (optional)
- Digital indication for:
  - rpm
  - Operating hours
  - Oil pressure
  - Coolant temperature
  - System DC volts
  - L-L volts, L-N volts, phase amps, Hz
  - ekW, kVA, kVAR, kW-hr, % kW, PF (*)
- Shutdowns
  - Low oil pressure
  - High coolant temperature
  - Overspeed
  - Emergency stop
  - Failure to start (overcrank)
- Programmable protective relaying functions: (*)
  - Under and over voltage
  - Under and over frequency
  - Reverse power
  - Overcurrent
- MODUS isolated data link (RS-485 half-duplex) supports serial communication at data rate up to 115.2 kbaud (*)

(*) Available on EMCP 3.2 and EMCP 3.3

Single location customer connector point

Consult your Caterpillar dealer for available voltages

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CATERPILLAR®

C18 DIESEL OILFIELD GENERATOR SET

545 ekW (680 kVA)

TECHNICAL DATA

Open Generator Set — 1800 rpm/60 Hz/480 Volts

EPA Certified Tier 2		DM8522
Generator Set Package Performance		
Genset Power Rating @ 0.8 pf	ekW	545
Genset Power Rating with fan	kVA	680
Coolant to Aftercooler		
Coolant to Aftercooler Temperature (maximum)	°C (F°)	49 (120)
Fuel Consumption		
100% Load with fan	L/hr (Gal/hr)	151.0 (39.9)
75% Load with fan	L/hr (Gal/hr)	123.4 (32.6)
50% Load with fan	L/hr (Gal/hr)	89.3 (23.6)
Cooling System[1]		
Ambient Air Temperature	°C (F°)	52 (125.6)
Air Flow Restriction (system)	kPa (in. water)	.12 (.50)
Air Flow (max @ rated speed for radiator arrangement)	m^3/min (cfm)	1866 (65,888)
Engine Coolant Capacity with Radiator/Expansion Tank	L (gal)	61 (16.1)
Engine Coolant Capacity	L (gal)	20.8 (5.5)
Radiator Coolant Capacity	L (gal)	40.2 (10.6)
Inlet Air		
Combustion Air Inlet Flow Rate	m^3/min (cfm)	46.3 (1635.1)
Exhaust System		
Exhaust Stack Gas Temperature	°C (F°)	518.2 (964.8)
Exhaust Gas Flow Rate	m^3/min (cfm)	129.6 (4576.8)
Exhaust System Backpressure (maximum allowable)	kPa (in. water)	10 (40.2)
Heat Rejection		
Heat Rejection to Coolant (total)	kW (Btu/min)	240 (13,660)
Heat Rejection to Exhaust (total)	kW (Btu/min)	573.0 (32,586)
Heat Rejection to Atmosphere from Engine	kW (Btu/min)	97 (5.539)
Heat Rejection to Atmosphere from Generator	kW (Btu/min)	21.9 (1245.4)

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CATERPILLAR®

C18 DIESEL OILFIELD GENERATOR SET

545 ekW (680 kVA)

C18 OIL FIELD GENERATOR SET PACKAGES

	60 Hz — Standard		50 Hz — Standard
Engine Model	C18	C18	C18
ekW Rating	500	545	440
kVA Rating	625	680	550
rpm	1800	1800	1500
Rated PF	0.8	0.8	0.8
Temperature Rise	105° C	105° C	105° C
Tilt Requirements	5° Static	5° Static	5° Static
Insulation Class	H	H	H
Overload	50%/2 min.	50%/2 min.	50%/2 min.
Excitation	SE	SE	SE
Voltage	480	480	400
Voltage Regulator	CDVD	CDVD	CDVD
Configuration	1-Brg	1-Brg	1-Brg
Coastal Protection	Yes	Yes	Yes
Space Heater	Opt.	Opt.	Opt.
Construction	RW	RW	RW
Short Circuit Current	300%/10 sec.	300%/10 sec.	300%/10 sec.
Frame Size	592	593	593

Generator Terminal Box
Terminal box shall be standard with terminals on the right side, top entry or rear depending on size. Normal cable entrance shall be from the top.

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CATERPILLAR®

C18 DIESEL OILFIELD GENERATOR SET

545 ekW (680 kVA)

C18 OIL FIELD GENERATOR SET PACKAGES — OPTIONAL

Engine Model	60Hz						50Hz
	C18	C18	C18	C18	C18	C18	C18
ekW Rating	500	500	500	545	545	545	440
kVA Rating	625	625	625	680	680	680	550
rpm	1800	1800	1800	1800	1800	1800	1500
Rated PF	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Temperature Rise	105° C	105° C	105° C	80° C	105° C	105° C	105° C
Tilt Requirements	5° Static	5° Static	5° Static	5° Static	5° Static	5° Static	5° Static
Insulation Class	H	H	H	H	H	H	H
Overload	50%/2 min.	50%/2 min.	50%/2 min.	50%/2 min.	50%/2 min.	50%/2 min.	50%/2 min.
Excitation	SE	PM	PM	SE	PM	PM	PM
Voltage	600	480	600	600	480	600	400
Construction	FW	RW	FW	FW	RW	FW	RW
Voltage Regulator	CDVR	CDVR	CDVR	CDVR	CDVR	CDVR	CDVR
Configuration	1-Brg	1-Brg	1-Brg	1-Brg	1-Brg	1-Brg	1-Brg
Coastal Protection	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Space Heater	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Short Circuit Current		300%/10 sec.	300%/10 sec.		300%/10 sec.	300%/10 sec.	—
Frame Size	592	592	592	597	593	593	593

C18 OIL FIELD GENERATOR SET PACKAGES — DESIGN TO ORDER (60 Hz)

Engine Model	C18	C18	C18	C18	C18	C18
ekW Rating	500	500	500	545	545	545
kVA Rating	715	715	625	780	780	680
rpm	1800	1800	1800	1800	1800	1800
Rated PF	0.7	0.7	0.8	0.7	0.7	0.8
Temperature Rise	80° C	90° C	90° C	80° C	90° C	90° C
Tilt Requirements	5° Static	5° Static	5° Static	5° Static	5° Static	5° Static
Insulation Class	H	H	H	H	H	H
Overload	50%/2 min.	50%/2 min.	50%/2 min.	50%/2 min.	50%/2 min.	50%/2 min.
Excitation	SE	PM	SE	SE	PMG	SE
Voltage	600	480	600	600	480	600
Voltage Regulator	CDVR	CDVR	CDVR	CDVR	CDVR	CDVR
Configuration	1-Brg	1-Brg	1-Brg	1-Brg	1-Brg	1-Brg
Coastal Protection	Yes	Yes	Yes	Yes	Yes	Yes
Construction	RW	FW	RW	RW	FW	RW
Short Circuit Current		300%/10 sec.			300%/10 sec.	

Optional Generator

For the 455, 500, and 545 ekW generator set a 600 volt generator shall be available as SE, without a voltage regulator. The 480 volt generator shall be PM for the same ratings. The SCR optional generator is for drill rig applications and the VFD optional generators are for variable frequency down-hole pump and single-unit drilling. The Multiple VFD generators should be developed if the generator costs do not exceed 5% compared to the single VFD generator development costs.

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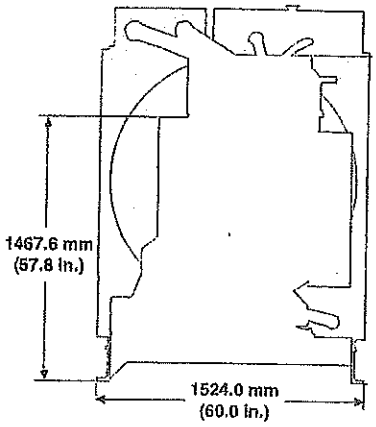
CATERPILLAR®

C18 DIESEL OILFIELD GENERATOR SET

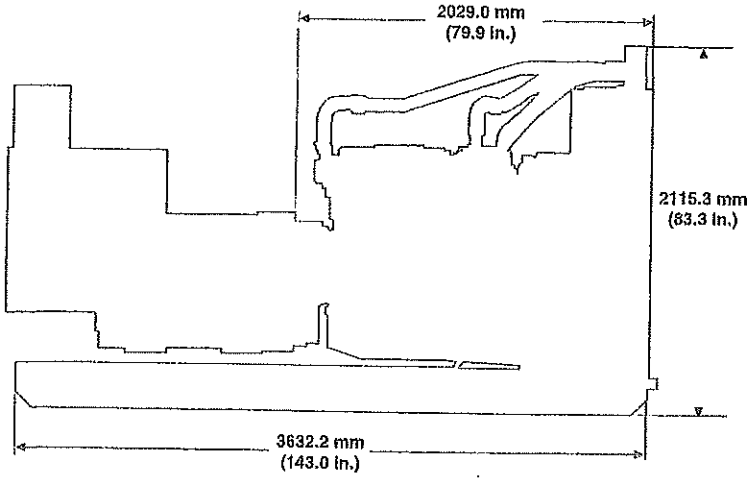
545 ekW (680 kVA)

INSTALLATION DRAWINGS

Front View



Right Side View



Note: Package dimensions may change depending on generator arrangement selection.

Package Dimensions		
Length	3632.2 mm	143.0 in.
Width	1524.0 mm	60.0 in.
Height	2115.8 mm	83.3 in.
Weight (estimated)	5032.61 kg	11,095 lb.

Note: Do not use for installation design. See general dimension drawings for detail.

RATING DEFINITIONS AND CONDITIONS

Meets or Exceeds International Specifications: AS1359, AS2789, CSA, EGSA101P, IEC60034, ISO3046, ISO8528, NEMA MG 1-32, UL508, 72/23/EEC, 89/336/EEC, 98/37/EEC.

Prime output available with varying load for an unlimited time. Prime power in accordance with ISO8528. 10 percent overload power in accordance with ISO3046, AS2789, and BS5514 available on request. Prime power ambients shown indicate ambient at 100 percent load which results in a coolant top tank temperature just below the alarm temperature.

Ratings are based on SAE J1995 standard conditions. These ratings also apply at ISO3046 standard conditions. Fuel rates are based on fuel oil of 35° API [16° C (60° F)] gravity having an LHV of 42 780 kJ/kg (18,390 Btu/lb) when used at 29° C (85° F) and weighing 838.9 g/liter (7.001 lbs/U.S. gal.). Additional ratings may be available for specific customer requirements. Consult your Caterpillar representative for details.

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TMI Reference No.: DM8522-00
LEHW7450-01 (5-08)

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Attachment 6 - April 7, 2018 – Letter from Westminster Capital – Surface owner requesting modification of access and limitation as to surface activities on the site.

Subject: CUP Application of Petro-Lud

From: kb@westminstercapital.com
To: jakeraper@yahoo.com; jraper@arvin.org
Cc: gb@westminstercapital.com; sr@westminstercapital.com
Date: Saturday, April 7, 2018 09:35:54 AM PDT

Jake,

Below is a letter addressed to you accompanying Westminster Capital's comments on Petro-Lud's CUP application which are attached. I am available to discuss Westminster's comments at your convenience.

Keenan

-

-

VIA ELECTRONIC AND U.S. MAIL

City of Arvin

Community Development Department, Planning Division

Attn: Jake Raper, AICP

141 Plumtree Drive

Arvin, CA 93203

jraper@arvin.org

jakeraper@yahoo.com

Re: CUP2017-Petro-Lud: WCI CUP Application Comments

Dear Mr. Raper:

Enclosed please find the comments by Westminster Capital. Inc. ("WCI") directed to the Petro-Lud Application for Conditional Use Permit, CUP2017. WCI respectfully requests that the City of Arvin and its Community Development Department consider the enclosed comments in connection with determination on the pending CUP application by Peto-Lud.

As you are aware, WCI attempted, in good faith, to reach agreement with Petro-Lud on terms of a surface use agreement. Those discussions have been ongoing since approximately January 25, 2018. Unfortunately, negotiations for an acceptable surface use agreement have broken down. This is

unfortunate as we believe WCI was making reasonable requests and had waived any claim for compensation in connection with that agreement.

For your information and consideration, along with the WCI comments, we have enclosed the form of surface use agreement most recently proposed by WCI to Petro-Lud.

Should you have questions or require something further, please do not hesitate to contact our offices. We appreciate your time and attention to these matters.

Very Truly Yours,

Keenan Behrle

Keenan Behrle

KB&KF, LLC

233 Wilshire Boulevard, Suite 400

Santa Monica, CA 90401

310 415 2797

WCI comments on CUP2017 Application - final 4-7-18.docx
27.1kB

Proposed_Surface_Use_Agreement_Westminster-Petro-Lud_02-21-2018.docx
38.4kB

CUP2017 – Petro-Lud
Exploratory Drill Operation
APN 189-351-36

Comments of Westminster Capital, Inc. ("WCI"), fee owner of APN 189-351-36

REQUEST FOR COMMENTS, CONDITIONS, ENVIRONMENTAL ASSESSMENT, AND ENTITLEMENT APPLICATION

WCI agrees with the Project Description that the CUP should be solely for the exploratory well and that a separate CUP application be filed, if and when a permanent well is requested. By requiring separate CUP applications, the City can monitor the applicant's performance and adherence to conditions and requirements under the exploratory CUP before approving a CUP for a permanent well. The applicant's performance under the exploratory CUP will allow the City to impose conditions on the second CUP reflective of the applicant's performance in drilling the exploratory well.

The Project Description states that the drill site is to be located on APN 189-351-36. In other documents, the applicant has listed APNs: 189-351-36, -37, -58, -67, all of which are owned by WCI. **WCI is in agreement with the City that the drill site should be located on APN 189-351-36.** WCI agree to the site identified by the applicant in its letter of December 26, 2017 to Mr. Jake Raper, the Planning Director, as a site 200' by 300' located on APN 189-351-36 at the location depicted on Exhibit A to that letter. However, WCI does not agree to the access route depicted in that Exhibit A that extends from Sycamore to the drill site. WCI requests that the access route be from Meyer to the drill site to allow for use of the balance of APN 189-351-36 for commercial development without interference with the frontage on Sycamore. Any reference to parcels other than 189-351-36 should be disregarded in applicant's communications concerning its CUP application.

CUP APPLICATION

Section 3 – This Section lists the property owners as Monica, Barbara and Peter Stockton. This is incorrect. The property owner is WCI. Monica, Peter and Barbara Stockton are the purported owners of the mineral rights under APN 189-351-36. Although WCI has requested from applicant documents to support the Stockton's claim to the mineral rights, applicant has not yet provided a chain of title to support Barbara Stockton's claimed one-third interest.

Section 4 – This Section lists the project site as APNs 189-351-36, -37, -58, -67. The City Request for Comments lists only 189-351-36. The Application should be amended to reflect the single parcel consistent with the City's Request for Comments.

Part1 – General Information Application

The name of the legal owner is incorrect throughout this Application. The legal owner is WCI, not the Stocktons.

Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal Petro-Lud CUP)

The Property Description refers to APNs 189-351-36, -37 and -58. As noted above, the City' Request for Comments is limited to APN 189-351-36.

The Property Dimensions are incorrect. According to the assessor's parcel information, the site is 615.15' by 605'.

Sewage

The Application indicates there will be no sewage. However, the Application states under "Water" that 1400 gallons of water will be used per day, and elsewhere in the document's notes that mud will be "dewatered." However, the Application does not address the disposal of any used water which should appropriately be considered sewage.

Operational Statement Checklist

Section 1. Outline of the operation.

The last sentence of the third paragraph of this Section states, "all drilling cuttings and drilling fluids will be dewatered and hauled offsite…or spread on location if desired to build up location for production facilities or other purposes."

WCI, as owner of the property, objects to any use of the surface after completion of the exploratory drilling to spread drilling cuttings or drilling fluids for any purpose. WCI requests that the City include a condition in any CUP requiring that all drilling cuttings and drilling fluids shall be removed from the property by Applicant.

Paragraph 4 of this Section states that following conclusion of drilling the site will be "cleaned up and returned to as close to their (sic) original condition as reasonably possible." WCI requests that Applicant commit "to use its best effort to clean up and restore the property to its original condition," without any further qualifiers.

Section 6. Section 6 of the Statement states that access to the drill site will be from Sycamore. WCI requests that the access be from Meyer, as noted above, in order to preserve as much as reasonably possible the potential commercial development of APN 189-351-36.

Section 7. Section 7 of the Statement addresses parking. There is not a clear statement that the parking will be entirely on the drill site. A condition of the CUP should be that all parking associated with the drill site will be on that site.

Section 11. Section 11 of the Statement requires the Applicant to address "Appearance." The Applicant references noise, glare, dust and odor in response to the item, but does not address visual appearance. Applicant should be required to fence the site with cyclone fencing covered with an opaque material that blocks view of its operations and prevents children who reside in surrounding residential communities from gaining access to the attractive nuisance of the drilling equipment.

Section 12. Section 12 of the Statement describes Applicant's plans for dealing with cuttings and liquid drilling mud resulting from its operations. As noted above, Applicant states it will haul cuttings and dewaterd mud offsite or spread it onsite. WCI requests that Applicant be conditioned to remove from the site all cuttings and all mud, and, further, that Applicant be conditioned to remove produced water from the property and not dispose of any of these waste products on the property.

Section 18. Section 18 requires comments regarding landscaping. Applicant's response is that it plans no landscaping or fencing. As noted above, WCI requests that the City condition any CUP to require the Applicant to fence the perimeter of the drill site.

Limited Title Certificate

This document gives no indication as to who prepared it or certified it. In fact, Applicant has not yet provided WCI with recorded documents that support Barbara Stockton's claim to be a one-third owner of the mineral rights.

Letter to the City of Arvin from Petro-Lud dated December 26, 2018

The first paragraph of the letter sets out a narrative description of the drill site proposed by Applicant and Exhibit A depicts the location on an aerial photo. WCI objects to the access route to the drill site proposed by Applicant because it effectively interferes with the development of the balance of the site for commercial purposes as the zoning for the property intends. WCI requests that the City require the Applicant to work with WCI to locate the access route to the drill site so that it enters the property from Meyer.

Exhibit "C"

Items 7 and 8 deal with restoration of sumps on completion of operations. WCI requests that the City obtain more detail of restoration plans from Applicant and a history of exploration drilling undertaken by Applicant in other jurisdiction to enable the City and WCI to examine Applicant's prior performance.

Letter to the City of Arvin from Petro-Lud dated January 18, 2018

In response to Item 8 in the Letter Applicant states that it wishes to have the CUP cover both the exploratory well and permanent well. **WCI supports the City's position that there should be two CUPs and that the current CUP be exclusively for the exploratory well.**

Further Comments

In addition to WCI's comments above addressing specific portions of Applicant's application and other communications with the City, WCI requests that, if the City grants a CUP to Applicant for exploratory drilling, that any such CUP include, the following requirements and conditions:

1. **Survey**: Within thirty (30) days of the grant of the CUP, Applicant will commission a formal engineering survey of the drill site and access route, and provide to WCI and the City the exact specifications, in feet and inches, of the drill site and access route. WCI and the City will have the right to review and approve the engineering survey. Applicant shall not commence any activity on the drill site other than such survey unless and until such survey is approved in writing by WCI and the City.

2. **Fencing**: Applicant will fence the drill site with minimum eight (8) foot fencing and secured access.

3. **Termination**: The CUP shall terminate (1) if there is a cessation of exploration or development activity on the drill site for a continuous period of ninety (90) days, or (2) one (1) year from the grant of the CUP.

4. **Construction and Maintenance**: Applicant shall construct and maintain the access route as compacted native soil conditioned and maintained to industry standards to mitigate dust and particulate matter, at all times, and consistent with the standards and requirements of the San Joaquin Valley Air Pollution Control District. Upon the completion of exploratory operations, Applicant shall restore the access route so as to return it to a condition as close to the condition existing prior to construction of the access route as is reasonably possible under the circumstances.

5. **Water**: Applicant will supply its own water by trucking it in by way of the access route. Under no circumstances will applicant drill water well(s), or a well designed to produce only water, on the property.

6. **Produced Water**: During exploration, Applicant shall only dispose of produced water by hauling it off the property. Under no circumstances will Applicant dispose of produced water, or any other substance, on the property (drill site, access route or other property owned by WCI).

7. **Abandonment**: Upon abandonment of the drill site, or any well contained therein, Applicant shall plug and abandon any dry hole or permanently abandoned well in accordance with good oil field practices and in compliance with the rules and regulations of the State of California, Division of Oil, Gas and Geothermal Resources and the City.

8. **Indemnification**: Applicant shall indemnify WCI and the City for damage or destruction of any property or injury to any persons resulting from acts or omissions of Applicant in

Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal Petro-Lud CUP)

connection with its use of the drill site or the access route. Such indemnity should be by way of a separate indemnity agreement.

9. **Insurance:** Applicant, shall maintain in full force and effect, at its own expense, a policy or policies of worker's compensation insurance as required by the State of California and a policy or policies of comprehensive general liability insurance, the form and substance of which shall be subject to WCI's and City's prior review and written approval, insuring Applicant, WCI and the City (and such other persons, firms or corporations as are designated by WCI as having an interest in the property) against any liability for death, personal injury or property damages arising out of or resulting from Applicant's operations. All such policies shall be submitted to WCI and the City not less than 30 days prior to the intended commencement date of such policies for WCI's and the City's review and approval. The comprehensive general liability insurance shall have coverage of not less than $2,000,000.00, per occurrence. All required insurance policies, or properly executed certificates evidencing the same, together with satisfactory evidence of premium payments shall be deposited with WCI and the City prior to the commencement of Applicant's use and/or occupation of the property, and for renewals, at least thirty (30) days prior to the expiration of such coverage. In each instance, WCI and the City shall be an additional named insureds. All such policies shall contain a requirement that the insurer provide WCI and the City with thirty (30) days prior written notice of cancellation.

10. **Environmental**: Applicant, in its use of the property shall at all times comply with all applicable laws and government regulations, including all applicable federal, state and local laws, ordinances and regulations pertaining to Hazardous Materials, air and water quality, waste disposal and other environmental matters, the Clean Water Act, the Clean Air Act, the Federal Water Pollution Control Act, the Solid Waste Disposal Act, the Resource Conversation Recovery Act and the Comprehensive Environmental Response, Compensation and Liability Act, and the rules, regulations and ordinances of the Environmental Protection Agency, the California Division of Oil, Gas, and Geothermal Resources, the California Department of Health Services, the Regional Water Quality Control Board, the State Water Resources Control Board, and the San Joaquin Valley Air Pollution Control District.

    a. If any oil or hazardous materials from the applicant's facilities are released or are discovered to be present in the soil, water or groundwater in or adjacent to the property, in which such release or discovery is deemed to be reportable to the City, County of Kern or State of California, then Applicant shall immediately undertake to investigate and remediate or remove such oil or hazardous materials and the medium in which they are found at its sole cost and expense, pursuant to the requirements of the applicable city, county or state laws and regulations. Applicant shall also immediately determine the source of the release and cause its repair and restoration at its sole cost and expense. "Release" shall mean any spill, leak or other means of escape from Applicant's facilities or the facilities of a contractor or agent of Applicant, whether or not sudden or gradual, whether

Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal Petro-Lud CUP)

known or unknown and whether or not due to the negligence, willful act or other fault of any person or entity.

b. All actions to investigate, remove and remediate oil or hazardous materials and repair or restore facilities as provided in the preceding paragraph shall be the sole responsibility of Applicant and shall be conducted by Applicant or its employees, agents, contractors, subcontractors, or suppliers in conformance with all applicable present and future statutes, regulations, rules, ordinances, orders and similar items of all governmental agencies, at Applicant's sole cost and expense. If Applicant fails to commence such investigation, removal or remediation within thirty (30) days after delivery of notice from WCI or the City or from discovery of the oil or hazardous substance, or fails to continuously and diligently pursue such work to completion, then WCI or the City (without any obligation to do so) shall be entitled to perform such work and charge applicant for the cost thereof plus an overhead and management fee of twenty percent (20%), which shall be payable thirty (30) days after delivery of an itemized invoice for such work from WCI or the City, as the case may be. WCI or the City (without any obligation to do so) may conduct any investigative actions to ascertain the fact and extent of any release or presence of oil or hazardous materials at any time at its own expense, but if oil or hazardous materials released from the pipeline or other facilities are discovered, Applicant shall reimburse WCI or the City, as the case may be, its costs of such investigation. Under no circumstances shall WCI or the City be obligated to engage in work or repair or restore the tanks and/or pipeline or other equipment and materials owned or controlled by applicant.

Applicant shall reimburse WCI for all costs and expenses related to a release of oil or hazardous materials from the facilities or pipeline or the presence of oil or hazardous materials that applicant is required to investigate as set forth above, including (a) time spent by employees and contractors of WCI or the City, as the case may be, and related expenses to help contain an apparent emergency situation or comply with a government agency order; (b) all temporary or permanent damages suffered by WCI or the City, as the case may be, as a result of such release or presence of oil or hazardous materials, including loss of use, damage to improvements, damage and injury to natural resources, loss of land value, and other consequential damages to real property owned by WCI or in which it has an interest; and (c) costs reasonably incurred by WCI or the City, as the case may be, to manage or monitor the investigation and removal or remediation processes, whether accomplished by Applicant, WCI, governmental agencies or other parties, including the cost of consultants to monitor or analyze cleanup proposals, work, or reports, attorneys to monitor regulatory processes and analyze liability issues, and persons to monitor persons present on WCI's property.

c. Applicant shall deliver to WCI and the City immediate notice of any of the following occurrences: (a) any release from a pipeline and/or other facilities or the presence in or adjacent to the property of oil or hazardous materials; and (b) any

notice, claim or allegation of a violation received from any federal, state, or local governmental agency or authority or any nongovernmental person or entity or the filing or commencement of any judicial or administrative proceeding by any such agency or authority or nongovernmental person or entity that relates to or is a result of applicant's activities on the property.

d. Applicant agrees to indemnify, defend and hold WCI and the City harmless against (1) all claims, damages and liabilities of whatever nature, foreseen or unforeseen, under any hazardous substance law or regulation, including but not limited to the all fees incurred in defending any action or proceeding brought by a public or private entity and arising from the presence, containment, use, manufacture, handling, creation, storage, treatment, discharge, release, or burial on the property or the transportation to or from the property of any hazardous substance. The fees for which the Applicant shall be responsible under this subparagraph shall include, but shall not be limited to, the fees charged by (a) attorneys, (b) environmental consultants, (c) engineers, (d) surveyors, and (e) expert witnesses; and (2) any diminution in the value of the property attributable to (a) the breach or failure of any obligation or condition contained in the CUP; or (b) any cleanup, detoxification, remediation, or other type of response action taken with regard to any hazardous substance on or under the property regardless of whether or not that action was mandated by the federal, state or local government.

11. **Bonds:** Applicant should be required to post a bond to assure it performs all of its obligations under the CUP, including maintenance, indemnification, closure of wells and restoration of the property following abandonment of drilling, and environmental clean-up. Applicant has provided no evidence of its financial resources and may not be inclined to fulfill its obligations once drilling is abandon. To protect WCI and the City, Applicant should be required to post a bond in the amount of $1,000,000 in favor of WCI and the City.

Attachment 7 – February 1, 2018 – Law Offices of Borton Petrini, LLP representing Westminster Capital

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SAN JOSE
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FAX (408) 535-0878

IN REPLY REFER
TO OUR FILE NO.
Bakersfield
058040/064307

February 1, 2018

VIA ELECTRONIC AND U.S. MAIL

City of Arvin
Community Development Department, Planning Division
Attn: Jake Raper, AICP
141 Plumtree Drive
Arvin, CA 93203
jraper@arvin.org
jakeraper@yahoo.com

Re: CUP2017-Petro-Lud: Surface Use Agreement; February 6, 2018 Comment Deadline, and Possible CUP Application Comments

Dear Mr. Raper:

Thank you very much for your time and the information provided during our telephone call earlier today. Your friendly and informative approach is much appreciated.

As we discussed, this office represents Westminster Capital ("Westminster"), the owner of the surface estate of one or more parcels implicated in the Conditional Use Permit Application by Petro-Lud. We understand that the file number for that matter in your offices is CUP2017-Petro-Lud.

We have recently been retained to advise Westminster and to negotiate a suitable *Surface Use Agreement* between Westminster and Petro-Lud to govern access and use of the surface estate in connection with the proposed exploratory drilling operations and petroleum production. Unfortunately, due to scheduling conflicts, we have not yet been able to meet with Mr. Ludington of Petro-Lud. However, we have a meeting scheduled for Tuesday, February 6, 2018, and hope to make progress related discussions.

You have advised that although the City of Arvin CUP Application materials indicated a deadline for comments of February 6, 2018, our client will not waive its right to comment, if necessary, on the CUP Application if it does not submit comments on or before

Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal Petro-Lud CUP)

February 6, 2018. You have further advised that the February 6, 2018 date is an "informal deadline," such that we should continue discussions and negotiations with Petro-Lud and may do so without prejudice to the rights of Westminster to comment at a later time. Westminster intends to continue working in good faith to reach an acceptable *Surface Access Agreement*. Should those discussions break down, we will notify you and arrange to submit formal comments for consideration by the City of Arvin.

If you believe anything in this letter is not accurate or misconstrues your comments and the assurances provided earlier today, please immediately contact our offices so that we can adjust our approach as may be necessary. Thank you again for your kind assistance. We look forward to working with you further.

Very truly yours,

Michael J. Stump

MJS:kk
cc: Petro-Lud/Mr. Ludington(via email)

Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal Petro-Lud CUP)

Attachment 8- April 11, 2018 Stoel Rives LLP – Attorney for Petro-Lud – Not included materials related to Surface Access Agreement

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MICHAEL N. MILLS
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michael.mills@stoel.com

April 11, 2018

VIA EMAIL AND U.S. MAIL

Jake Raper
City Planner
Community Development Department
City of Arvin
141 Plumtree Drive
Arvin, CA 93203
Phone: 661-854-2822
Email: jraper@arvin.org

Re: Petro-Lud's 2017 Conditional Use Permit Application - Stockton Development Project

Dear Mr. Raper:

Stoel Rives LLP ("Stoel Rives") is counsel to Petro-Lud, Inc. ("Petro-Lud") in connection with its conditional use permit ("CUP") application that is being processed in the City of Arvin ("City"). We submit this letter to explain the overtures and efforts Petro-Lud has made in the past two months to secure the consent from the surface estate owner, Westminster Capital, Inc. ("Westminster"). Petro-Lud has leased the mineral rights under the subject parcel. In order to obtain its consent, Westminster insisted that Petro-Lud execute a "surface usage license and damages agreement." Westminster refused to negotiate any of the prospective surface use agreement's terms, offered only a take-it-or-leave-it version of a proposed agreement that contained provisions that would have made the project impossible to undertake, and refused to discuss any of the terms that would not be compatible with the proposed project. Because Petro-Lud would not agree to Westminster's unilateral form of surface use agreement, we anticipate negative comments from Westminster on the CUP application. Furthermore, we are certain that the City did not intend its Municipal Code to operate in this fashion with respect to oil and gas development within the city's limits. As a result, we ask that you recommend that the City approve the CUP application.

Chapter 17.46 of the City's Municipal Code regulates oil and gas production. The Municipal Code requires oil and gas operators to obtain a CUP for certain zoning designations prior to the production of oil and gas. (Municipal Code § 17.46.040.) Further, the City *encourages* operators to obtain consent of the surface owners at the proposed site.

Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal Petro-Lud CUP)

> The procedure for filing of applications, investigation, notices, public hearings, findings and appeal shall be the same as provided for variances, in Chapter 17.50, Variances, Modifications and Zone Changes except that the planning commission may waive public hearing if all the owners of surface rights within three hundred (300) feet of the proposed site consent in writing . . .

(*Id.* § 17.46.040(A) (emphasis added).)

Correspondence with Westminster

Since February 2018, Petro-Lud has diligently attempted to negotiate a surface use agreement ("SUA") with Westminster in order to obtain its consent to Petro-Lud's project. Westminster insisted that Petro-Lud use its form, which was very one-sided and contained commercially unreasonable terms that are not standard in this type of situation. Even so, Petro-Lud offered to work with Westminster's form, and I prepared a series of redlined changes to it, which I provided to its counsel, Michael Stump of Borton Petrini LLP. *See* **Exhibit A, Proposed Surface Use Agreement from Westminster with Track Changes.** After receiving the redlined version of the agreement, Westminster's counsel informed me that, "Westminster Capital is prepared to enter into the agreement it previously proposed. Westminster will not agree to the terms of the modified agreement as suggested by you on Friday. We are prepared to finalize that document for signature by the parties and see no reason why it cannot be in place by next week." Email from Michael Stump to Michael Mills Re: Westminster Capital SUA with Petro-Lud (Mar. 28, 2018, 3:07 pm).

As detailed in the attached Exhibit A, Petro-Lud has grave concerns with many of the provisions in Westminster's proposed SUA. The SUA, as originally drafted by Westminster, is entirely one-sided in favor of Westminster, and would make it impossible for Petro-Lud to utilize its drillsite and produce oil. Petro-Lud highlighted the following concerns, among others, to Westminster, which Westminster refused to discuss or address:

- Westminster termed the proposed agreement a "license." However, this is not a "license" situation, as Petro-Lud has the legal right to enter the property. This agreement simply outlines the terms of access – an exclusive easement for ingress and egress.

- Westminster insisted that the drill site be a non-exclusive license, and wanted unfettered rights of entry onto the drill site. Petro-Lud cannot have others enter the site for safety reasons, and such entry would certainly be problematic from an insurance standpoint, and under some circumstances may not be permitted under state law.

Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal Petro-Lud CUP)

- Westminster's SUA would prohibit the presence of oil in the soil of the drill site, which would make the entire drilling project impossible because of drilling operations and the fact that oil already is naturally present beneath the site.

- Westminster contemplated that the SUA would continue only until drilling and exploration activities were concluded. It would not carry over to the production phase of the project, and a new surface use agreement would be required.

- The SUA, as drafted by Westminster, states that Petro-Lud must accept every condition of the modified CUP proposed by the City. However, Petro-Lud cannot agree to this provision without first knowing what the City's change might be. Therefore, Petro-Lud proposed that the grant of the Easement be tied to the approval of the CUP, not the effective date of the SUA.

- The SUA, as drafted by Westminster, states that Petro-Lud must dispose of produced water by hauling it off the property. Petro-Lud has no intention of disposing produced water on the surface of the property, but wants to reserve its right to permit a Class II injection well and reinject produced water back into the oil reservoir where it originated or under the oil reservoir. Westminster's form of agreement would not allow for this.

- Westminster proposed that Petro-Lud fully indemnify Westminster for any property damage, but the indemnity is not reciprocal. As co-tenants, it is only fair that the indemnities be mutual and the standard of expected conduct be likewise.

- The SUA, as drafted by Westminster, states that Westminster can bring an unlawful detainer action to recover and regain possession of the property if Petro-Lud is in default. Unlawful detainer actions cannot be brought against a mineral owner or lessee in a split estate situation, and we cannot agree to this, as Petro-Lud is not Westminster's tenant.

Should you or the City Attorney have any questions or concerns, please do not hesitate to contact me. We appreciate your time and consideration of this matter.

Very truly yours,

Michael N. Mills

Enclosure (Proposed Surface Use Agreement with Petro-Lud redline and comments)

cc: Shannon L. Chaffin, Esq. (via email to schaffin@awattorneys.com)
Clayton Ludington (via email to clud@petro-lud.com)

Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal Petro-Lud CUP)

Attachment 9 - Public Hearing Notice Published May 19, 2018 - Bakersfield Californian

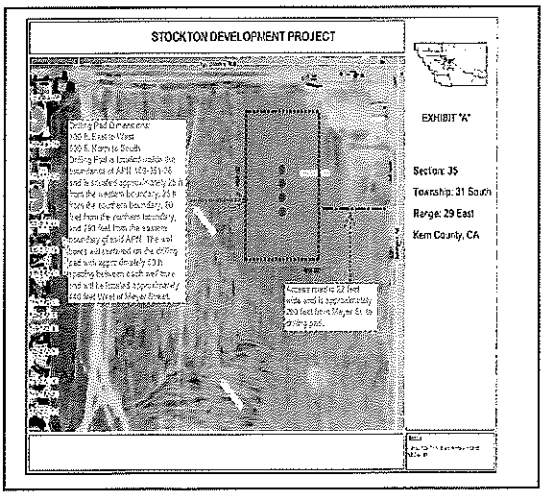
NOTICE OF PUBLIC HEARING
Planning Commission
Conditional Use Permit 2017-Petro-Lud – Oil and Gas Exploratory and Production

NOTICE IS GIVEN that the Planning Commission of the City of Arvin will conduct a public hearing, at which time the public may be present and be heard, to consider the following:

- City of Arvin CUP2017-Petro-Lud – Stockton Project - Oil and Gas Exploratory and Production Well -APN 189-351-36 Southwest Corner of Sycamore Road and Meyer Street; proposes the establishment of a drill pad 300'-0" X 500'-0" and four (4) exploratory well sites which may be converted into production wells; and
- Adoption of a Class 3 Categorical Exemption (New Construction Conversion of Small Structures) under CEQA Guidelines section 15303 pursuant to the requirements of the California Environmental Quality Act (CEQA) for the above project.

Arvin Planning Commission Hearing Information

Date: May 30, 2018
Time: 6:00 PM or as the Agenda permits
Place: City of Arvin Council Chambers
200 Campus Drive, Arvin, CA 93203



Description of the Project: The purpose of the hearing is to consider the Conditional Use Permit 2017- Petro-Lud, which proposes the establishment of a drill pad of approximately 300'-0" X 500'-0" on property located at the Southwest Corner of Sycamore Road and Meyer Street, Portion of Assessor Parcel Number 189-351-36. The project, CUP 2017-Petro-Lud proposes four (4) Oil and Gas Exploratory and Production Wells (Stockton Project). The proposed drilling area is located approximately 80'-0' South of Sycamore Road and 290'-0" from the east property line, west of Meyer Street, 25'-0" from the westerly property line and 25'-0" from the southerly property line. Copies of the CUP 2017-Petro-Lud and other relevant documents are available for public inspection.

Staff has performed a preliminary environmental assessment of this project and have determined that it falls within the Categorical Exemption set forth in section 15303 (New Construction or Conversion of Small Structures) as the project consist of construction and location of limited numbers of new small facilities or structures, which are below the maximum amount allowed on the parcel. The proposed project will consist of four (4) exploratory well sites for a short period

Attachment: Att 2 - PC Staff Report dated May 30, 2018 - CUP 2017-Petro-Lud (Public Hearing - Appeal Petro-Lud CUP)

of time (approximately 80 days) and should permanent production wells occur the area utilized is approximately 250 square feet for each production well. Total floor area of the facilities (not including accessory structures) is less than 2,500 square feet. Significant amounts of hazardous substances will not be used. Utility connections are available to serve the construction to the extent they are needed. Furthermore, Staff has determined that none of the exceptions to Categorical Exemptions set forth in the CEQA Guidelines, section 15300.2 apply to this project.

Additional information on the proposed project and supporting documentation, may be obtained from the City of Arvin. Address any communications or comments regarding the project to Cecilia Vela, City Clerk, at 200 Campus Drive, Arvin, CA 93203, (661) 854-3134, cvela@arvin.org.

All persons interested in this topic who have questions, would like to provide feedback, or ask questions are invited to attend. If you challenge the approval or denial of these matters in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City Clerk, at or prior to the public hearing. Address any communications or comments regarding the project to Cecilia Vela, City Clerk, at 200 Campus Drive, Arvin, CA 93203, (661) 854-3134, cvela@arvin.org.

/s/
Cecilia Vela, Secretary to the Planning Commission of the City of Arvin

/s/
Jake Raper, Planner

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Attachment 3 - Letter of Appeal of Appeal of Conditional Use Permit

1, 2018

06-12-18P12:06 RCVD

WESTMINSTER CAPITAL, INC.
233 Wilshire Blvd. #525
Santa Monica, CA 90401
FAX: (310) 496-2748
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June 11, 2018

To: City Clerk of the City of Arvin

NOTICE OF APPEAL

Pursuant to section 17.05.060 of the Arvin Municipal Code, Westminster Capital, Inc., hereby submits its Appeal of the decision of the Planning Commission on May 30, 2018 approving Agenda item 4.C., to wit:

> A Resolution of the Planning Commission of the City of Arvin Approving Conditional Use Permit (CUP) 2017-Petro-Lud – Stockton Project - Oil And Gas Exploratory And Production Well - APN 189-351-36 Southwest Corner of Sycamore Road and Meyer Street; Establishment of A Drill Pad 300'-0" X 500'-0" And Four (4) Exploratory Well Sites Which May Be Converted Into Production Wells and Adoption of A Related CEQA Exemption Findings Pursuant To The California Environmental Quality Act.

(Referred to herein as the "**Resolution**.")

Westminster Capital, Inc., the fee owner of a parcel of real property of approximately 9 acres, identified as APN 189-351-36, which is the real property referenced in the Resolution, hereby appeals the action taken by the Planning Commission of the City of Arvin ("**City**") adopting the Resolution on May 30, 2018, and requests that the City Council conduct a hearing to review the Resolution and reverse the decision of the Planning Commission because the City did not comply with the California Environmental Quality Act ("CEQA") in evaluating and recommending adoption of the CUP to the Planning Commission, the Planning Commission erred in approving the Resolution without compliance with CEQA, and for such other reasons as may be presented to the City Council by Westminster Capital, Inc., at such hearing.

In witness whereof, the undersigned has set its hand this 11th day of June, 2018.

Westminster Capital, Inc.

By: _____
Greggory Belzberg, President & CEO

Attachment 4 – Letter of Appeal – Center for State, Local, and Environment (CRPE) dated June 13, 2018

RCVD

CENTER ON RACE, POVERTY & THE ENVIRONMENT

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June 13, 2018

Arvin City Council
200 Campus Drive
Arvin, CA 93203

VIA EMAIL

Mayor Jose Gurrola Jr. <jgurrola@arvin.org>
Council Member Jazmin Robles <jrobles@arvin.org>
Council Member Erika Madrigal <emadrigal@arvin.org>
Council Member Gabriela Martínez <gmartinez@arvin.org>

cc: Cecilia Vela, City Clerk <cvela@arvin.org>

RE: Appeal of Planning Commission Decision Approving Conditional Use Permit 2017-Petro-Lud – Stockton Project - Oil and Gas Exploratory and Production Well - APN 189-351-36

Mayor Gurrola and City Council Members:

Pursuant to Arvin Municipal Code § 17.54.130, the Committee for a Better Arvin ("CBA") submits this timely appeal of the City of Arvin Planning Commission's ("Planning Commission") decision, approving the above referenced Conditional Use Permit ("CUP") for four oil and gas exploratory and production wells ("Wells" or "Project"), at the May 30, 2018 Special Planning Commission meeting.
This appeal includes CBA's Statement of Interest and the reasons for appeal.

I. STATEMENT OF INTEREST

The Committee for a Better Arvin ("CBA") is a 501(c)(3) nonprofit organization in Kern County whose members reside in Arvin, California. CBA's mission is to improve the quality of life in Arvin, to inform and unite the community, to address problems facing the community, and to secure equality for all residents. CBA and its members have engaged in advocacy for improved local and regional air quality for many years and are concerned about the impacts of oil and gas development in the San Joaquin Valley. Particularly in light of the gas pipe leak in 2014 which forced eight Arvin families from their homes for about nine months, CBA's members are very

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concerned about the safety and health impacts from oil and gas development within Arvin, especially without site-specific environmental review or mitigation. Therefore, CBA has a clear interest and relationship to the subject property and decision.

II. REASONS FOR APPEAL

The Planning Commission's decision is in error for the following reasons: first, the Planning Commission violated provisions of the California Environmental Quality Act ("CEQA"); second, the decision was made without sufficient due process; and third, the decision failed to comply with other laws and regulations.

A. CEQA Violations

i. Planning Commission May Not Rely on a Categorical Exemption

In issuing conditional use permits for oil and gas wells in Arvin, the Planning Commission must comply with the statutory and regulatory requirements of the California Environmental Quality Act. CEQA requires each agency to prepare an Environmental Impact Report ("EIR") when it proposes to approve or carry out a discretionary project that may have a significant impact on the environment, and to mitigate or avoid those significant impacts whenever feasible to do so. (Pub. Res. Code §§ 21002.1, 21061, 21080(a).) An agency may not avoid environmental review unless the project squarely falls within one of the "categorical exemptions" enumerated in CEQA's implementing regulations. (Cal. Code Regs. tit. 14, §§ 15061(b)(2), 15300-33.) These exemptions apply only to projects that fall within a predefined type of activity that have been analyzed and determined not to have a significant effect on the environment. (Pub. Res. Code § 21084(a); Cal. Code. Reg. tit. 14, § 15300.)

The Planning Commission violated CEQA by relying on a regulatory exemption for "New Construction or Conversion of Small Structures" that is wholly inapplicable to oil and gas drilling and production. (Cal. Code Regs. tit. 14, § 15303.) Class 3 exemptions consists of construction and location of limited numbers of new, small facilities or structures; installation of small new equipment and facilities in small structures; and the conversion of existing small structures from one use to another where only minor modifications are made in the exterior of the structure. *Id.* This exemption is limited to certain single or small multi-family residences, small commercial buildings, utility line extensions, and accessory structures such as patios or fences. *Id.* The exemption does not include oil and gas drilling, extraction or production, or anything remotely similar to an industrial land use.

The Planning Commission's reliance on an exemption is especially inappropriate since there are known significant environmental and public health impacts associated with oil and gas drilling, including the risk of fire and explosion due to ignition of flammable vapors or gases, contamination of domestic and agricultural water supplies, the use of large amounts of water, the emission of hazardous air pollutants, and impacts associated with trucking if the wells enter production.[1] In a recent letter to the Planning Commission, the Attorney General's office declared that "oil and gas production is a source of pollutants such as hydrogen sulfide, benzene, formaldehyde, hexane, and xylene" and stated that the active oil and gas sites located in Arvin "contribute to the City's air

[1] *See., e.g.,* Los Angeles County Department of Public Health. Public Health and Safety Risks of Oil and Gas Facilities in Los Angeles County (February 2018)(containing literature review of health and environmental impacts of oil and gas production in California and other states). *Available at:* http://publichealth.lacounty.gov/eh/docs/PH_OilGasFacilitiesPHSafetyRisks.pdf.

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pollution problems." June 8, 2018 Letter from Deputy Attorney General Tatiana K. Gaur to Arvin Mayor, City Councilmembers and Planning Commission Members at 2 (Attachment A).

The Planning Commission's decision to approve the CUP for the Wells is also problematic given the City of Arvin made explicit findings as part of its Oil and Gas Ordinance update that "oil and gas operations have the potential to impact water quality, surface water and groundwater supplies," that "all extraction activities come with some risk of surface or groundwater contamination from the accidental or intentional release of waste water," that "oil and gas operations generate a significant amount of truck traffic," that "odors, air pollution and particulate matter can be produced as a result of oil and gas operations," and that "development and production of oil and gas operations involve multiple sources of physical stressors such as noise, light, vibrations, toxicants, and impacts on air emissions." An Ordinance by the City Council of the City of Arvin, California, to Adopt Text Amendment No. 2017-04, An Oil and Gas Ordinance for Regulation of Petroleum Facilities and Operations ("Updated Arvin Oil and Gas Ordinance"), at 12-15.[2] Based on well-known environmental and health impacts from oil and gas drilling, and the City's own findings on likely impacts associated with oil and gas development within the city, the Planning Commission may not exempt this project from environmental review.

Finally, if a project may have significant impacts requiring mitigation, a categorical exemption is inappropriate. *Salmon Protection & Watershed Network v. County of Marin* (2004) 125 Cal.App.4th 1098. If there is a reasonable possibility of a significant effect, then the project must be reviewed under CEQA, and mitigation measures may be considered only as part of that CEQA review. *Id.* at 1102. Here, the applicant declares that compliance with air district rules "will reduce any air quality impacts of the proposed project to a less than significant level," that "a weed abatement and brush clearance maintenance will be implemented to reduce fire hazards to developed property," and that "dust will be minimized by daily spraying during active operations." Operational Statement Checklist in Agenda Report on City of Arvin CUP2017-Petro-Lud – Stockton Project - Oil and Gas Exploratory and Production Well -APN 189-351-36 Southwest Corner of Sycamore Road and Meyer Street, May 30, 2018 ("Agenda Report"), at 6-7.[3] These statements confirm that the project has impacts that need to be mitigated under CEQA. A lead agency is required to evaluate significant project impacts and mitigation measures prior to project approval. *Oakland Heritage Alliance v. City of Oakland* (2011) 195 Cal.App.4th 884. As such, a categorical exemption is inappropriate.

ii. Project Description is Inaccurate, Unstable, and Not Finite

The project description must be accurate, stable and finite to determine and assess project impacts and necessary mitigation measures. *County of Inyo v. City of Los Angeles* (1977) 71 Cal.App.3d 185, 193. Here, the Project's duration is not finite, and the Project's components are not stable.

First, the duration of the project is unclear and not finite. The applicant states that if the well is used for production, the economic life of the well "could be twenty years or longer." Agenda Report at 5. Yet in its description of features that "serve to reduce its potential impact," the City lists

[2] *Available at:* http://www.arvin.org/wp-content/uploads/2018/06/061218-Arvin-Planning-Commission-Meeting-Agenda.pdf (Exhibit A of Resolution Recommending Adoption Of An Ordinance By The City Council Of the City Of Arvin, To Adopt Text Amendment No. 2017-04, An Oil And Gas Ordinance For Regulation Of Petroleum Facilities And Operations).

[3] *Available at:* http://www.arvin.org/wp-content/uploads/2018/05/053018-Special-Arvin-Planning-Commission-Meeting-Agenda.pdf.

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"Short Duration" as a factor and explains that exploratory and production drilling will be a temporary activity. Agenda Report at 18.

The materials provided to the decisionmakers and the public do not provide clarity on whether a pipeline is envisioned as part of the project. For example, in the Description of the Project, the agenda report states that "if there is a sufficient volume of gas available on a regular basis, it will be transported by pipeline to a nearby gas purchaser, flared or eventually reinjected into in the production formation to maintain reservoir pressure." Agenda Report at 4. However, elsewhere in the same report, the City states that "no pipelines are proposed to carry away produced oil or gas. Instead, any oil or gas will be produced into and shipped from tanks located on the premise." Agenda Report at 13. Not only do these ambiguous and contradictory statements deprive the decisionmakers and members of the public with an adequate understanding of the scope of the project, it also prevents a full assessment of project impacts, mitigation measures, and project alternatives.

Finally, the City acknowledges that many features of the project will only be defined at a later point, after exploratory drilling is completed. For example, the agenda report states that "[t]he capacity of the well will be estimated at this time [after exploratory drilling] and permanent facilities will be designed based on the expected capacity and installed shortly thereafter." Agenda Report at 4.

Since the nature of the project remains speculative at this point, the City is unable to assess the full extent of the impacts associated with production wells. As a result, the Project review is also piecemealed,[4] and fails to identify significant environmental impacts that could have warranted denial of this Project. As such, additional CEQA review and permits are required

iii. Planning Commission Has Failed to Fully Analyze, Address, and Mitigate Project Impacts

In addition to the impacts referenced in Section II.A.i of this letter, the Planning Commission failed to fully analyze, address, and mitigate direct and indirect impacts associated with the project, including but not limited to:

- Trucks traffic and diesel emissions associated with transporting oil and gas from project site, especially if wells enter into production.
- Lifecyle impacts associated with oil and gas extraction and use.
- Cumulative impacts of oil and gas exploration and production activities in Kern County.
- Impacts associated with a potential pipeline, including risk of leaks or explosions.
- Lifecyle impacts of the wells, including well abandonment and closure.

Impacts prior to transforming any exploratory well into a production well.

[4] [Environmental review] must include an analysis of the environmental effects of future expansion or other action if: (1) it is a reasonably foreseeable consequence of the initial project; and (2) the future expansion or action will be significant in that it will likely change the scope or nature of the initial project or its environmental effect." *Laurel Heights Improvement Association v. Regents of the University of California* (1988) 47 Cal.3d 376, 390.

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B. Planning Commission Failed to Provide Due Process

The Planning Commission has failed to provide adequate due process for the public to review the Project, as required under the law. (Cal. Const. at. XI, section 7, Government Code sections 65864 - 65869.5, and California Government Code sections 54950 – 54963). Local administrative bodies, including the Arvin Planning Commission, have the constitutionally granted police power to deny applications for CUPs to preserve and protect public health. It may not waive its authority and may not waive other statutory requirements, such as compliance with required public notice and comment and environmental review, through a private contract. However, by "binding" the City to issue a Conditional Use Permit for oil and gas development through a private contract, the City prevented the public from participating in an open and transparent review process for this Project. The decades old private development agreement that "requires" the City to issue a Conditional Use Permit Authorization of the Stockton Project subjects the residents of Arvin to environmental and public health impacts that have not undergone adequate review.

The Conditional Use Permit was issued per a Development Agreement that was most recently amended in May 2018. The City Council agendas for May 1st and 15th list the Development Agreement under the title of "AN UNCODIFIED ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ARVIN FOR A THIRD AMENDMENT TO THE DEVELOPMENT AGREEMENT WITH WESTMINSTER CAPITAL, INC."[5] This does not give any information to interested parties such as CBA to comment on the development agreement which directly contradicts another item on the agenda for that evening, an update of the City's Oil and Gas ordinance. CBA had been asking for an updated ordinance for years and the City Council considered updating the ordinance in November 2017.[6]

The Development Agreement upon which the CUP is based runs contrary to the very efforts the City is undertaking to increase setbacks between residences and oil wells. Without adequate notice and information, interested residents were not given the opportunity to comment and engage in the public process. (Govt. Code Sec. 65867). The City should reconsider the Conditional Use Permit approval to exercise its policy powers and afford concerned Arvin residents the opportunity to consider the amended Development Agreement given the City's proposed new oil and gas ordinance which is scheduled to be heard by the City Council in the next month.

C. Planning Commission Failed to Comply with Other Laws and Regulations

The Arvin Planning Commission approved the Updated Arvin Oil and Gas Ordinance regulating oil and gas operations on June 12, 2018, recognizing that additional protections from oil and gas development are warranted.[7] Since this Project's approval is not final and still pending a decision from the City Council, the City should require the same protections in the Project as those included in the updated ordinance. The updated ordinance addresses a variety of environmental resources, including adding protections to Arvin's groundwater. If this project does not comply with Arvin' s updated oil and gas ordinance, the project will cause Arvin to be in violation of the Sustainable Groundwater Management Act or its local Groundwater Sustainability Plan that require

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5 *Available at* https://www.arvin.org/wp-content/uploads/2018/05/050118-Arvin-City-Council-Meeting-Agenda.pdf
6 *Available at* https://www.arvin.org/wp-content/uploads/2015/08/112117-Arvin-City-Council-Mtg-Agenda-1.pdf
7 *See* Luis, *Arvin Commission Approves Regulation Changes for Oil and Gas Operators*, Bakersfield Californian (June 12, 2018). *Available at:* http://www.bakersfield.com/news/arvin-commission-approves-regulation-changes-for-oil-and-gas-operators/article_ea3eb8d6-6ec1-11e8-b315-235800b1b58a.html. *See also* Footnote 2, above.

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improvements to, and not degradation of, groundwater supplies by 2040. The Arvin General Plan acknowledges that that Arvin relies upon groundwater for its water resources and is in a high-priority groundwater basin. Absent application of Arvin's updated oil and gas ordinance, Arvin will not be able to comply with its groundwater obligations.

III. CONCLUSION

Pursuant to Arvin Municipal Code § 17.54.130, please schedule a date for hearing this appeal at the next regular City Council meeting. Please also contact us directly should you have any questions regarding this appeal.

Sincerely,

/s/

Ingrid Brostrom,
On behalf of
Committee for a Better Arvin

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ATTACHMENT A

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XAVIER BECERRA
Attorney General

State of California
DEPARTMENT OF JUSTICE

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June 8, 2018

Via E-mail and Overnight Mail

Mayor, City Councilmembers and
Planning Commission Members
City of Arvin
City Hall Council Chambers
200 Campus Drive
Arvin, CA 93203

RE: Proposed Ordinance No. 18-XX to Adopt Text Amendment No. 2017-04 and Ordinance for Regulation of Petroleum Facilities and Operations by Repealing Chapter 17.46, Title 17, and Adding Chapter 17.46 to Title 17 of the Arvin Municipal Code

Dear Mayor, City Councilmembers, and Planning Commission Members:

The Attorney General's Office is writing in support of the City of Arvin's ("City" or "Arvin") proposal to adopt the above-referenced Ordinance No. 18-XX to regulate petroleum facilities and operations within its boundaries ("Ordinance"). The Ordinance will repeal and replace the City's outdated regulations of oil and gas sites with new requirements, including zoning restrictions prohibiting oil and gas sites within specified zones and setbacks from residential and other sensitive areas. The Ordinance was developed for the purpose to protect public health, safety and the environment "by the reasonable regulation" of placement of oil and gas sites within the City of Arvin. (Ordinance, Exhibit B, Arvin Municipal Code, Title 17, Chapter 17.46 (hereinafter "Chapter 17.46"), § 17.46.01 (B).) As discussed in detail below, the proposed prohibited zones and setbacks are reasonable measures to regulate the placement of oil and gas sites in the City, the City has authority to adopt them, and they are not preempted.

I. City of Arvin

Arvin is home to a predominantly Hispanic, low-income community with a high percentage of young children as compared to other California communities.[1] The City's residents experience serious air quality and related public health problems. Arvin ranks as one of the most overburdened communities in California on CalEnviroScreen, a statewide mapping tool

[1] See CalEnviroScreen 3.0 Results for Arvin, CA <https://oehha.maps.arcgis.com/apps/webappviewer/index.html?id=4560cfbce7c745c299b2d0cbb07044f5> (as of June 5, 2018).

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developed by the Office of Environmental Health Hazard Assessment of the California Environmental Protection Agency to identify communities disproportionately impacted by pollution.[2] CalEnviroScreen uses environmental, health, and socioeconomic information to produce scores and rank every census tract in the state. A census tract with a high score is one that experiences a much higher burden than a census tract with a low score.[3] Specifically, CalEnviroScreen results show that the City's ozone and particulate matter concentrations are higher than 94 - 98% of the rest of the state. In addition to air quality and related public health issues, Arvin's residents are also exposed to high levels of pesticides (93rd – 98th percentile in the state) and drinking water contaminants (87th - 88th percentile in the state). The City's residents are especially vulnerable to pollution exposure given their high rates of poverty (99th percentile) and unemployment (95th percentile) and low levels of educational attainment (100th percentile).

The City is located in the southern end of the San Joaquin Valley in Kern County. The majority of oil and gas production in the state occurs in the San Joaquin Valley, and this region "suffers from chronic air pollution."[4] Oil and gas production is a source of pollutants such as hydrogen sulfide, benzene, formaldehyde, hexane, and xylene.[5] There are a number of active oil and gas sites located within the City. These sites contribute to the City's air pollution problems. In March 2014, eight Arvin families were evacuated after a toxic gas leak was detected from an underground oilfield production pipeline located near their homes. Following this incident, the Department of Oil, Gas and Geothermal Resources ("DOGGR") imposed a $75,000 fine on the owner and operator of the pipeline.

II. The Ordinance

The Ordinance was developed at the direction of City Council in order to replace the City's existing regulations of oil and gas production that were adopted in 1965, more than 50 years ago. The Ordinance will institute various requirements related to the siting of oil and gas sites within Arvin's boundaries for the stated purpose of protecting public health, safety and the environment.

In particular, the Ordinance designates the specific zones in the City where oil and gas sites are allowed and prohibited. The prohibited zones include the City's residential zones, the pedestrian-oriented mixed-use overlay zone, the professional office zone, the neighborhood commercial and restricted commercial zones, the automobile parking zone, the architectural design zone, the precise development zone, and the open space zone. (Chapter 17.46, § 17.46.03.) Oil and gas sites are allowed in the City's general commercial zone, the

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[2] See CalEnviroScreen 3.0 Results for Arvin, CA <https://oehha.maps.arcgis.com/apps/webappviewer/index.html?id=4560cfbce7c745c299b2d0cbb07044f5> (as of June 5, 2018).
[3] See Office of Environmental Health Hazard Assessment, CalEnviroScreen 3.0 Report (January 2017) <https://oehha.ca.gov/media/downloads/calenviroscreen/report/ces3report.pdf> (as of June 6, 2018).
[4] California Council on Science and Technology, An Independent Scientific Assessment of Well Stimulation in California (July 2015) ("CCST Study"), Volume III, p. 6.
[5] *Id.*, p. 268.

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manufacturing zones, the light and general agricultural zones, and the buffer zone. (*Id.*) In addition, the Ordinance specifies setbacks for oil and gas sites. Under the Ordinance, new oil wells must be located more than 300 feet from the property boundaries of any public school, public park, clinic, hospital, long-term health care facilities, residences or residential zones (with some exceptions), and commercially designated zones (*Id.*, § 17.46.022.A.1-3.) Importantly, the Ordinance specifically states that it supplements DOGGR's regulations of oil and gas activities and in cases of conflict with state laws and regulations, state laws and regulations will prevail. (*Id.*, § 17.46.05.)

III. The Adoption of Setbacks and Prohibited Zones to Protect Public Health Is Reasonable

The benefits of siting oil and gas sites away from residences and other sensitive receptors to reduce public health impacts have been recognized. A 2015 study conducted by the California Council on Science and Technology concluded that "[m]any of the constituents used in and emitted by oil and gas development can damage health and place disproportionate risks on sensitive populations." (CCST Study, Volume III, p. 13.) This study also found that "[t]he closer citizens are to these industrial facilities, the higher their potential exposure to toxic air emissions and higher risk of associated health effects." For this reason, "the scientific literature supports the recommendation for setbacks" and the "need for setbacks applies to all oil and gas wells." (CCST Study, Volume II, p. 431.) A recent Maryland public health study recommended a 2,000-foot setback from well pads in Maryland. (University of Maryland, Maryland Institute for Applied Environmental Health, Potential Public Health Impacts of Natural Gas Development and Production in the Marcellus Shale in Western Maryland (July 2014), p. 91.)

To help reduce the potential health impacts from oil and gas production activities, a number of local jurisdictions in oil-producing states, such as Texas, have established setbacks even stricter than the setbacks and prohibited zones proposed in the Ordinance. (See City of Dallas Development Code, Chapter 51A, Art. IV § 51A-4.203(b)(3.2)(F)(ii)(aa) [establishing 1,500-foot setback between oil and gas production sites and protected uses]; City of Flower Mound Code of Ordinances, Subpart A, Chapter 34, Art. VII, § 34-422(d) [establishing setbacks between oil and gas wells and residential areas, schools, parks, and public highways ranging from 750 feet to 1,500 feet]; City of Denton Development Ordinance, Subchapter 5, § 35.5.10.2 (B) [establishing setbacks between new gas drilling and production sites and residential, commercial and mixed use areas ranging from 500 to 1,000 feet].) Setbacks and prohibited zones have also been implemented by local jurisdictions in California. (See City of Carson Municipal Code, Article IX Planning and Zoning, Chapter 5 Oil and Gas Code, §§ 9502, 9521 [prohibiting the location of oil and gas sites in residential, commercial neighborhood and commercial automotive, mixed use, open space, and special uses zones and establishing 750-foot setback between wells and the property boundary of any public school, public park, clinic, hospital, long-term health care facility, residences and residential zones (with certain exceptions), and various commercial designated zones].)

In light of Arvin's severe air pollution problems, the overall disproportionate pollution burdens experienced by Arvin's residents, and the community's vulnerability to that pollution,

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the proposed setbacks and prohibited zones in the Ordinance are reasonable to reduce air pollution and public health impacts from oil and gas operations within the City. Indeed, as the proposed Findings of Fact supporting the Ordinance recognize, the deleterious impacts of oil and gas operations, including odors, air pollution and particulate matter, "are not localized, but can be spread" at distances of more than 1,500 feet. (Ordinance, Exhibit A, Finding of Fact No. IV.) Because of these negative impacts in Arvin, its oil and gas sites "should be directed away from areas with residential land use designations, and other sensitive uses, and the operations regulated to reduce adverse impacts on residents and the community." (*Id.*, Finding of Fact No. VII.)

Importantly, the proposed restrictions will not prohibit all oil and gas operations in the City but rather the Ordinance will allow such operations to continue in a manner that prevents the future placement of wells near designated sensitive areas. The Ordinance will not prevent the operation of existing oil and gas wells located within the prohibited zones or setbacks if these sites can demonstrate vested rights. (See Chapter 17.46, §§ 17.46.02.B, 17.46.022.C.) Moreover, the proposed prohibited zones and setbacks will not eliminate future access to subsurface oil and gas resources. The City has determined that oil and gas resources located within Arvin's prohibited zones and setbacks can be accessed through horizontal directional drilling and other methods, including rezoning areas to change allowed uses. (Ordinance, Exhibit A, Finding of Fact No. XII.)

IV. The City Has Authority to Adopt Zoning and Setback Provisions for Oil and Gas Sites

The Ordinance's proposed prohibited zones and setbacks are within the City's power to regulate land uses within its jurisdiction. As the California Supreme Court has explained, "[l]and use regulation in California historically has been a function of local government under the grant of police power contained in article XI, section 7 of the California Constitution." (*Big Creek Lumber Co. v. Cty. of Santa Cruz* (2006) 38 Cal.4th 1139, 1151.) Thus, a "city ha[s] 'the unquestioned right to regulate the business of operating oil wells within its city limits, and to prohibit their operation within delineated areas and districts, if reason appears for so doing.'" (*Beverly Oil Co. v. City of Los Angeles* (1953) 40 Cal.2d 552, 558.) Indeed, a city's authority to regulate zoning within its boundaries is "one of the most essential powers of the government, one that is the least limitable." (*Id.* [citing *Chicago & Alton R. Co. v. Tranbarger* (1915) 238 U.S. 67, 68].) Consistent with these principles, California's appellate courts have found that the "[e]nactment of a city ordinance prohibiting exploration for and production of oil, unless arbitrary, is a valid exercise of the municipal police power." (*Hermosa Beach Stop Oil Coalition v. City of Hermosa* (2001) 86 Cal.App.4th 534, 555. The City of Hermosa Beach found that the ban "is necessary to preserve the environment, as well as to protect the public health, safety and welfare of people and property" within the city. (*Ibid.*) The court upheld the ban, concluding it is "presumptively a justifiable exercise of the City's police power." (*Ibid.*)

Similarly, here the proposed Ordinance seeks to institute setbacks and prohibited zones for the purpose of protecting public health, safety and the environment. Moreover, the Ordinance is supported by extensive findings demonstrating that these limitations on oil and gas activities

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within Arvin are necessary to protect the local environment and public health of the City's residents. (See Ordinance, Exhibit A, Findings of Fact.) The Attorney General's Office believes that the proposed setbacks and prohibited zones in the Ordinance are properly within the City's police power.

V. The Setbacks and Prohibited Zones Provisions Are Not Preempted by State Law

The Attorney General's Office understands that some commenters have asserted that the Ordinance is preempted by state regulation of oil and gas operations. "[W]hen local government regulates in an area over which it traditionally has exercised control, such as the location of particular land uses, California courts will presume, absent a clear indication of preemptive intent from the Legislature, that such regulation is *not* preempted by state statute." (*Big Creek Lumber Co.*, 38 Cal.4th at p. 1150 [emphasis in original].) As the California Supreme Court has explained, local zoning ordinances prohibiting oil and gas drilling within the local jurisdiction's territory are legal. (See *Pacific P. Assn. v. Huntington Beach* (1925) 196 Cal. 211, 217; *Beverly Oil Co. v. City of Los Angeles* (1953) 40 Cal.2d 552, 558.)

Here, the California legislature has not expressed a "clear indication of preemptive intent" with respect to local zoning and land use regulations regarding the location of oil and gas activities within a city or county. (See Pub. Resources Code, § 3690 ["This chapter shall not be deemed a preemption by the state of any existing right of cities and counties to enact and enforce laws and regulations regulating the conduct and location of oil production activities, including…zoning,… public safety, [and] nuisance."].) Indeed, as the Attorney General has recognized, while state oil and gas regulations likely preempt any local regulations of subsurface oil and gas activities, local regulations of surface activities for purposes such as environmental protection and public safety, among others, are not necessarily preempted by state laws. (59 Ops. Cal. Atty. Gen. 461, 479-480 (1976).) The prohibited zones and setback provisions of the Ordinance are not regulations of subsurface activities. Rather, as discussed above, the provisions are zoning and land use regulations adopted for the purpose of protecting public health and safety from the impacts of oil and gas activities. Consequently, in light of the above analysis, the prohibited zones and setback requirements in the Ordinance are not expressly preempted by state law.

Local regulations may also be preempted by implication. Implied preemption is found only where the claimant demonstrates that the: 1) the state law completely occupies the field of regulations leaving no space for local regulation, 2) the local law duplicates the state law, or 3) the local law contradicts state law. (See *City of Riverside v. Inland Empire Patients Health and Wellness Center, Inc.* (2013) 56 Cal.4th 729, 754-755.) A local law contradicts state law when it is "inimical" to it. (*Big Creek Lumber Co.*, 38 Cal.4th at p. 1150.) "The 'contradictory and inimical' form of preemption does not apply unless the ordinance directly requires what the state statute forbids or prohibits what the state enactment demands." (*City of Riverside*, 56 Cal.4th at p. 743.) However, "[p]reemption by implication of legislative intent may not be found when the Legislature has expressed its intent to permit local regulations. Similarly, it should not be found

Attachment: Att 4 - Letter of Appeal from CRPE (Public Hearing - Appeal Petro-Lud CUP)

06-12-18P03:53 RCVD

when the statutory scheme recognizes local regulations." (*People ex rel. Deukmejian v. Cty. of Mendocino* (1984) 36 Cal.3d 476, 485.)

Under the standards for implied preemption, the proposed setbacks and prohibited zones in the Ordinance are not preempted by implication. First, and as discussed above, state law has not completely occupied the field of regulation related to the location of oil and gas activities for purposes of protection of public health, safety and the environment. (See Pub. Resources Code, § 3690; 59 Ops. Cal. Atty. Gen. at p. 481 ["[t]he state does not appear to have occupied [the field of well location] to the exclusion of local entities"].)

Second, the proposed setbacks and prohibited zones do not duplicate state law. State law does not include provisions prohibiting the location of oil and gas sites in specified zoning areas. Additionally, while the state law regulating oil and gas operations oil and gas operations contains well spacing requirements, they are not identical to the proposed setbacks. The state's well spacing requirements dictate that a well located within 100 feet of the parcel boundary or a public street or 150 feet of another well is a public nuisance. (Pub. Resources Code, § 3600.) By comparison, the proposed setbacks in the Ordinance do not state that a well located within the proscribed limits is a public nuisance. Instead, the Ordinance requires wells to be sited more than 300 feet from residential and other sensitive areas in order to protect the health of the community.

Third, the setbacks and prohibited zones do not contradict state regulation of oil and gas activities. The proposed local restrictions were developed to protect public health and the environment and do not interfere with the state's goal to develop and utilize oil and gas resources. Specifically, the Ordinance will not prevent the operation of oil and gas wells currently existing within the prohibited zones and/or setbacks if these sites can demonstrate vested rights and will not eliminate future access to subsurface oil and gas resources located in the restricted areas. (See Ordinance, Exhibit A, Finding of Fact No. XII; Chapter 17.46, §§ 17.46.02.B, 17.46.022.C.) For these reasons, the proposed setbacks and prohibited zones do not contradict but rather align with the state's goal to encourage the wise development of oil and gas resources while preventing damage to life, health, property, and natural resources. (Pub. Resources Code, § 3106.) Moreover, even if the imposition of setbacks and prohibited zones could conflict with state regulations, the Ordinance specifically states that in the event of any such conflict the state law is controlling. (Chapter 17.46, § 17.46.05.) Thus, the proposed setbacks and prohibited zones in the Ordinance cannot contradict the state's oil and gas law, and therefore, in our opinion, these requirements are not preempted by implication.

This conclusion is consistent with the 1976 Attorney General opinion on the issue of local regulation of oil and gas activities. The opinion concluded that local governments can prohibit oil and gas operations within all or part of their territory and such prohibitions are not preempted. (59 Ops. Cal. Atty. Gen. at pp. 468, 480, 483, 489, 491, 492.) The opinion also stated that local governments can adopt setbacks if: 1) the setbacks do not contradict a specific well spacing variance or plan approved by the state, 2) are more stringent than the state requirements, and 3) do not frustrate the purpose of the state regulations. (*Id.* at p. 484.) Here the setbacks do not contradict a well spacing plan, are more stringent than the state well spacing regulations, and

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appear not to frustrate the purpose of the state regulations. Therefore, the Attorney General's Office believes that proposed setbacks and prohibited zones in the Ordinance are not preempted by state law.

For the reasons provided above, the City of Arvin should adopt the prohibited zones and setbacks proposed in the Ordinance.

Thank you for the opportunity to submit these comments.

Sincerely,

Tatiana K. Gaur

TATIANA K. GAUR
Deputy Attorney General

For XAVIER BECERRA
Attorney General

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Attachment: Att 4 - Letter of Appeal from CRPE (Public Hearing - Appeal Petro-Lud CUP)

Attachment 5 – Excerpt from Arvin Municipal Code 17.54.130

Decisions – Granting or denial – Notice

Excerpt – City of Arvin Municipal Code – Chapter 17 Zoning

17.54.130 - Decisions—Granting or denial—Notice.

A.

Within five (5) days after final decision by the planning commission on an application for a variance, modification or conditional use permit, notices of the decision in the matter shall be mailed to the applicant at the address shown upon the application, the city clerk, the members of the city council, the owners of the adjoining property and persons requesting such notice.

B.

The granting, either with or without conditions, or the denial of such application by the planning commission shall be final unless within fifteen (15) days after the decision by the planning commission, or ten (10) days after the mailing of the required notices, whichever date is later, the applicant, or any other person aggrieved, appeals therefrom in writing to the city council by presenting such appeal to the city clerk. At its next regular meeting after the filing of such appeal with the city clerk, the city council shall set a date for a hearing thereon. The manner of setting the hearing, giving of notice and conducting the hearing shall be the same as prescribed in this chapter for hearing by the planning commission. **The decision appealed from shall be affirmed unless reversed by a vote of not less than a majority of all members of the city council.**

C.

No permit or license shall be issued for any use involved in an application for a variance, modification or conditional use permit until the same has become final by reason of the failure of any person to appeal or by reason of the action of the city council.

D.

If the use authorized by any variance, modification or conditional use permit is or has been unused, abandoned, discontinued or has ceased for a period of six (6) months, or the conditions have not been complied with, such variance, modification or conditional use permit shall become null and void and of no effect unless an extension therefore has been granted by the planning commission, upon written petition of the applicant for such extension before the expiration of the above period.

(Ord. 51 §3112(A), 1965).

CITY OF ARVIN
City Council

Meeting Date: June 19, 2018

TO:	**City Council**
FROM:	**Jake Raper, City Planner** **R. Jerry Breckinridge, Police Chief and Interim City Manager**
SUBJECT:	**Set Public Hearing Date -Appeal of Planning Commission Conditional Use Permit 2017-Petro Lud - Stockton Project - Oil and Gas Exploratory and Production Well -APN 189-351-36 Southwest Corner of Sycamore Road and Meyer Street, Establishment of a drill pad no larger than 300'-0" X 500'-0" and four (4) exploratory well sites which may be converted into production wells and adoption of a related CEQA exemption findings pursuant to the California Environmental Quality Act.**

RECOMMENDATION:

Staff recommends the City Council set the Public Hearing date for August 21, 2018 for public hearing date for consideration of the appeal.

BACKGROUND:

The Planning Commission on May 30, 2018 conducted a public hearing on the above project. Per Staff's recommendation, the Planning Commission conditionally approved the project and adopted Resolution No. APC 2018-10.

On May 31, 2018, the applicant and surrounding property owners were advised of the Planning Commission's action and provided a copy of the resolution, APC 2018-10 dated May 30 2018. Three appeals have been received regarding the Planning Commission Action from Mr. Isaac Ochoa dated June 12, 2018, Westminster Capital Inc. dated June 11, 2018, and Center on Race, Poverty and the Environment dated June 13, 2018.

Per Section 17.54.130 (B) Decisions – Granting or denial Notice, Staff is recommending that the City Council set a public hearing date for this matter.

Attachment: Att 6 - CC Staff Report Dated June 29, 108 Setting Public Hearing Date of Aug 21, 2018 (Public Hearing - Appeal Petro-Lud CUP)

RESOLUTION NO. APC 2018-10

A RESOLUTION OF THE CITY OF ARVIN PLANNING COMMISSION APPROVING CONDITIONAL USE PERMIT (CUP) 2017-PETRO-LUD – STOCKTON PROJECT - OIL AND GAS EXPLORATORY AND PRODUCTION WELL -APN 189-351-36 SOUTHWEST CORNER OF SYCAMORE ROAD AND MEYER STREET; ESTABLISHMENT OF A DRILL PAD NO LARGER THAN 400'-0" X 400'-0" AND FOUR (4) EXPLORATORY WELL SITES WHICH MAY BE CONVERTED INTO PRODUCTION WELLS AND ADOPTION OF A RELATED CEQA EXEMPTION FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT.

WHEREAS, the Planning Commission opened the public hearing on May 30, 2018 and has received testimony and other evidence at the meeting; and

WHEREAS, public notice for the public hearing was published in the Bakersfield Californian on May 19, 2018 and notices were mailed to individual property owners within 300-feet of the project site on May 17, 2018; and

WHEREAS, notice has been given in the time and in the manner required by State Law and City Code; and

WHEREAS, Staff has performed a preliminary environmental assessment of this project and have determined that it falls within the Categorical Exemption set forth in section 15303 (New Construction or Conversion of Small Structures) as the project consist of construction and location of limited numbers of new small facilities or structures, which are below the maximum amount allowed on the parcel. The proposed project will consist of four (4) exploratory well sites for a short period (approximately 120 days) and should permanent production wells occur the area utilized is approximately 250 square feet for each production well. Significant amounts of hazardous substances will not be used. Utility connections are available to serve the construction to the extent they are needed. Furthermore, Staff has determined that none of the exceptions to Categorical Exemptions set forth in the CEQA Guidelines, section 15300.2 apply to this project; and

WHEREAS, the Planning Commission of the City of Arvin desires to adopt a Class 3 Categorical Exemption for the Project pursuant to CEQA Guidelines section 15303, and approve Conditional Use Permit 2017 – Petro Lud subject to conditions set forth in Exhibit A.

NOW, THEREFORE, BE IT RESOLVED, by the Planning Commission of the City of Arvin as follows:

1. Recitals. The recitals set forth above are true and correct and incorporated herein by this reference.

2. CEQA. The Planning Commission finds and determines that the project falls within the Categorical Exemption set forth in CEQA Guidelines section 15303 (New Construction or

Conversion of Small Structures) as the project consist of construction and location of limited numbers of new small facilities or structures, which are below the maximum amount allowed on the parcel. The proposed project will consist of four (4) exploratory well sites for a short period of time (approximately 80 days, more or less, total) and should permanent production wells occur the area utilized is approximately 250 square feet for each production well. Significant amounts of hazardous substances will not be used. Utility connections are available to serve the construction to the extent they are needed.

In additional to lower traffic volumes, minimal foot traffic, etc., associated with the type of proposed use sought, the Planning Commission finds that the project contains several design features that serve to reduce its potential impact, compliance of which is required through conditions of approval. These include:

a. Small size. The actual footprint after drilling will be approximately 250 square feet per well, or 1,000 total feet. The drilling pad (E-W) (N-S) will measure approximately 400' x 400', and will include accessory structures to the wells. Three (3) tanks twenty-two (22'-0") feet in diameter and sixteen (16'-0") feet in height, a separator, gas flare, and a fence may be constructed should production be implemented.

b. Short duration. The exploratory drilling is a temporary activity – anticipated time period is less than 120 days. If resources are located in producible volumes, additional drilling (if any) to create production wells will be of a likewise temporary duration.

c. Regulatory compliance. The proposed exploratory petroleum oil and natural gas wells will adhere to permitting requirements, rules and regulations set forth by the San Joaquin Valley Air Pollution Control District; the California Department of Conservation, Division of Oil, Gas and Geothermal Resources (DOGGR); and the California Regional Water Quality Control Board (RWQCB), and the City of Arvin's Municipal Code Chapter 17.46 (Oil and Gas Production).

d. Noise restrictions. The project will comply with the requirements of Municipal Code Chapter 9.08 (Noise Disturbance Ordinance).

e. Light and glare. All outdoor lighting shall be hooded and directed as to not shine toward adjacent properties and public streets. All portable lighting, including lights located atop the drill rig, shall be pointed downward toward the base of the rig to minimize potential glare.

f. Air traffic safety. All drilling towers shall be marked and lighted in such a manner as to avoid potential safety hazards to aircraft application of herbicides and pesticides on adjacent farmlands.

g. Site restoration. When drilling operations are complete, the Applicant shall return the project site (as much as practical) to its original condition and all drilling equipment shall be removed within 90 days of termination of the drilling operations.

h. Odor and dust control. The project will not involve any process, equipment or materials which will be objectionable to persons living or working in the vicinity by reason of odor, fumes, dust, smoke, etc. Produced oil and muds will be appropriately contained, dust will be minimized by daily spraying during active operations, and any flare equipment will be maintained and used consistent with San Joaquin Valley Air Pollution Control District rules.

i. Cultural resources and human remains. In the event that cultural resources are unearthed during ground-disturbing activities, all work shall be halted in the area of the

find. An archeologist will be called to evaluate the findings and make any necessary mitigation recommendations. If human remains are unearthed during ground-disturbing activities, no further disturbance will occur until the Kern County Sheriff-Coroner has made the necessary findings as to origin and disposition. All normal evidence procedures should be followed by photos, reports, video, etc. If such remains are determined to be Native American, the Sheriff-Coroner must notify the Native American Commission within 24 hours.

j. Self-contained wastewater. Wastewater will be self-contained and serviced by a private company; no connection to the City's wastewater system is proposed.

k. No hazardous materials will be used. The project will not emit, transport, use or dispose of hazardous materials. No hazardous material will be used in the drilling mud system. All drilled cuttings will be separated from the mud system, de-watered and stored on the location until the drilling is completed, liquid waste (water from the drilling mud) will be re-used as needed in the mud system. The excess will be stored on the site until it is dewatered. All drilling fluids to be used during the drilling of the above referenced well will be the same drilling materials that are currently used in accordance with locally drilled agriculture wells. All cuttings and drilling fluids will be tested, dewatered and hauled off site to an approved non-hazardous drilling mud disposal site or spread on location if desired to build up location for production facilities or other purposes.

l. Fire code compliance and weed abatement. The operator will maintain weed abatement and brush clearance programs to reduce fire hazards to developed property in the immediate vicinity of vacant, undeveloped land, and comply with the applicable fire code.

m. Storm water discharge. The project will comply with National Pollution Discharge Elimination System (NPDES) regulations and permitting requirements to control direct storm water discharge, as well as applying any applicable Water Quality Management Plans and Best Management Practices (BMP).

n. Water well and septic system protections. Prior to commencing operations, all water wells and septic systems within the project area shall be properly destroyed by an appropriately-licensed contractor. Prior to destruction of any agricultural well, a sample of the uppermost fluid in the well column shall be checked for lubricating oil. Should lubricating oil be found in the well, the oil shall be removed from the well prior to placement of fill material for destruction.

o. Plugging and abandonment. If exploratory drilling is unsuccessful, all wells will be plugged and abandoned in compliance with the California Department of Conservation, Division of Oil, Gas and Geothermal Resources regulations.

p. Removal of drill rigs. Drill rigs removed after 90 days of completion of drilling well, unless it will be used for another well on site within 30 days.

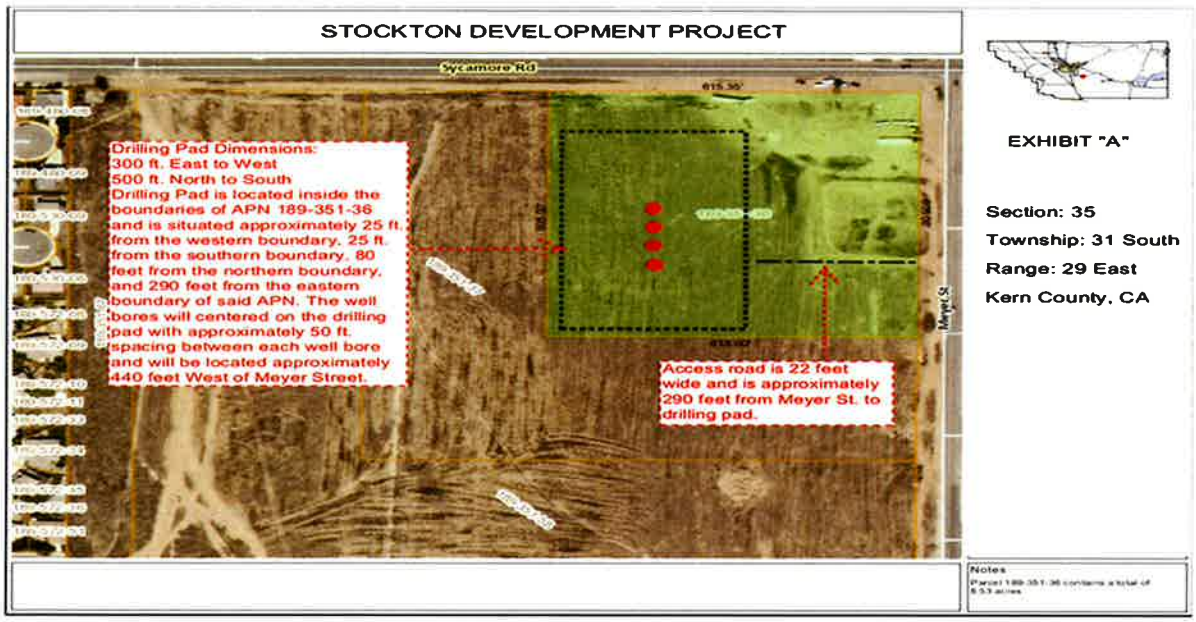
q. Landscaping will be required around the perimeter of the site, outside of the surrounding fence or wall, so as screen equipment from public view. Pumping equipment height is also limited to 20 feet.

r. Other items set forth in the administrative record, including features required by the conditions of approval and set forth in the Operational Statement.

The Planning Commission further finds and determines that none of the exceptions to

Categorical Exemptions set forth in the CEQA Guidelines, section 15300.2 apply to this project. The location is in an undeveloped parcel, meeting all setback requirements, and the location is not of a particularly sensitive environment that would otherwise create a significant impact. Additionally, there are no unusual circumstances regarding cumulative impacts; no successive projects of the same type in the same location are proposed, nor would they be significant, and oil and gas operations of this sort are relatively uncommon in comparison with other types of more common uses. Likewise, there is not a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances. The project is also not located next to any scenic highway or resources, nor is located on a hazardous waste site which is included on any list compiled pursuant to Section 65962.5 of the Government Code. Finally, there are no structures on the site that could qualify as historical resources. No structures are proposed to be demolished, nor would the project have a significant adverse impact on a historic resource. For all the foregoing, including evidence in the administrative record, the Planning Commission of the City of Arvin adopts a Class 3 Categorical Exemption under CEQA Guidelines section 15303 (New Construction or Conversion of Small Structures).

3. Use Permit Approved. The Planning Commission approves Conditional Use Permit 2017 – Petro Lud, subject to the conditions as established in Exhibit A, within APN 189-351-36 in the location as generally depicted, 400' X 400', below.



4. Acceptance of Conditions. The property owner(s) and business owners(s) shall submit affidavits of acceptance of the conditions of approval for this project, including an acknowledgement that failure to comply with the conditions of approval shall constitute grounds for revocation or other enforcement, prior to Conditional Use Permit 2017 – Petro Lud becoming effective.

5. This Resolution shall become effective immediately.

Attachment: Att 6 - CC Staff Report Dated June 29, 108 Setting Public Hearing Date of Aug 21, 2018 (Public Hearing - Appeal Petro-Lud CUP)

5. This Resolution shall become effective immediately.

I HEREBY CERTIFY that the foregoing resolution was passed and adopted by the Planning Commission of the City of Arvin at a special meeting thereof held on the 30th day of May, 2018 by the following vote:

AYES: PC Rivera, PC Martinez, VC Zavala, Chair Trujillo

NOES: _____

ABSTAIN: _____

ABSENT: PC Tinoco

ATTEST

CECILIA VELA, City Clerk

ARVIN PLANNING COMMISSION

By: _____
OLIVIA TRUJILLO, Chairperson

APPROVED AS TO FORM:

By: _____
SHANNON CHAFFIN, City Attorney
Aleshire & Wynder, LLP

I, _____, Secretary of the Planning Commission of the City of Arvin, California, DO HEREBY CERTIFY that the foregoing is a true and accurate copy of the

Attachment: Att 6 - CC Staff Report Dated June 29, 108 Setting Public Hearing Date of Aug 21, 2018 (Public Hearing - Appeal Petro-Lud CUP)

EXHIBIT A
CONDITIONS OF APPROVAL
Conditional Use Permit No. 2017-Petro Lud

(CUP2017-Petro-Lud – Stockton Project - Oil and Gas Exploratory and Production Well - APN 189-351-36 Southwest Corner of Sycamore Road and Meyer Street; proposes the establishment of a drill pad no larger than 400'-0" X 400'-0" and four (4) exploratory well sites which may be converted into production wells)

NOTICE TO PROJECT APPLICANT

In accordance with the provisions of Government Code Section 66020(d)(1), the imposition of fees, dedication, reservations or exactions for this project are subject to protest by the project applicant at the time of approval or conditional approval of the development or within 90 days after the date of imposition of fees, dedications, reservation, or exactions imposed on the development project.

This notice does not apply to those fees, dedications, reservations, or exactions which were previously imposed and duly noticed; or, where no notice was previously required under the provisions of Government Code Section 66020(d)(1) in effect before January 1, 1997.

PART A - PROJECT INFORMATION

1. Assessor's Parcel No: 189-351-36
2. Street Location: Southwest Corner of Sycamore Road and Meyer Street, Arvin.
3. Existing Zoning: C-2 (General Commercial)
4. Planned Land Use: General Commercial
5. Project Description: Conditional Use Permit 2017 – Petro Lud requests authorization to permit four (4) Oil and Gas Exploratory and Production Wells (Stockton Project) on property located at the Southwest Corner of Sycamore Road and Meyer Street, a portion of APN 189-351-36. The proposed drilling area is no larger than 400'-0" X 400'-0."

PART B – GENERAL CONDITIONS AND REQUIREMENTS

The Planning Commission approved these conditions on May 30, 2018.

This project was environmentally assessed, and resulted in a Class 3 Categorical Exemption under CEQA Guidelines section 15303 (New Construction or Conversion of Small Structures).

IMPORTANT: PLEASE READ CAREFULLY

Please note that this project may be subject to a variety of discretionary conditions of approval. These include conditions based on adopted City plans and policies, those determined through site plan review and environmental assessment essential to mitigate adverse effects on the environment including the health, safety, and welfare of the community, and recommended

conditions for development that are not essential to health, safety, and welfare, but would on the whole enhance the project and its relationship to the neighborhood and environment.

Discretionary conditions of approval may be appealed. All code requirements, however, are mandatory and may only be modified by variance, provided the findings can be made.

All discretionary conditions of approval will ultimately be deemed mandatory unless appealed to the City Council within 15 days after the decision by the Planning Commission or 10 days after the mailing required notices (if any), whichever date is later.

In the event you wish to appeal the Planning Commission's decision or discretionary conditions of approval, you may do so by filing a written appeal with the City Clerk. The appeal shall include a statement of your interest in or relationship to the subject property, the decision or action appealed and specific reasons why you believe the decision or action appealed should not be upheld.

Approval of this conditional use permit shall be considered null and void in the event of failure by the applicant and/or the authorized representative, architect, engineer, or designer to disclose and delineate all facts and information relating to the subject property and the proposed development including, but not limited to, the following:

a. All existing and proposed improvements including but not limited to buildings and structures, signs and their uses, trees, walls, driveways, outdoor storage, and open land use areas on the subject property and all of the preceding which are located on adjoining property and may encroach on the subject property;

b. All public and private easements, rights-of-way and any actual or potential prescriptive easements or uses of the subject property; and,

c. Existing and proposed grade differentials between the subject property and adjoining property zoned or planned for residential use.

Approval of this use permit may become null and void in the event that development is not completed in accordance with all the conditions and requirements imposed on this use permit, the Zoning Ordinance, and all City Standards and Specifications. *This use permit is granted, and the conditions imposed, based upon the Operation Statement provided by the applicant. The Operation Statement is material to the issuance of this use permit. Unless the conditions of approval specifically require operation inconsistent with the Operation Statement, a new or revised use permit is required if the operation of this establishment changes or becomes inconsistent with the Operation Statement.* Failure to operate in accordance with the conditions and requirements imposed may result in revocation of the use permit or any other enforcement remedy available under the law. The City shall not assume responsibility for any deletions or omissions resulting from the use permit review process or for additions or alterations to any construction or building plans not specifically submitted and reviewed and approved pursuant to this use permit or subsequent amendments or revisions.

Attachment: Att 6 - CC Staff Report Dated June 29, 108 Setting Public Hearing Date of Aug 21, 2018 (Public Hearing - Appeal Petro-Lud CUP)

No uses of land, buildings, or structures other than those specifically approved pursuant to this use permit shall be permitted.

If a producing well is not secured upon land subject to such permit within twelve (12) months from the date of issuance of this use permit, or within any extended period thereof, this use permit shall expire and the premises shall be restored to their original condition as nearly as practicable to do so. The use permit shall not expire, however, while the permittee is continuously conducting drilling, redrilling, completing or abandoning operations, or related operations, in a well on lands covered by such permit, which operations were commenced while such use permit was otherwise in effect. Continuous operations are operations suspended not more than thirty (30) consecutive days. If at the expiration of such twelve (12) month period the permittee has not completed the drilling program on the lands covered by such permit, the planning commission, may upon a written request of permittee, extend the permit for the additional time requested by permittee for the completion of such drilling program. (Section 17.46.040(B).)[1]

These conditions are applicable to any person or entity making use of this use permit, whether identified as "permittee," "applicant," "operator," "developer," or is unnamed.

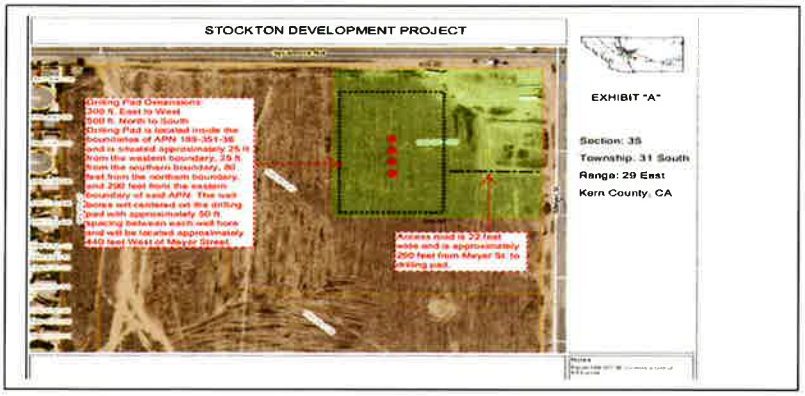
PART C – ADDITIONAL CONDITIONS

1. Approvals: The project shall be constructed and used in accordance with all approved plans, conditions of approval, and other required permits and approvals. All construction shall comply with applicable building codes.

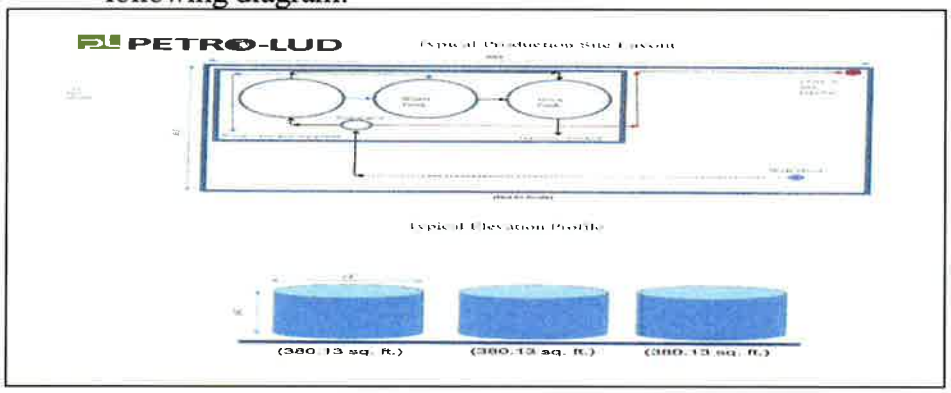
2. Laws and Regulations: The use will comply with will all applicable laws and government regulations, including all applicable federal, state, and local laws, including those pertaining to hazardous materials, air and water quality, waste disposal, the Clean Water Act, the Clean Air Act, the Federal Water Pollution Control Act, the Solid waste Disposal Act, the Resource Conservation Recovery Act, the Resource Compensation and Liability Act, as well as the rules, regulations and ordinances of the Environmental Projection Agency, the California Division of Oil, Gas, and Geothermal Resources (DOGGR), the California Department of Health Services, the California Regional Water Quality Control Board, the San Joaquin Valley Air Pollution Control District, the City of Arvin's Municipal Code (including Chapter 17.46 – Oil and Gas Production), and any other applicable laws or regulations.

3. Location of Use: Application and operation shall be limited to the surface areas in APN 189-351-36, subject to the setbacks identified below, and generally depicted as an area 400'-0" X 400'-0" as illustrated below:

[1] All references are to the Arvin Municipal Code unless otherwise noted.



4. Typical Layout: Typical layout of facilities shall generally comply with the following diagram:



5. Setbacks: Location of oil or gas well shall be in the area approved, and under no conditions shall an oil or gas well be within 100 feet of any public highway one within 150 of any residence (Section 17.46.040 A-1). Additionally, the site shall be set back at least 235'-0" feet from the centerline of the City's right of way for Sycamore Street, and 165 feet from the centerline of the City's right of way Meyers Street, to allow for the potential commercial development.

6. Building Permits. If a grading plan is required by the Building Division, building permits will not be issued until the grading plan is approved by both the City Engineer and the Building Division.

7. Parking: All off-street parking and operations and staging shall be restricted to the drill pad area.

8. Fire and Safety Regulations: All operations must conform to all applicable fire and safety regulations and must coordinate and receive clearance or any required approvals from the Kern County Fire Department (Section 17.46.040 A-2). Adequate firefighting apparatus and supplies, approved by the Kern County Fire Department, shall be maintained on the drilling site at all times during drilling and production operations (Section 17.46.040 A-13). All drilling and production activities shall be subject to all fire and safety regulations as required by the Kern County Fire Department and DOGGR. Blowouts, fires, explosions and other life threatening or

Attachment: Att 6 - CC Staff Report Dated June 29, 108 Setting Public Hearing Date of Aug 21, 2018 (Public Hearing - Appeal Petro-Lud CUP)

environmental emergencies shall be reported immediately to the Kern County Fire Department, Arvin City Manager, or designee, and State Department of Conservation, Division of Oil, Gas and Geothermal Resources (DOGGR).

9. Signs. Signs shall be directional and warning signs and signs required for identification the well. (Section 17.46.040 A-3) Signs relating to drilling and/or production operations shall be limited to directional and warning signs, and signs for identification of wells and facilities as required by the Fire Code and DOGGR to ensure employee and public safety. Signs not related to said operations shall be subject to the provisions of Arvin Municipal Code.

10. Sanitary Facilities and Wastewater: Sanitary toilet and washing facilities shall be installed and maintained an a clean and sanitary condition at all times. The applicant shall provide proof that a private company will provide maintenance service (Section 17.46.040 A-4). Wastewater will be self-contained and serviced by a private company; no connection to the City's wastewater system is authorized.

11. Drilling Equipment Removal: Any derrick, boilers or other equipment used to drill any well hole or to repair, clean out, deepen or redrill any completed or drilling well, shall be removed within ninety (90) days_after completion of such drilling, or after abandonment of any well, unless such derrick, boilers and drilling equipment are to be used, within a thirty (30) days, for the drilling of another well or wells on the premises (Section 17.46.040 A-6).

12. Sumps and Tanks: Earthen sumps are prohibited during production. (Section 17.46.040 A-11.) All produced liquid will be placed into tanks, which may be portable during the test period. No pipelines are proposed to carry away produced oil . Instead, any oil or gas will be produced into and shipped from tanks located on the premises. (Section 17.46.040 A-11.) If gas in producable volumes are located, pipelines may be used to carry away the produced gas.

During drilling operations, an earthen pit may be used for drilling mud and cuttings if consistent with DOGGR regulations and requirements. Liquid drilling mud and cuttings will be stored in the pit, which will be approximately 25'-0" wide by 125'-0" long at a depth of 1- 5 '-0". All material stored in the pit will be tested, and if determined hazardous will be disposed of properly as required by local, state and federal law. If determined to be non-hazardous, the materials may be dewatered and hauled off site to an approved non-hazardous drilling mud disposal site, or spread on location if necessary to build up location for production if such disposal is compliant with local, state and federal law. At the conclusion of drilling operations, and within ninety (90) days after any well has been placed in production or after its abandonment (whichever is sooner), the earthen pit and surrounding area shall be tested for hazardous materials, remediated to remove any hazardous materials consistent with local, state and federal requirements, filled, and the location returned to its original condition as reasonably possible and subject to other conditions related to landscaping, etc., in these conditions of approval. (Section 17.46.040 A-7.)

13. Flare: Unless otherwise mandated by a regulatory agency with jurisdiction, produced gas will be metered and then incinerated in a flare system utilizing an air induction line, continues pilot, and wind shroud to ensure complete combustion. All flares shall be shielded from adjacent properties and road rights-of-way.

14. Portable Derrick and Drilling: Any derrick used for servicing operations shall be of the portable type; provided, however, that upon presentation of proof that the well is of such depth or has such other characteristics, or for other cause, that a portable-type derrick will not properly service such well, the applicant may seek planning commission approval the use of a standard type of derrick (Section 17.46.040 A-9) The use of portable oil derrick is approved. There will not be more than one (1) drilling rig on location at a time. Drilling operations may take place 24 hours per day.

15. Bonding: Bonding shall be required in the amount of $500.00 per well as is required by Municipal Code Section 7.46.040 A-10. Additionally, operators are required to comply with DOGGR bonding and other requirements at all times, and proof of compliance with such bonding requirement must be submitted to the City prior to any drilling operations.

16. Commercial Uses: The proposed site is located on property zone C-2 (General Commercial). This use permit does not allow applicant the use of the proposed site for commercial purposes other than oil and gas exploratory and production wells as noted in the Project Description and conditioned herein. However, recognizing that drilling, redrilling, re-working, abandonment, maintenance or other equipment is typically required on site on a temporary basis for relatively short durations, portions of the site are authorized - at the applicant's discretion - to be used for commercial parking or similar uses under the following conditions:

a. Prior to use of a portion of the site as a commercial use, the commercial use on APN 189-351-36 must obtain all required City approvals and permits.
b. The applicant/operator shall designate a specific location for the secondary commercial use, which must be approved during the permitting process for the commercial use; or if no permits are pending, by the City's Community Development Department Planning Division.
c. Any incidental commercial use shall be secondary and subservient to the use authorized by this use permit.
d. No permanent structure shall be erected within the area of the project site for the commercial use which will inhibit or restrict drilling, redrilling, re-working, abandonment, maintenance or other equipment used for the site. Paved parking lots, sidewalks, landscaping, irrigation systems, etc., are not permanent structures.
e. A covenant, in a form acceptable to the City, shall be recorded against the commercial property requiring compliance with subsection (a-d) prior to commercial use of a portion of the project site.

If a covenant is recorded as required by subsection (e), and if the specific location for the commercial use is approved by the City, then conditions herein requiring landscaping and fencing/walls around the project site may be reduced to encompass just the location where commercial uses will not occur. Applicant will still be responsible for litter, debris and weed control for the entire site, will still be responsible for securing the portion of the site where commercial uses will not occur, and is still required to ensure that parking for the permitted use occur on site.

17. Landscaping: Landscaping will be required around the perimeter of the site, outside of the surrounding fence or wall, so as screen equipment from public view (Section 17.46.040 A-11). All facilities shall be landscaped as approved by the Community Development Department Planning Division. Proposed landscaping and irrigation system shall be submitted for review and approval within 60 days of completion of the first well. Landscaping shall be installed within 60 days of approval by the City, or when permanent opaque fencing or walls must be installed, and must be maintained as approved by the City.

18. Deliveries: Except in case of emergency, no materials, equipment, tools or pipe used for either drilling or production operations shall be delivered to or removed from the drilling site, except between the hours of eight (8) a.m. and eight (8) p.m. of any day (Section 17.46.040 A- 12) unless otherwise mandated by DOGGR or other regulatory authority with jurisdiction.

19. Truck Routes: Vehicles in excess of three tons shall be restricted to those public roads specified as Truck Routes as established by the City of Arvin's Circulation Element, primarily Sycamore Street and Meyer Road.

20. Notification of Emergencies: In cases of fires, blowouts, explosions and other emergencies the applicant must promptly contact and notify the Kern County Fire Department, Arvin City Manager or designee, and DOGGR.

21. Pumping Operations: Pumping wells shall be operated by electric motors or muffled internal combustion engines, and the height of all pumping units shall be not more than twenty (20) feet.

22. Maintenance of Equipment: All permanent equipment shall be painted and kept in neat condition unless otherwise required by a regulatory agency having jurisdiction over the equipment or otherwise recommended by the manufacturer to keep the equipment in safe and operating condition. All producing operations shall be as free from noise as possible with modern oil operations (Section 17.46.040 A-14). Should the oil and gas operation go into production, all permanent equipment must kept in neat condition and maintained.

23. Noise: The project shall comply with the requirements of Municipal Code Chapter 9.08 (Noise Disturbance Ordinance). During the drilling operation, 2-500 horsepower main rig engines and 1-1000 hp pump engine with industrial mufflers with

some (1- 2) auxiliary 50hp. engines is permitted. The use shall utilize technological improvements generally accepted and used in drilling and production methods capable of reducing factors of nuisance and annoyance (Section 17.46.040 A-5).

24. Lighting: Unless otherwise mandated by DOGGR or other agency with regulatory jurisdiction, all outdoor lighting shall be hooded and directed as to not shine toward adjacent properties and public streets. All portable lighting, including lights located atop the drill rig, shall be pointed downward toward the base of the rig to minimize potential glare. All drilling towers shall be marked and lighted in such a manner as to avoid potential safety hazards to aircraft application of herbicides and pesticides on adjacent farmlands.

25. Dust and odors: The project shall not use any process, equipment or materials which will be objectionable to persons living or working in the vicinity by reason of odor, fumes, dust, smoke, etc. Produced oil and muds must contained. The use shall comply with all regulations of the San Joaquin Valley Air Pollution Control District (Regulation VIII) concerning dust suppression during construction of the project. Methods include, but are not limited to; use of water or chemical stabilizer/suppressants to control dust emission from disturbed area, stock piles, and access ways; covering or wetting materials that are transported off-site; limit construction-related speed to 15 mph on all unpaved areas/washing of construction vehicles before they enter public streets to minimize carryout/track out; and cease grading and earth moving during periods of high winds (20 mph or more).

26. Litter and Debris: The site must be kept weed, litter and brush free at all times. A weed abatement and brush clearance maintenance program will be implemented to reduce fire hazards to developed property in the immediate vicinity of vacant, undeveloped land, and comply with the applicable fire code and DOGGR requirements.

27. Secured Site; Fencing and Walls: Operations at the site must be secured at all times. The drilling pad / site shall be fenced or walled prior to commencement of drilling or other operations. (Section 17.46.040 A-15). Fence or wall height must be a minimum of six (6') feet in height. Razor wire is prohibited. Temporary chain link fencing, with an opaque material to obscure view, is permitted until six (6) months after the completion of activities related to the drilling. Thereafter, permanent opaque fencing or walls must be installed around the site, and coated with an anti-graffiti paint or solution. Any graffiti must be removed within 2 (two) business days.

28. Site Access: Site access must be off of Meyer Street; no access from Sycamore Road shall be permitted. Encroachment permit application and approval from the City Engineer for the access road to the drill site from Meyer Street is required. The access from Meyer Street shall be a temporary access road of approximately 22'-0" wide and shall be surfaced with materials to prevent dust and shall be maintained to prevent rutting along the access road. Temporary improvements shall be required to ensure that the Meyer Street roadway will not be

Attachment: Att 6 - CC Staff Report Dated June 29, 108 Setting Public Hearing Date of Aug 21, 2018 (Public Hearing - Appeal Petro-Lud CUP)

damaged by the oil and gas operations. Once the oil and gas operations are completed, the temporary road access improvements shall be removed and restored to original condition as near as reasonably possible, unless the applicant and surface right owners obtain approval from the Community Development Department Planning Division. Should operations cause damage to Meyer Road or other City facilities, the operator or use permit holder(s) shall be responsible for the complete cost of repair of the damage.

29. Site Restoration: When drilling operations are complete, the applicant shall return the project site (as much as practical and subject to other conditions related to landscaping, etc., in these conditions) to its original condition as near as reasonably possible.

30. Hazardous Materials: The transport, use or disposal of hazardous materials is prohibited. No hazardous material will be used in the drilling mud system. All drilled cuttings will be separated from the mud system, de-watered and stored on the location until the drilling is completed, liquid waste (water from the drilling mud) will be re-used as needed in the mud system. The excess will be stored on the site until it is dewatered. All drilling fluids to be used during the drilling of the above referenced well will be the same drilling materials that are currently used in accordance with locally drilled agriculture wells. All cuttings and drilling fluids will be dewatered and hauled off site to an approved non-hazardous drilling mud disposal site or spread on location if desired to build up location for production facilities or other purposes.

31. Unauthorized Release of Petroleum Products, Etc.: Any unauthorized releases of petroleum, produced water, or hazardous materials in a reportable amount resulting from use of the site shall be promptly reported as required by applicable federal, state or local law or regulation, and shall report the same to the City in four (4) business days. The applicant/operator shall immediately determine the source of the release, undertake any repairs or procedures to ensure that the release has stopped, and promptly remediate any unauthorized release consistent with federal, state and local requirements.

If petroleum, produced water, or hazardous materials in a reportable amount are discovered present in the soil, water or groundwater at or immediately adjacent to the site, then the applicant/operator shall report the same to the City within four (4) business days after having received a complaint or obtained knowledge of the same, and shall report as required by applicable federal, state or local law or regulation. Applicant/operator shall immediately investigate the source of such alleged release. If the use of the site is responsible for such release, then the applicant/operator shall promptly determine the source of the release, undertake any repairs or procedures to ensure that the release has stopped, and promptly remediate any unauthorized release consistent with federal, state and local requirements.

Applicant/operator shall submit monthly written updates to the Community Development Planning Department until any unauthorized release on the site or attributable to the applicant/operator is remediated consistent with federal, state and local requirements, and the applicant/operator provides acceptable documentation (such as clearance from DOGGR) of the same to the City.

32. Reporting Requirements: In addition to reporting unauthorized releases, the applicant/operator shall provide the City with any of any notice, claim or allegation of a violation, or proceeding regarding the same, received from any federal, state, or local governmental agency. Applicant/operator shall submit monthly written updates regarding the status of the same to the Community Development Planning Department, including the final determination.

33. Storm Water Discharge. The project shall comply with National Pollution Discharge Elimination System (NPDES) regulations and permitting requirements to control direct storm water discharge, as well as applying any applicable Water Quality Management Plans and Best Management Practices (BMP).

34. Water Wells and Septic Tanks: Prior to commencing operations, all water wells and septic systems within the project area shall be properly destroyed by an appropriately-licensed contractor. Prior to destruction of any agricultural well, a sample of the uppermost fluid in the well column shall be checked for lubricating oil. Should lubricating oil be found in the well, the oil shall be removed from the well prior to placement of fill material for destruction.

35. Undocumented Oil or Gas Wells: In the event a previously undocumented oil or gas well is uncovered or discovered on the project, the operator shall promptly inform DOGGR and comply with DOGGR requirements.

36. Human Remains: If human remains are discovered during grading or construction activities, work would cease pursuant to Section 7050.5 of the California Health and Safety Code. If human remains are identified on the site at any time, work shall stop at the location of the find and the Kern County Coroner shall be notified immediately, and the local Native American community shall be notified immediately, as required by Section 7050.5 of the California Health and Safety Code and Section 5097.98 of the California Public Resource Code.

37. Cultural Resources: If unrecorded cultural resources are located during development of the site, work must halt in the vicinity and the finds must be assessed by a qualified archaeologist. Any recommendations made by the qualified archaeologist shall be completed by the developer prior to commencement of the development.

38. Abandonment: All wells will be plugged and abandoned in compliance with the California Department of Conservation, Division of Oil, Gas and Geothermal Resources regulations. Proof of DOGGR approval of the request to abandon shall be provided to the City prior to abandonment. The applicant shall provide the location of all structures (above and below ground) proposed to be removed or to remain in place, as well as the exact location of all wells (including distances from boundaries) along with the DOGGR well name and number. If any contamination is known, the type and extent shall also be provided to the City, along with the proposed remedial actions to the level of detail that can be assessed through environmental review. Prior to

abandonment, approval from the Community Development, Planning Division must be obtained regarding measures proposed to be used to prevent or reduce nuisance effects (e.g., dust, fumes, glare, noise, odor, smoke, traffic congestion, vibration, etc.) and to prevent danger to life and property.

39. Rights Run with the Land: Unless otherwise conditioned, this approval runs with the land and may continue under successive owners provided all provisions are satisfied.

40. Fees and Costs: Prior to commencing use under this conditional use permit, the applicant shall pay, in full, all fees and costs required for the processing of the use permit or otherwise required by any applicable City of Arvin resolution or ordinance. If a deposit has been made with the City, and is inadequate, the applicant shall pay any remaining balance(s) within thirty (30) days of being invoiced by the City.

41. Indemnity, Defense and Hold Harmless: The applicant, operator, and/or property owner ("Applicant" herein) agrees to indemnify, defend, and hold harmless the City of Arvin, its officers, agents, employees, departments, commissioners and boards ("City" herein) against any and all liability, claims, actions, causes of action or demands whatsoever against them, or any of them, before administrative or judicial tribunals of any kind whatsoever, in any way arising from, the terms and provisions of this application, including without limitation any CEQA approval or any related development approvals or conditions whether imposed by the City, or not, except for City's sole active negligence or willful misconduct. This indemnification condition does not prevent the Applicant from challenging any decision by the City related to this project and the obligations of this condition apply regardless of whether any other permits or entitlements are issued.

42. The City Manager or designee shall have the authority to review and make minor changes or modifications to conditions and may approve minor changes that enhance the operational and environmental conditions of the project. The City Manager or designee shall advise the Planning Commission of minor changes or modifications.

Attachment: Att 6 - CC Staff Report Dated June 29, 108 Setting Public Hearing Date of Aug 21, 2018 (Public Hearing - Appeal Petro-Lud CUP)

06-12-18P05:01 RCVD

Isaac Ochoa
3924 Weed Patch Highway
Bakersfield, CA 93307

June 12, 2018

By Hand Delivery

Cecilia Vela, City Clerk
City of Arvin – City Hall
200 Campus Drive
P.O. Box 548
Arvin, CA 93203

RE: APPEAL OF CONDITIONAL USE PERMIT NO. 2017-PETRO LUD

Dear Ms. Vela:

Pursuant to the City of Arvin, Municipal Code ("Mun. Code") § 17.54.130(B), I submit this timely appeal of Conditional Use Permit No. 2017-Petro Lud ("CUP") issued on May 30, 2018 for the Stockton Project – Oil and Gas Exploratory and Production Well ("the Project"). The CUP was approved by the City of Arvin Planning Commission through Resolution No. APC 2018-10 ("Planning Commission Resolution") on May 30, 2018 in violation of California law.

I am an aggrieved person, as stated in the Municipal Code. (Mun. Code § 17.54.130(B).)

Through this letter, I submit the following grounds for appeal:

A. Lack of Environmental Review under the California Environmental Quality Act ("CEQA")

As approved, the CUP is in violation with CEQA, Public Resources Code 21000 *et seq.*, because there has been no environmental review on the Project's impacts. Contrary to the Planning Commission Resolution, this Project does not qualify for a categorical exemption under CEQA. The evidence in the record is insufficient for this Project to be considered a "small facility or structure." Environmental review is, therefore, warranted and necessary under California law.

B. Noise

The Planning Commission issued the CUP without adequate consideration and mitigation for noise impacts of the Project. Exploratory and production wells require construction, which

Attachment: Att 6 - CC Staff Report Dated June 29, 108 Setting Public Hearing Date of Aug 21, 2018 (Public Hearing - Appeal Petro-Lud CUP)

06-12-18P05:01 RCVD

June 12, 2018

Cecilia Vela, City Clerk
Re: APPEAL OF CONDITIONAL USE PERMIT NO. 2017-PETRO LUD

can have serious noise impacts. The Planning Commission ignored the noise impacts altogether when issuing the CUP. These impacts must be considered and mitigated for neighboring properties will could be significantly harmed by such noise impacts.

C. Violation of Municipal Code Requirements

In addition, the Planning Commission approved the CUP in violation of the City of Arvin's Municipal Code requirements; the CUP and the Project are not in compliance with the Municipal Code. The Municipal Code requires that the City "establish reasonable limitations, safeguards and controls with respect to the future drilling for, development and production of oil, gas and other hydrocarbon substances." (Mun. Code § 17.46.010(A).) Here, the Planning Commission has failed to establish any safeguards for the Project – which includes potential production of oil products with unknown chemicals. This is in stark violation of the "safeguard" requirements. Therefore, the City must rescind the CUP and impose health and safety conditions for the community.

Thank you for your consideration of this appeal.

Sincerely,

Isaac Ochoa

CITY OF ARVIN
200 CAMPUS DR
ARVIN, CA 93203

Payee: ISAAC OCHOA
Date: 6/12/2018 Time: 5:
Receipt Number: GF / 31099
Clerk: DIANA

DEPOSIT FOR APPEAL
CUP PERMIT NO. 2017-PETRO LUD

ITEM	REFERENCE	AM
PLAN	CUP PERMIT NO. 2017-PETRO LUD	
PLANNING FEES		450.00
	Total:	45
Cash		450.00
	Change:	

Attachment: Att 6 - CC Staff Report Dated June 29, 108 Setting Public Hearing Date of Aug 21, 2018 (Public Hearing - Appeal Petro-Lud CUP)

06-12-18P12:06 RCVD

WESTMINSTER CAPITAL, INC.
233 Wilshire Blvd. #525
Santa Monica, CA 90401
FAX: (310) 496-2748
PHONE: (310) 278-1930

June 11, 2018

To: City Clerk of the City of Arvin

NOTICE OF APPEAL

Pursuant to section 17.05.060 of the Arvin Municipal Code, Westminster Capital, Inc., hereby submits its Appeal of the decision of the Planning Commission on May 30, 2018 approving Agenda item 4.C., to wit:

> A Resolution of the Planning Commission of the City of Arvin Approving Conditional Use Permit (CUP) 2017-Petro-Lud – Stockton Project - Oil And Gas Exploratory And Production Well - APN 189-351-36 Southwest Corner of Sycamore Road and Meyer Street; Establishment of A Drill Pad 300'-0" X 500'-0" And Four (4) Exploratory Well Sites Which May Be Converted Into Production Wells and Adoption of A Related CEQA Exemption Findings Pursuant To The California Environmental Quality Act.

(Referred to herein as the "**Resolution**.")

Westminster Capital, Inc., the fee owner of a parcel of real property of approximately 9 acres, identified as APN 189-351-36, which is the real property referenced in the Resolution, hereby appeals the action taken by the Planning Commission of the City of Arvin ("**City**") adopting the Resolution on May 30, 2018, and requests that the City Council conduct a hearing to review the Resolution and reverse the decision of the Planning Commission because the City did not comply with the California Environmental Quality Act ("CEQA") in evaluating and recommending adoption of the CUP to the Planning Commission, the Planning Commission erred in approving the Resolution without compliance with CEQA, and for such other reasons as may be presented to the City Council by Westminster Capital, Inc., at such hearing.

In witness whereof, the undersigned has set its hand this 11th day of June, 2018.

Westminster Capital, Inc.

By: _____
Greggory Belzberg, President & CEO

Attachment: Att 6 - CC Staff Report Dated June 29, 108 Setting Public Hearing Date of Aug 21, 2018 (Public Hearing - Appeal Petro-Lud CUP)

5.A.f

ORIGIN ID:SMOA (310) 278-1930
GREG BELZBERG
WESTMINSTER CAPITAL
233 WILSHIRE BOULEVARD
SUITE NO. 525
SANTA MONICA, CA 90401
UNITED STATES US

SHIP DATE: 11JUN18
ACTWGT: 0.50 LB
CAD: 5387597/INET3980

BILL SENDER

TO CECILIA VELA, CMC
CITY OF ARVIN
200 CAMPUS DRIVE

ARVIN CA 93203
(661) 854-3134
INV:
PO:

REF: ARVIN PROPERTY
DEPT:

552J1/49E5/DCA5

J181118012601uv

TRK# 0201 7724 3228 9141

TUE - 12 JUN 12:00P
PRIORITY OVERNIGHT
ASR
93203
CA-US ONT

WM BFLA

06-12-18P12:06 RCVD

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Attachment: Att 6 - CC Staff Report Dated June 29, 108 Setting Public Hearing Date of Aug 21, 2018 (Public Hearing - Appeal Petro-Lud CUP)

CITY OF ARVIN
200 CAMPUS DR
ARVIN, CA 93203

Payee: WESTMINSTER CAPITAL, IN(
Date: 6/13/2018 Time: 12:
Receipt Number: GF / 31106
Clerk: DIANA

APPEAL DEPOSIT FOR
CUP 2017-PETRO LUD
APN 189-351-36

ITEM	REFERENCE	AM
PLAN	APPEAL CUP 2017-PETRO LUD PLANNING FEES	420.00
	Total:	45
	CREDI AA 004	420.00
	Change:	

Attachment: Att 6 - CC Staff Report Dated June 29, 108 Setting Public Hearing Date of Aug 21, 2018 (Public Hearing - Appeal Petro-Lud CUP)

06-13-18P03:49 RCVD

CENTER ON RACE, POVERTY & THE ENVIRONMENT

1999 HARRISON STREET, SUITE 650, OAKLAND, CA 94612 TEL 415-346-4179 FAX 415-346-8723
1012 JEFFERSON STREET, DELANO, CA 93215 TEL 661-720-9140 FAX 661-720-9483
WWW.CRPE-EJ.ORG

June 13, 2018

Arvin City Council
200 Campus Drive
Arvin, CA 93203

VIA EMAIL

Mayor Jose Gurrola Jr. <jgurrola@arvin.org>
Council Member Jazmin Robles <jrobles@arvin.org>
Council Member Erika Madrigal <emadrigal@arvin.org>
Council Member Gabriela Martínez <gmartinez@arvin.org>

cc: Cecilia Vela, City Clerk <cvela@arvin.org>

RE: Appeal of Planning Commission Decision Approving Conditional Use Permit 2017-Petro-Lud – Stockton Project - Oil and Gas Exploratory and Production Well - APN 189-351-36

Mayor Gurrola and City Council Members:

Pursuant to Arvin Municipal Code § 17.54.130, the Committee for a Better Arvin ("CBA") submits this timely appeal of the City of Arvin Planning Commission's ("Planning Commission") decision, approving the above referenced Conditional Use Permit ("CUP") for four oil and gas exploratory and production wells ("Wells" or "Project"), at the May 30, 2018 Special Planning Commission meeting.
This appeal includes CBA's Statement of Interest and the reasons for appeal.

I. STATEMENT OF INTEREST

The Committee for a Better Arvin ("CBA") is a 501(c)(3) nonprofit organization in Kern County whose members reside in Arvin, California. CBA's mission is to improve the quality of life in Arvin, to inform and unite the community, to address problems facing the community, and to secure equality for all residents. CBA and its members have engaged in advocacy for improved local and regional air quality for many years and are concerned about the impacts of oil and gas development in the San Joaquin Valley. Particularly in light of the gas pipe leak in 2014 which forced eight Arvin families from their homes for about nine months, CBA's members are very

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06-13-18P03:49 RCVD

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concerned about the safety and health impacts from oil and gas development within Arvin, especially without site-specific environmental review or mitigation. Therefore, CBA has a clear interest and relationship to the subject property and decision.

II. REASONS FOR APPEAL

The Planning Commission's decision is in error for the following reasons: first, the Planning Commission violated provisions of the California Environmental Quality Act ("CEQA"); second, the decision was made without sufficient due process; and third, the decision failed to comply with other laws and regulations.

A. CEQA Violations

i. Planning Commission May Not Rely on a Categorical Exemption

In issuing conditional use permits for oil and gas wells in Arvin, the Planning Commission must comply with the statutory and regulatory requirements of the California Environmental Quality Act. CEQA requires each agency to prepare an Environmental Impact Report ("EIR") when it proposes to approve or carry out a discretionary project that may have a significant impact on the environment, and to mitigate or avoid those significant impacts whenever feasible to do so. (Pub. Res. Code §§ 21002.1, 21061, 21080(a).) An agency may not avoid environmental review unless the project squarely falls within one of the "categorical exemptions" enumerated in CEQA's implementing regulations. (Cal. Code Regs. tit. 14, §§ 15061(b)(2), 15300-33.) These exemptions apply only to projects that fall within a predefined type of activity that have been analyzed and determined not to have a significant effect on the environment. (Pub. Res. Code § 21084(a); Cal. Code. Reg. tit. 14, § 15300.)

The Planning Commission violated CEQA by relying on a regulatory exemption for "New Construction or Conversion of Small Structures" that is wholly inapplicable to oil and gas drilling and production. (Cal. Code Regs. tit. 14, § 15303.) Class 3 exemptions consists of construction and location of limited numbers of new, small facilities or structures; installation of small new equipment and facilities in small structures; and the conversion of existing small structures from one use to another where only minor modifications are made in the exterior of the structure. *Id.* This exemption is limited to certain single or small multi-family residences, small commercial buildings, utility line extensions, and accessory structures such as patios or fences. *Id.* The exemption does not include oil and gas drilling, extraction or production, or anything remotely similar to an industrial land use.

The Planning Commission's reliance on an exemption is especially inappropriate since there are known significant environmental and public health impacts associated with oil and gas drilling, including the risk of fire and explosion due to ignition of flammable vapors or gases, contamination of domestic and agricultural water supplies, the use of large amounts of water, the emission of hazardous air pollutants, and impacts associated with trucking if the wells enter production.[1] In a recent letter to the Planning Commission, the Attorney General's office declared that "oil and gas production is a source of pollutants such as hydrogen sulfide, benzene, formaldehyde, hexane, and xylene" and stated that the active oil and gas sites located in Arvin "contribute to the City's air

[1] *See., e.g.,* Los Angeles County Department of Public Health. Public Health and Safety Risks of Oil and Gas Facilities in Los Angeles County (February 2018)(containing literature review of health and environmental impacts of oil and gas production in California and other states). *Available at*: http://publichealth.lacounty.gov/eh/docs/PH_OilGasFacilitiesPHSafetyRisks.pdf.

06-13-18P03:49 RCVD

Attachment: Att 6 - CC Staff Report Dated June 29, 108 Setting Public Hearing Date of Aug 21, 2018 (Public Hearing - Appeal Petro-Lud CUP)

pollution problems." June 8, 2018 Letter from Deputy Attorney General Tatiana K. Gaur to Arvin Mayor, City Councilmembers and Planning Commission Members at 2 (Attachment A).

The Planning Commission's decision to approve the CUP for the Wells is also problematic given the City of Arvin made explicit findings as part of its Oil and Gas Ordinance update that "oil and gas operations have the potential to impact water quality, surface water and groundwater supplies," that "all extraction activities come with some risk of surface or groundwater contamination from the accidental or intentional release of waste water," that "oil and gas operations generate a significant amount of truck traffic," that "odors, air pollution and particulate matter can be produced as a result of oil and gas operations," and that "development and production of oil and gas operations involve multiple sources of physical stressors such as noise, light, vibrations, toxicants, and impacts on air emissions." An Ordinance by the City Council of the City of Arvin, California, to Adopt Text Amendment No. 2017-04, An Oil and Gas Ordinance for Regulation of Petroleum Facilities and Operations ("Updated Arvin Oil and Gas Ordinance"), at 12-15.[2] Based on well-known environmental and health impacts from oil and gas drilling, and the City's own findings on likely impacts associated with oil and gas development within the city, the Planning Commission may not exempt this project from environmental review.

Finally, if a project may have significant impacts requiring mitigation, a categorical exemption is inappropriate. *Salmon Protection & Watershed Network v. County of Marin* (2004) 125 Cal.App.4th 1098. If there is a reasonable possibility of a significant effect, then the project must be reviewed under CEQA, and mitigation measures may be considered only as part of that CEQA review. *Id.* at 1102. Here, the applicant declares that compliance with air district rules "will reduce any air quality impacts of the proposed project to a less than significant level," that "a weed abatement and brush clearance maintenance will be implemented to reduce fire hazards to developed property," and that "dust will be minimized by daily spraying during active operations." Operational Statement Checklist in Agenda Report on City of Arvin CUP2017-Petro-Lud – Stockton Project - Oil and Gas Exploratory and Production Well -APN 189-351-36 Southwest Corner of Sycamore Road and Meyer Street, May 30, 2018 ("Agenda Report"), at 6-7.[3] These statements confirm that the project has impacts that need to be mitigated under CEQA. A lead agency is required to evaluate significant project impacts and mitigation measures prior to project approval. *Oakland Heritage Alliance v. City of Oakland* (2011) 195 Cal.App.4th 884. As such, a categorical exemption is inappropriate.

ii. Project Description is Inaccurate, Unstable, and Not Finite

The project description must be accurate, stable and finite to determine and assess project impacts and necessary mitigation measures. *County of Inyo v. City of Los Angeles* (1977) 71 Cal.App.3d 185, 193. Here, the Project's duration is not finite, and the Project's components are not stable.

First, the duration of the project is unclear and not finite. The applicant states that if the well is used for production, the economic life of the well "could be twenty years or longer." Agenda Report at 5. Yet in its description of features that "serve to reduce its potential impact," the City lists

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[2] *Available at:* http://www.arvin.org/wp-content/uploads/2018/06/061218-Arvin-Planning-Commission-Meeting-Agenda.pdf (Exhibit A of Resolution Recommending Adoption Of An Ordinance By The City Council Of the City Of Arvin, To Adopt Text Amendment No. 2017-04, An Oil And Gas Ordinance For Regulation Of Petroleum Facilities And Operations).

[3] *Available at:* http://www.arvin.org/wp-content/uploads/2018/05/053018-Special-Arvin-Planning-Commission-Meeting-Agenda.pdf.

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"Short Duration" as a factor and explains that exploratory and production drilling will be a temporary activity. Agenda Report at 18.

The materials provided to the decisionmakers and the public do not provide clarity on whether a pipeline is envisioned as part of the project. For example, in the Description of the Project, the agenda report states that "if there is a sufficient volume of gas available on a regular basis, it will be transported by pipeline to a nearby gas purchaser, flared or eventually reinjected into in the production formation to maintain reservoir pressure." Agenda Report at 4. However, elsewhere in the same report, the City states that "no pipelines are proposed to carry away produced oil or gas. Instead, any oil or gas will be produced into and shipped from tanks located on the premise." Agenda Report at 13. Not only do these ambiguous and contradictory statements deprive the decisionmakers and members of the public with an adequate understanding of the scope of the project, it also prevents a full assessment of project impacts, mitigation measures, and project alternatives.

Finally, the City acknowledges that many features of the project will only be defined at a later point, after exploratory drilling is completed. For example, the agenda report states that "[t]he capacity of the well will be estimated at this time [after exploratory drilling] and permanent facilities will be designed based on the expected capacity and installed shortly thereafter." Agenda Report at 4.

Since the nature of the project remains speculative at this point, the City is unable to assess the full extent of the impacts associated with production wells. As a result, the Project review is also piecemealed,[4] and fails to identify significant environmental impacts that could have warranted denial of this Project. As such, additional CEQA review and permits are required

iii. Planning Commission Has Failed to Fully Analyze, Address, and Mitigate Project Impacts

In addition to the impacts referenced in Section II.A.i of this letter, the Planning Commission failed to fully analyze, address, and mitigate direct and indirect impacts associated with the project, including but not limited to:

- Trucks traffic and diesel emissions associated with transporting oil and gas from project site, especially if wells enter into production.
- Lifecyle impacts associated with oil and gas extraction and use.
- Cumulative impacts of oil and gas exploration and production activities in Kern County.
- Impacts associated with a potential pipeline, including risk of leaks or explosions.
- Lifecyle impacts of the wells, including well abandonment and closure.

Impacts prior to transforming any exploratory well into a production well.

[4] [Environmental review] must include an analysis of the environmental effects of future expansion or other action if: (1) it is a reasonably foreseeable consequence of the initial project; and (2) the future expansion or action will be significant in that it will likely change the scope or nature of the initial project or its environmental effect." *Laurel Heights Improvement Association v. Regents of the University of California* (1988) 47 Cal.3d 376, 390.

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B. Planning Commission Failed to Provide Due Process

The Planning Commission has failed to provide adequate due process for the public to review the Project, as required under the law. (Cal. Const. at. XI, section 7, Government Code sections 65864 - 65869.5, and California Government Code sections 54950 – 54963). Local administrative bodies, including the Arvin Planning Commission, have the constitutionally granted police power to deny applications for CUPs to preserve and protect public health. It may not waive its authority and may not waive other statutory requirements, such as compliance with required public notice and comment and environmental review, through a private contract. However, by "binding" the City to issue a Conditional Use Permit for oil and gas development through a private contract, the City prevented the public from participating in an open and transparent review process for this Project. The decades old private development agreement that "requires" the City to issue a Conditional Use Permit Authorization of the Stockton Project subjects the residents of Arvin to environmental and public health impacts that have not undergone adequate review.

The Conditional Use Permit was issued per a Development Agreement that was most recently amended in May 2018. The City Council agendas for May 1st and 15th list the Development Agreement under the title of "AN UNCODIFIED ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ARVIN FOR A THIRD AMENDMENT TO THE DEVELOPMENT AGREEMENT WITH WESTMINSTER CAPITAL, INC."[5] This does not give any information to interested parties such as CBA to comment on the development agreement which directly contradicts another item on the agenda for that evening, an update of the City's Oil and Gas ordinance. CBA had been asking for an updated ordinance for years and the City Council considered updating the ordinance in November 2017.[6]

The Development Agreement upon which the CUP is based runs contrary to the very efforts the City is undertaking to increase setbacks between residences and oil wells. Without adequate notice and information, interested residents were not given the opportunity to comment and engage in the public process. (Govt. Code Sec. 65867). The City should reconsider the Conditional Use Permit approval to exercise its policy powers and afford concerned Arvin residents the opportunity to consider the amended Development Agreement given the City's proposed new oil and gas ordinance which is scheduled to be heard by the City Council in the next month.

C. Planning Commission Failed to Comply with Other Laws and Regulations

The Arvin Planning Commission approved the Updated Arvin Oil and Gas Ordinance regulating oil and gas operations on June 12, 2018, recognizing that additional protections from oil and gas development are warranted.[7] Since this Project's approval is not final and still pending a decision from the City Council, the City should require the same protections in the Project as those included in the updated ordinance. The updated ordinance addresses a variety of environmental resources, including adding protections to Arvin's groundwater. If this project does not comply with Arvin' s updated oil and gas ordinance, the project will cause Arvin to be in violation of the Sustainable Groundwater Management Act or its local Groundwater Sustainability Plan that require

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5 *Available at* https://www.arvin.org/wp-content/uploads/2018/05/050118-Arvin-City-Council-Meeting-Agenda.pdf
6 *Available at* https://www.arvin.org/wp-content/uploads/2015/08/112117-Arvin-City-Council-Mtg-Agenda-1.pdf
7 *See* Luis, *Arvin Commission Approves Regulation Changes for Oil and Gas Operators*, Bakersfield Californian (June 12, 2018). *Available at:* http://www.bakersfield.com/news/arvin-commission-approves-regulation-changes-for-oil-and-gas-operators/article_ea3eb8d6-6ec1-11e8-b315-235800b1b58a.html. *See also* Footnote 2, above.

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improvements to, and not degradation of, groundwater supplies by 2040. The Arvin General Plan acknowledges that that Arvin relies upon groundwater for its water resources and is in a high-priority groundwater basin. Absent application of Arvin's updated oil and gas ordinance, Arvin will not be able to comply with its groundwater obligations.

III. CONCLUSION

Pursuant to Arvin Municipal Code § 17.54.130, please schedule a date for hearing this appeal at the next regular City Council meeting. Please also contact us directly should you have any questions regarding this appeal.

Sincerely,

/s/

Ingrid Brostrom,
On behalf of
Committee for a Better Arvin

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ATTACHMENT A

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XAVIER BECERRA
Attorney General

State of California
DEPARTMENT OF JUSTICE

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June 8, 2018

Via E-mail and Overnight Mail

Mayor, City Councilmembers and
Planning Commission Members
City of Arvin
City Hall Council Chambers
200 Campus Drive
Arvin, CA 93203

RE: Proposed Ordinance No. 18-XX to Adopt Text Amendment No. 2017-04 and Ordinance for Regulation of Petroleum Facilities and Operations by Repealing Chapter 17.46, Title 17, and Adding Chapter 17.46 to Title 17 of the Arvin Municipal Code

Dear Mayor, City Councilmembers, and Planning Commission Members:

The Attorney General's Office is writing in support of the City of Arvin's ("City" or "Arvin") proposal to adopt the above-referenced Ordinance No. 18-XX to regulate petroleum facilities and operations within its boundaries ("Ordinance"). The Ordinance will repeal and replace the City's outdated regulations of oil and gas sites with new requirements, including zoning restrictions prohibiting oil and gas sites within specified zones and setbacks from residential and other sensitive areas. The Ordinance was developed for the purpose to protect public health, safety and the environment "by the reasonable regulation" of placement of oil and gas sites within the City of Arvin. (Ordinance, Exhibit B, Arvin Municipal Code, Title 17, Chapter 17.46 (hereinafter "Chapter 17.46"), § 17.46.01 (B).) As discussed in detail below, the proposed prohibited zones and setbacks are reasonable measures to regulate the placement of oil and gas sites in the City, the City has authority to adopt them, and they are not preempted.

I. City of Arvin

Arvin is home to a predominantly Hispanic, low-income community with a high percentage of young children as compared to other California communities.[1] The City's residents experience serious air quality and related public health problems. Arvin ranks as one of the most overburdened communities in California on CalEnviroScreen, a statewide mapping tool

[1] See CalEnviroScreen 3.0 Results for Arvin, CA <https://oehha.maps.arcgis.com/apps/webappviewer/index.html?id=4560cfbce7c745c299b2d0cbb07044f5> (as of June 5, 2018).

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developed by the Office of Environmental Health Hazard Assessment of the California Environmental Protection Agency to identify communities disproportionately impacted by pollution.[2] CalEnviroScreen uses environmental, health, and socioeconomic information to produce scores and rank every census tract in the state. A census tract with a high score is one that experiences a much higher burden than a census tract with a low score.[3] Specifically, CalEnviroScreen results show that the City's ozone and particulate matter concentrations are higher than 94 - 98% of the rest of the state. In addition to air quality and related public health issues, Arvin's residents are also exposed to high levels of pesticides (93rd – 98th percentile in the state) and drinking water contaminants (87th - 88th percentile in the state). The City's residents are especially vulnerable to pollution exposure given their high rates of poverty (99th percentile) and unemployment (95th percentile) and low levels of educational attainment (100th percentile).

The City is located in the southern end of the San Joaquin Valley in Kern County. The majority of oil and gas production in the state occurs in the San Joaquin Valley, and this region "suffers from chronic air pollution."[4] Oil and gas production is a source of pollutants such as hydrogen sulfide, benzene, formaldehyde, hexane, and xylene.[5] There are a number of active oil and gas sites located within the City. These sites contribute to the City's air pollution problems. In March 2014, eight Arvin families were evacuated after a toxic gas leak was detected from an underground oilfield production pipeline located near their homes. Following this incident, the Department of Oil, Gas and Geothermal Resources ("DOGGR") imposed a $75,000 fine on the owner and operator of the pipeline.

II. The Ordinance

The Ordinance was developed at the direction of City Council in order to replace the City's existing regulations of oil and gas production that were adopted in 1965, more than 50 years ago. The Ordinance will institute various requirements related to the siting of oil and gas sites within Arvin's boundaries for the stated purpose of protecting public health, safety and the environment.

In particular, the Ordinance designates the specific zones in the City where oil and gas sites are allowed and prohibited. The prohibited zones include the City's residential zones, the pedestrian-oriented mixed-use overlay zone, the professional office zone, the neighborhood commercial and restricted commercial zones, the automobile parking zone, the architectural design zone, the precise development zone, and the open space zone. (Chapter 17.46, § 17.46.03.) Oil and gas sites are allowed in the City's general commercial zone, the

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[2] See CalEnviroScreen 3.0 Results for Arvin, CA <https://oehha.maps.arcgis.com/apps/webappviewer/index.html?id=4560cfbce7c745c299b2d0cbb07044f5> (as of June 5, 2018).
[3] See Office of Environmental Health Hazard Assessment, CalEnviroScreen 3.0 Report (January 2017) <https://oehha.ca.gov/media/downloads/calenviroscreen/report/ces3report.pdf> (as of June 6, 2018).
[4] California Council on Science and Technology, An Independent Scientific Assessment of Well Stimulation in California (July 2015) ("CCST Study"), Volume III, p. 6.
[5] *Id.*, p. 268.

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manufacturing zones, the light and general agricultural zones, and the buffer zone. (*Id.*) In addition, the Ordinance specifies setbacks for oil and gas sites. Under the Ordinance, new oil wells must be located more than 300 feet from the property boundaries of any public school, public park, clinic, hospital, long-term health care facilities, residences or residential zones (with some exceptions), and commercially designated zones (*Id.*, § 17.46.022.A.1-3.) Importantly, the Ordinance specifically states that it supplements DOGGR's regulations of oil and gas activities and in cases of conflict with state laws and regulations, state laws and regulations will prevail. (*Id.*, § 17.46.05.)

III. The Adoption of Setbacks and Prohibited Zones to Protect Public Health Is Reasonable

The benefits of siting oil and gas sites away from residences and other sensitive receptors to reduce public health impacts have been recognized. A 2015 study conducted by the California Council on Science and Technology concluded that "[m]any of the constituents used in and emitted by oil and gas development can damage health and place disproportionate risks on sensitive populations." (CCST Study, Volume III, p. 13.) This study also found that "[t]he closer citizens are to these industrial facilities, the higher their potential exposure to toxic air emissions and higher risk of associated health effects." For this reason, "the scientific literature supports the recommendation for setbacks" and the "need for setbacks applies to all oil and gas wells." (CCST Study, Volume II, p. 431.) A recent Maryland public health study recommended a 2,000-foot setback from well pads in Maryland. (University of Maryland, Maryland Institute for Applied Environmental Health, Potential Public Health Impacts of Natural Gas Development and Production in the Marcellus Shale in Western Maryland (July 2014), p. 91.)

To help reduce the potential health impacts from oil and gas production activities, a number of local jurisdictions in oil-producing states, such as Texas, have established setbacks even stricter than the setbacks and prohibited zones proposed in the Ordinance. (See City of Dallas Development Code, Chapter 51A, Art. IV § 51A-4.203(b)(3.2)(F)(ii)(aa) [establishing 1,500-foot setback between oil and gas production sites and protected uses]; City of Flower Mound Code of Ordinances, Subpart A, Chapter 34, Art. VII, § 34-422(d) [establishing setbacks between oil and gas wells and residential areas, schools, parks, and public highways ranging from 750 feet to 1,500 feet]; City of Denton Development Ordinance, Subchapter 5, § 35.5.10.2 (B) [establishing setbacks between new gas drilling and production sites and residential, commercial and mixed use areas ranging from 500 to 1,000 feet].) Setbacks and prohibited zones have also been implemented by local jurisdictions in California. (See City of Carson Municipal Code, Article IX Planning and Zoning, Chapter 5 Oil and Gas Code, §§ 9502, 9521 [prohibiting the location of oil and gas sites in residential, commercial neighborhood and commercial automotive, mixed use, open space, and special uses zones and establishing 750-foot setback between wells and the property boundary of any public school, public park, clinic, hospital, long-term health care facility, residences and residential zones (with certain exceptions), and various commercial designated zones].)

In light of Arvin's severe air pollution problems, the overall disproportionate pollution burdens experienced by Arvin's residents, and the community's vulnerability to that pollution,

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the proposed setbacks and prohibited zones in the Ordinance are reasonable to reduce air pollution and public health impacts from oil and gas operations within the City. Indeed, as the proposed Findings of Fact supporting the Ordinance recognize, the deleterious impacts of oil and gas operations, including odors, air pollution and particulate matter, "are not localized, but can be spread" at distances of more than 1,500 feet. (Ordinance, Exhibit A, Finding of Fact No. IV.) Because of these negative impacts in Arvin, its oil and gas sites "should be directed away from areas with residential land use designations, and other sensitive uses, and the operations regulated to reduce adverse impacts on residents and the community." (*Id.*, Finding of Fact No. VII.)

Importantly, the proposed restrictions will not prohibit all oil and gas operations in the City but rather the Ordinance will allow such operations to continue in a manner that prevents the future placement of wells near designated sensitive areas. The Ordinance will not prevent the operation of existing oil and gas wells located within the prohibited zones or setbacks if these sites can demonstrate vested rights. (See Chapter 17.46, §§ 17.46.02.B, 17.46.022.C.) Moreover, the proposed prohibited zones and setbacks will not eliminate future access to subsurface oil and gas resources. The City has determined that oil and gas resources located within Arvin's prohibited zones and setbacks can be accessed through horizontal directional drilling and other methods, including rezoning areas to change allowed uses. (Ordinance, Exhibit A, Finding of Fact No. XII.)

IV. The City Has Authority to Adopt Zoning and Setback Provisions for Oil and Gas Sites

The Ordinance's proposed prohibited zones and setbacks are within the City's power to regulate land uses within its jurisdiction. As the California Supreme Court has explained, "[l]and use regulation in California historically has been a function of local government under the grant of police power contained in article XI, section 7 of the California Constitution." (*Big Creek Lumber Co. v. Cty. of Santa Cruz* (2006) 38 Cal.4th 1139, 1151.) Thus, a "city ha[s] 'the unquestioned right to regulate the business of operating oil wells within its city limits, and to prohibit their operation within delineated areas and districts, if reason appears for so doing.'" (*Beverly Oil Co. v. City of Los Angeles* (1953) 40 Cal.2d 552, 558.) Indeed, a city's authority to regulate zoning within its boundaries is "one of the most essential powers of the government, one that is the least limitable." (*Id.* [citing *Chicago & Alton R. Co. v. Tranbarger* (1915) 238 U.S. 67, 68].) Consistent with these principles, California's appellate courts have found that the "[e]nactment of a city ordinance prohibiting exploration for and production of oil, unless arbitrary, is a valid exercise of the municipal police power." (*Hermosa Beach Stop Oil Coalition v. City of Hermosa* (2001) 86 Cal.App.4th 534, 555. The City of Hermosa Beach found that the ban "is necessary to preserve the environment, as well as to protect the public health, safety and welfare of people and property" within the city. (*Ibid.*) The court upheld the ban, concluding it is "presumptively a justifiable exercise of the City's police power." (*Ibid.*)

Similarly, here the proposed Ordinance seeks to institute setbacks and prohibited zones for the purpose of protecting public health, safety and the environment. Moreover, the Ordinance is supported by extensive findings demonstrating that these limitations on oil and gas activities

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within Arvin are necessary to protect the local environment and public health of the City's residents. (See Ordinance, Exhibit A, Findings of Fact.) The Attorney General's Office believes that the proposed setbacks and prohibited zones in the Ordinance are properly within the City's police power.

V. The Setbacks and Prohibited Zones Provisions Are Not Preempted by State Law

The Attorney General's Office understands that some commenters have asserted that the Ordinance is preempted by state regulation of oil and gas operations. "[W]hen local government regulates in an area over which it traditionally has exercised control, such as the location of particular land uses, California courts will presume, absent a clear indication of preemptive intent from the Legislature, that such regulation is *not* preempted by state statute." (*Big Creek Lumber Co.*, 38 Cal.4th at p. 1150 [emphasis in original].) As the California Supreme Court has explained, local zoning ordinances prohibiting oil and gas drilling within the local jurisdiction's territory are legal. (See *Pacific P. Assn. v. Huntington Beach* (1925) 196 Cal. 211, 217; *Beverly Oil Co. v. City of Los Angeles* (1953) 40 Cal.2d 552, 558.)

Here, the California legislature has not expressed a "clear indication of preemptive intent" with respect to local zoning and land use regulations regarding the location of oil and gas activities within a city or county. (See Pub. Resources Code, § 3690 ["This chapter shall not be deemed a preemption by the state of any existing right of cities and counties to enact and enforce laws and regulations regulating the conduct and location of oil production activities, including…zoning,… public safety, [and] nuisance."].) Indeed, as the Attorney General has recognized, while state oil and gas regulations likely preempt any local regulations of subsurface oil and gas activities, local regulations of surface activities for purposes such as environmental protection and public safety, among others, are not necessarily preempted by state laws. (59 Ops. Cal. Atty. Gen. 461, 479-480 (1976).) The prohibited zones and setback provisions of the Ordinance are not regulations of subsurface activities. Rather, as discussed above, the provisions are zoning and land use regulations adopted for the purpose of protecting public health and safety from the impacts of oil and gas activities. Consequently, in light of the above analysis, the prohibited zones and setback requirements in the Ordinance are not expressly preempted by state law.

Local regulations may also be preempted by implication. Implied preemption is found only where the claimant demonstrates that the: 1) the state law completely occupies the field of regulations leaving no space for local regulation, 2) the local law duplicates the state law, or 3) the local law contradicts state law. (See *City of Riverside v. Inland Empire Patients Health and Wellness Center, Inc.* (2013) 56 Cal.4th 729, 754-755.) A local law contradicts state law when it is "inimical" to it. (*Big Creek Lumber Co.*, 38 Cal.4th at p. 1150.) "The 'contradictory and inimical' form of preemption does not apply unless the ordinance directly requires what the state statute forbids or prohibits what the state enactment demands." (*City of Riverside*, 56 Cal.4th at p. 743.) However, "[p]reemption by implication of legislative intent may not be found when the Legislature has expressed its intent to permit local regulations. Similarly, it should not be found

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when the statutory scheme recognizes local regulations." (*People ex rel. Deukmejian v. Cty. of Mendocino* (1984) 36 Cal.3d 476, 485.)

Under the standards for implied preemption, the proposed setbacks and prohibited zones in the Ordinance are not preempted by implication. First, and as discussed above, state law has not completely occupied the field of regulation related to the location of oil and gas activities for purposes of protection of public health, safety and the environment. (See Pub. Resources Code, § 3690; 59 Ops. Cal. Atty. Gen. at p. 481 ["[t]he state does not appear to have occupied [the field of well location] to the exclusion of local entities"].)

Second, the proposed setbacks and prohibited zones do not duplicate state law. State law does not include provisions prohibiting the location of oil and gas sites in specified zoning areas. Additionally, while the state law regulating oil and gas operations oil and gas operations contains well spacing requirements, they are not identical to the proposed setbacks. The state's well spacing requirements dictate that a well located within 100 feet of the parcel boundary or a public street or 150 feet of another well is a public nuisance. (Pub. Resources Code, § 3600.) By comparison, the proposed setbacks in the Ordinance do not state that a well located within the proscribed limits is a public nuisance. Instead, the Ordinance requires wells to be sited more than 300 feet from residential and other sensitive areas in order to protect the health of the community.

Third, the setbacks and prohibited zones do not contradict state regulation of oil and gas activities. The proposed local restrictions were developed to protect public health and the environment and do not interfere with the state's goal to develop and utilize oil and gas resources. Specifically, the Ordinance will not prevent the operation of oil and gas wells currently existing within the prohibited zones and/or setbacks if these sites can demonstrate vested rights and will not eliminate future access to subsurface oil and gas resources located in the restricted areas. (See Ordinance, Exhibit A, Finding of Fact No. XII; Chapter 17.46, §§ 17.46.02.B, 17.46.022.C.) For these reasons, the proposed setbacks and prohibited zones do not contradict but rather align with the state's goal to encourage the wise development of oil and gas resources while preventing damage to life, health, property, and natural resources. (Pub. Resources Code, § 3106.) Moreover, even if the imposition of setbacks and prohibited zones could conflict with state regulations, the Ordinance specifically states that in the event of any such conflict the state law is controlling. (Chapter 17.46, § 17.46.05.) Thus, the proposed setbacks and prohibited zones in the Ordinance cannot contradict the state's oil and gas law, and therefore, in our opinion, these requirements are not preempted by implication.

This conclusion is consistent with the 1976 Attorney General opinion on the issue of local regulation of oil and gas activities. The opinion concluded that local governments can prohibit oil and gas operations within all or part of their territory and such prohibitions are not preempted. (59 Ops. Cal. Atty. Gen. at pp. 468, 480, 483, 489, 491, 492.) The opinion also stated that local governments can adopt setbacks if: 1) the setbacks do not contradict a specific well spacing variance or plan approved by the state, 2) are more stringent than the state requirements, and 3) do not frustrate the purpose of the state regulations. (*Id.* at p. 484.) Here the setbacks do not contradict a well spacing plan, are more stringent than the state well spacing regulations, and

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appear not to frustrate the purpose of the state regulations. Therefore, the Attorney General's Office believes that proposed setbacks and prohibited zones in the Ordinance are not preempted by state law.

For the reasons provided above, the City of Arvin should adopt the prohibited zones and setbacks proposed in the Ordinance.

Thank you for the opportunity to submit these comments.

Sincerely,

Tatiana K. Gaur

TATIANA K. GAUR
Deputy Attorney General

For XAVIER BECERRA
Attorney General

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CITY OF ARVIN
200 CAMPUS DR
ARVIN, CA 93203

Payee: CENTER ON RACE,POVERTY&
Date: 6/13/2018 Time: 5:
Receipt Number: GF / 31114
Clerk: DIANA

APPEAL FOR CUP 2017-PETRO LUD

ITEM	REFERENCE	AM
PLAN	APPEAL FOR CUP 2017-PETRO LUD	
	PLANNING FEES	420.00
	Total:	42
	CREDI VISA 1845	420.00
	Change:	

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Attachment 7 – Public Hearing Notice – published in the Bakersfield Californian on August 11, 2018 and mailed to property owners within 300'-0" and appellants.

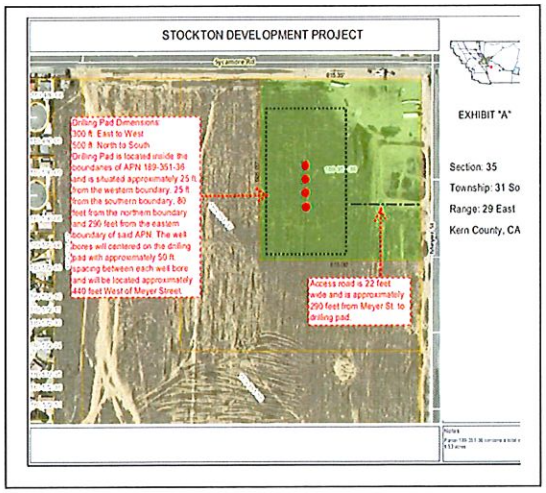
NOTICE OF PUBLIC HEARING
Arvin City Council
Conditional Use Permit 2017-Petro-Lud – Oil and Gas Exploratory and Production

NOTICE IS GIVEN that the City Council of the City of Arvin will conduct a public hearing considering appeals of the Planning Commission decision in which the City Council may affirm the Planning Commission decision unless reversed by a vote of not less than a majority of all members of the city council, at which time the public may be present and be heard, to consider the following:

- Affirm the decision of the Planning Commission approval unless reversed City of Arvin CUP2017-Petro-Lud – Stockton Project - Oil and Gas Exploratory and Production Well -APN 189-351-36 Southwest Corner of Sycamore Road and Meyer Street; proposes the establishment of a drill pad 400'-0" X 400'-0" and four (4) exploratory well sites which may be converted into production wells; and
- Adoption of a Class 3 Categorical Exemption (New Construction Conversion of Small Structures) under CEQA Guidelines section 15303 pursuant to the requirements of the California Environmental Quality Act (CEQA) for the above project.

Arvin City Council Hearing Information

Date: August 21, 2018
Time: 6:00 PM or as the Agenda permits
Place: City of Arvin Council Chambers
200 Campus Drive, Arvin, CA 93203



Description of the Project: The purpose of the hearing is to consider the appeals received regarding the Planning Commission approval, APC 2018-Petro Lud dated May 20, 2018, for Conditional Use Permit 2017- Petro-Lud, which proposes the establishment of a drill pad of approximately 400'-0" X 400'-0' on property located at the Southwest Corner of Sycamore Road and Meyer Street, portion of Assessor Parcel Number 189-351-36. The project, CUP 2017-Petro-Lud proposes four (4) Oil and Gas Exploratory and Production Wells (Stockton Project). No oil or gas well shall be within 100'-0" of any public highway or within 150'-0" of any residence. The site shall be setback at least 235'-0" from the centerline of the city's right of way from Sycamore Street, and 165 '-0' from the Centerline of the City's right of way Meyers Street to allow for potential commercial development.

Attachment: Att 7 - Public Hearing Notice Aug 11, 2018 Petro Lud (Public Hearing - Appeal Petro-Lud CUP)

Staff has performed a preliminary environmental assessment of this project and have determined that it falls within the Categorical Exemption set forth in section 15303 (New Construction or Conversion of Small Structures) as the project consist of construction and location of limited numbers of new small facilities or structures, which are below the maximum amount allowed on the parcel. The proposed project will consist of four (4) exploratory well sites for a short period of time (approximately 80 days) and should permanent production wells occur the area utilized is approximately 250 square feet for each production well. Total floor area of the facilities (not including accessory structures) is less than 2,500 square feet. Significant amounts of hazardous substances will not be used. Utility connections are available to serve the construction to the extent they are needed. Furthermore, Staff has determined that none of the exceptions to Categorical Exemptions set forth in the CEQA Guidelines, section 15300.2 apply to this project.

Additional information on the proposed project and supporting documentation, may be obtained from the City of Arvin. Address any communications or comments regarding the project to Cecilia Vela, City Clerk, at 200 Campus Drive, Arvin, CA 93203, (661) 854-3134, cvela@arvin.org.

All persons interested in this topic who have questions, would like to provide feedback, or ask questions are invited to attend. If you challenge the approval or denial of these matters in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City Clerk, at or prior to the public hearing. Address any communications or comments regarding the project to Cecilia Vela, City Clerk, at 200 Campus Drive, Arvin, CA 93203, (661) 854-3134, cvela@arvin.org.

/s/

Cecilia Vela, Secretary to the Planning Commission of the City of Arvin

/s/

Jake Raper, Planner

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August 14, 2018

VIA EMAIL

Hon. Cecilia Vela, City Clerk
City of Arvin – City Hall
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P.O. Box 548
Arvin, CA 93203

Re: Response to the Committee for a Better Arvin's Appeal of Planning Commission Decision Approving CUP 2017-Petro-Lud – Stockton Project

Dear Ms. Vela:

On behalf of Petro-Lud, Inc. ("Petro-Lud"), we submit this letter in response to the appeal ("Appeal") filed on June 13, 2018 by the Committee for a Better Arvin ("CBA"), by and through the Center on Race, Poverty & the Environment. CBA appeals the decision of the City of Arvin Planning Commission ("Planning Commission") approving Conditional Use Permit 2017-Petro-Lud – Stockton Project – Oil and Gas Exploratory and Production Well – APN 189-351-36 ("CUP") (approved May 30, 2018) issued to Petro-Lud. Below we provide a response and rebuttal to each of CBA's bases for appeal.

A. Alleged CEQA Violations

i. Categorical Exemption

CBA alleges that the Planning Commission may not rely on a California Environmental Quality Act ("CEQA") Categorical Exemption in approving the CUP. This assertion is without merit. Prior to the Planning Commission hearing on May 30, 2018, the Planning Commission staff performed a preliminary environmental assessment and determined that Petro-Lud's oil and gas exploratory and production well development (the "Project") is exempt from CEQA because it falls within the Class 3 Categorical Exemption (New Construction or Conversion of Small Structures) under CEQA Guidelines section 15303. (Cal. Code Regs., tit. 14, § 15303.) Further, Planning Commission staff found that none of the exceptions to the Categorical Exemptions apply to this Project. (*Id.* § 15300.2.) Therefore, no further environmental analysis is required under CEQA.

Attachment: Att 8 - Comment Letters Received - Appeal of Petro-Lud CUP (Public Hearing - Appeal Petro-Lud CUP)

CBA incorrectly asserts that the Class 3 Categorical Exemption is "limited to certain single or small multi-family residences, small commercial buildings, utility line extension, and accessory structures such as patios or fences." (Appeal, at p. 2.) The CEQA Guidelines expressly state "[e]xamples of this exemption include but are **not limited to** . . ." and then list the examples reiterated by CBA. (Cal. Code Regs., tit. 14, § 15303 (emphasis added).) Oil and gas facilities are not excluded from this exemption in the CEQA Guidelines, case law, or any other legal authority. In fact, at least one California case has explicitly permitted the Class 3 Categorical Exemption to apply to the installation of industrial equipment, and, in that case, the Court of Appeal rejected appellants' similar arguments because they cited no case authority suggesting that a certain type of industrial facility could not qualify for the exemption merely because it was not a type of facility *explicitly* listed in the examples provided by the CEQA Guidelines. (*Walters v. City of Redondo Beach* (2016) 1 Cal. App. 5th 809, 818.) Petro-Lud's Project falls within the Class 3 Categorical Exemption because the Project consists of "construction and location of limited numbers of new, small facilities or structures" as stated in the CEQA Guidelines. (*Ibid.*) The Planning Commission's determination should be affirmed.

CBA further argues that a Categorical Exemption is not applicable here due to the potential environmental and public health impacts of oil and gas drilling generally. Despite this generic concern, CBA does not assert any *specific* impacts that could result from Petro-Lud's oil and gas development and operation. A mere *possibility* of environmental impacts in the abstract is insufficient to trigger an exception to a Categorical Exemption; "where there is no substantial evidence [that] a proposed project may have a significant environmental effect, further CEQA review is unnecessary." (*Berkeley Hillside Pres. v. City of Berkeley* (2015) 60 Cal. 4th 1086, 1099.) Arvin's City Council, just as the Planning Commission before it, only has the burden to demonstrate that the Project falls within the exempt category of projects, which it has done: the Planning Commission staff conducted an initial environmental analysis, and found that the Project will not have a significant effect on the environment, and there are no unusual circumstances present because of the proposed Project. (*See Magan v. Cty. of Kings* (2002) 105 Cal. App. 4th 468, 475; Cal. Code Regs., tit. 14, § 15062(a) (stating that findings of agency to support its decision to apply Categorical Exemption can be informal and may consist of adopting recommendations in staff report).) The Planning Commission concluded: "there is not a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances." (Planning Commission Resolution and Conditions, Resolution No. APC 2018-10, at p. 3 (hereinafter "Resolution"); *see also Azusa Land Reclamation Co. v. Main San Gabriel Basin Watermaster* (1997) 52 Cal. App. 4th 1165, 1191 (discussing reasonable possibility of significant environmental impact).)

Once an agency determines that a project falls within a Categorical Exemption, based on substantial evidence in the record, the burden shifts to the challenging party to produce substantial evidence that one of the exceptions to a Categorical Exemption applies. (*See Save*

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Our Sch. v. Barstow Unified Sch. Dist. Bd. of Educ. (2015) 240 Cal. App. 4th 128, 139 (citations omitted).) By merely citing to generic and general environmental concerns about oil and gas production, CBA has not produced substantial evidence that Petro-Lud's Project could have a significant effect on the environment, and CBA has not met its burden of demonstrating that an exception to the Categorical Exemption applies. The fact that CBA seeks to halt oil and gas production as a matter of its sponsor's politics does not negate the legal authority that qualifies the Project for the Class 3 Categorical Exemption.

CBA also states that the "Planning Commission's decision to approve the CUP for the Wells is also problematic given that the City of Arvin made explicit findings as part of its Oil and Gas Ordinance update that 'oil and gas operations have the potential to impact water quality, surface water and groundwater supplies,'" and so forth. (Appeal, at p. 3.) CBA attempts to argue that there is a potential significant impact of the Project, and therefore the Project falls within an exception to the Categorical Exemption. However, this argument fails because, to the extent that the City made contrary findings, these findings were made *subsequent* to the Planning Commission's decision, and are not relevant to the Planning Commission's decision to approve the CUP, and its findings in support of the decision to apply a Categorical Exemption.

As stated in California case law, once an agency determines that a project falls within an exempt class, no additional environmental analysis is required. (*Magan v. Cty. of Kings* (2002) 105 Cal. App. 4th 468, 475.) In sum, the Project is exempt, and the Planning Commission fully complied with CEQA by determining the Project was exempt and no additional environmental analysis is required.

ii. <u>Project Description</u>

CBA next asserts that the project description does not comply with CEQA because the "duration of the project is unclear and not finite" and because certain features of the Project are not defined in detail in the Project description. (Appeal, at p. 3.) Here again, though, CBA's arguments are misplaced. CBA cites to a case that involves preparation of a full environmental impact report ("EIR"), which is by its nature a detailed environmental review process. (*County of Inyo v. City of Los Angeles* (1977) 71 Cal. App. 3d 185.) The EIR process stands in stark contrast to the situation here where the Planning Commission was not required to prepare a full EIR. The Planning Commission staff conducted an initial environmental analysis, correctly concluding that the Project is categorically exempt from CEQA, and completed the environmental analysis at that stage. The Project description is not subject to the detailed requirements of a project undergoing CEQA review through an EIR.

In addition, CBA's assertion that the Project description is inaccurate, unstable, and not finite is without merit. The Resolution provides significant detail about the Project, including the size, location, operations, operating procedures, and proposed timeline for Project activities. CBA

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also states that there is not clarity on "whether a pipeline is envisioned as part of the project." (Appeal, at p. 4.) There is no mention of a pipeline in the Resolution or in any other Project description because a pipeline is currently not envisioned as part of the Project. CBA's attempt to impose ambiguity in the Project description under the guise of a lack of clarity in the project description is without merit. All components of the Project are described in detail in the Resolution; the Project is definite, stable, and not speculative.

iii. Mitigation of Project Impacts

CBA's assertion that the Planning Commission failed to implement mitigation measures to mitigate potential Project impacts is misplaced because the Planning Commission was not required to propose or analyze mitigation measures for the Project. As described above, where an agency determines that a Categorical Exemption applies to a project, no additional environmental analysis is required. (*Magan v. Cty. of Kings, supra,* 105 Cal. App. 4th at p. 475.) An agency must decide "whether a project is eligible for a categorical exemption as part of its preliminary review of the project without reference to or reliance upon any proposed mitigation measures." (*Salmon Prot. & Watershed Network v. County of Marin* (2004) 125 Cal. App. 4th 1098, 1106 (citations omitted; emphasis added).) Here, the Planning Commission determined that the Class 3 Categorical Exemption applies without implementing mitigation measures, and the Planning Commission was not required to conduct additional environmental review, including analysis of mitigation measures for the Project.[1] Therefore, CBA's argument fails.

B. Due Process

CBA next alleges that the Planning Commission failed to provide due process to CBA and other members of the public: "the Planning Commission failed to provide adequate due process for the public to review the Project, as required under the law." (Appeal, at p. 5.) This argument is without merit for several reasons. First, the law cited by CBA is inapplicable to an administrative body's approval of a private citizen's application for a CUP. CBA cites to Government Code sections applicable to development agreements, which are not at issue for review of the CUP; the California Ralph M. Brown Act for local agency public meetings, which the Planning Commission fully complied with; and California Constitution, article XI, section 7, which authorizes local agencies to make and enforce local laws, which also is not at issue in review of the CUP. In fact, this particular section of the California Constitution provides support for the Planning Commission's action in approving Petro-Lud's CUP.

[1] In addition, the Project itself contains several design features that reduce any potential impacts, which further supports the Planning Commission's finding that the Project will not have a significant environmental impact, without necessitating mitigation measures. (*See* Resolution, at pp. 2-3.)

Second, with respect to public noticing and participation, the Planning Commission gave adequate notice of the public hearing for the Project via newspaper and individual mailed notices to local property owners within the time period required by law. The Planning Commission also heard and considered public comment at the public hearing held on May 30, 2018, fully complying with state and local law. In sum, the Planning Commission did not infringe on the public's due process rights.

The third and final reason CBA's due process argument fails is because it is based on requirements contained in a wholly unrelated Development Agreement between the City of Arvin and another developer, Westminster Capital, Inc. ("Westminster Capital"). (Appeal, at p. 5.) The faulty premise for this argument is that the CUP is derived from a private Development Agreement between the City and Westminster Capital, a company wholly unaffiliated with Petro-Lud, Inc. CBA asserts that, because interested parties were not given an opportunity to comment on the Westminster Capital Development Agreement, this alleged failure also violates due process. Again, Westminster Capital – the surface owner of the property on which Petro-Lud holds the rights to develop the mineral underlying the property – may have a development agreement with the City, but that agreement has nothing to do with Petro-Lud's Project. The Planning Commission did not waive its authority to review the CUP application, and it conducted a full administrative proceeding for the Project, including a noticed public hearing and preliminary environmental review. The Development Agreement did not affect the manner in which the CUP was reviewed and approved. As such, CBA's argument that an underlying Development Agreement for some other, wholly unrelated party somehow deprived the public of their due process rights for this CUP is utterly without merit.

C. Compliance with Other Laws and Regulations

Finally, CBA argues that the Planning Commission should require the Project to comply with the Updated Arvin Oil and Gas Ordinance, Ordinance No. 451 (adopted July 17, 2018) ("Updated Ordinance").[2] CBA has not explained how the Project fails to comply with the new Ordinance's requirements, and, in fact, the Project complies with the Updated Ordinance in all material respects. This is a hollow argument that has no real substance supporting it. CBA's arguments on this issue, therefore, also fail.

[2] The Public Notice of Adoption of Ordinance is available here: http://www.arvin.org/wp-content/uploads/2018/07/Notice-of-Adoption-Ordinance-No-451-Oil-and-Gas_Publish-July-23-2018.pdf.

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Conclusion

We respectfully request that CBA's Appeal be denied on all bases.

Very truly yours,

Michael N. Mills

cc: Clayton Ludington, President, Petro-Lud, Inc., clud@petro-lud.com
Shannon Chaffin, Esq., City Attorney, schaffin@awattorneys.com

Attachment: Att 8 - Comment Letters Received - Appeal of Petro-Lud CUP (Public Hearing - Appeal Petro-Lud CUP)

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August 14, 2018

VIA EMAIL

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Re: Response to Westminster Capital, Inc.'s Appeal of Planning Commission Decision Approving CUP 2017-Petro-Lud - Stockton Project

Dear Ms. Vela:

On behalf of Petro-Lud, Inc. ("Petro-Lud"), we submit this letter in response to the Notice of Appeal ("Appeal") filed by Westminster Capital, Inc. ("Westminster") on June 11, 2018. Westminster appeals the decision of the City of Arvin Planning Commission ("Planning Commission") approving Conditional Use Permit 2017-Petro-Lud – Stockton Project – Oil and Gas Exploratory and Production Well - APN 189-351-36 ("CUP") (approved May 30, 2018), issued to Petro-Lud. Westminster is the owner of the surface estate in the real property that relates to this CUP. Westminster purchased the property in 2009. To date, Westminster has owned the property for nearly nine years, and has done nothing productive with the property that would benefit the community or the City. Petro-Lud, as the lessee of the mineral estate in this real property, is Westminster's co-tenant, and it has been working with Westminster since April 2018 in an attempt to reach a mutually satisfactory surface use agreement that is commercially reasonable under the circumstances. Unfortunately, Westminster has refused to negotiate with Petro-Lud in good faith, and instead has demanded outrageous contractual concessions from Petro-Lud that are not realistic or feasible. Because the parties are at an impasse, Westminster has resorted to the California Environmental Quality Act ("CEQA") as a means to undermine Petro-Lud's project. Nevertheless, Petro-Lud urges you to reject Westminster's transparent attempt to manipulate the City's land use process. Petro-Lud also remains willing and able to negotiate a surface use agreement with Westminster that (i) recognizes our mutual ownership interests in the real property at issue, and (ii) is commercially reasonable.

As the basis for its Appeal, Westminster alleges that the Planning Commission "did not comply with the California Environmental Quality Act ("CEQA") in evaluating and recommending adoption of the CUP . . ." This assertion is without merit. Prior to the Planning Commission hearing on May 30, 2018, the Planning Commission staff performed a preliminary environmental

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assessment and determined that Petro-Lud's oil and gas exploratory and production well development (the "Project") is exempt from CEQA because it falls within the Class 3 Categorical Exemption (New Construction or Conversion of Small Structures) under CEQA Guidelines section 15303. (Cal. Code Regs. tit. 14, § 15303.) Further, Planning Commission staff found that none of the exceptions to the Categorical Exemptions apply to this Project. (*Id.* § 15300.2.) Therefore, no further environmental analysis is required under CEQA. The Planning Commission fully complied with CEQA, and Westminster's Appeal should be denied.

Respectfully submitted,

Michael N. Mills

cc: Clayton Ludington, President, Petro-Lud, Inc., clud@petro-lud.com
Shannon Chaffin, Esq., City Attorney, schaffin@awattorneys.com

Catalyst
ENVIRONMENTAL SOLUTIONS

August 14, 2018

City of Arvin Planning Commission
200 Campus Drive
Arvin, CA 93203

Hon. Cecilia Vela, City Clerk
City of Arvin – City Hall
200 Campus Drive
Arvin, CA 93203

RE: PetroLUD Stockton Project

To Whom It May Concern:

On behalf of Petro-LUD, Inc., Catalyst Environmental Solutions (Catalyst) reviewed the application of California Environmental Quality Act (CEQA) categorical exemption for the proposed Stockton Project, located at the southwest corner of Sycamore Road and Meyer Street in the City of Arvin. The Stockton Project involves the drilling of four exploratory wells on private land designed General Commercial within the City of Arvin General Plan. The Project involves installation of four exploratory wells which may be later converted to production wells, each on a pad to be 50 feet by 50 feet (250 square feet), for a total of 1,000 square foot of disturbance for the production well bores and cellars. Project activity will occur over a period of 80 to 120 days. The drilling pad will measure 300 feet by 500 feet, and will include accessory structures to the wells, including four tanks (22 feet in diameter and 16 feet tall), a separator, and gas flare. In addition, if the exploratory wells are converted to production wells in the future, a fence will be constructed around the perimeter of the site. When drilling operations are complete (or if the exploratory wells are determined non-producible), the Project site would be restored to its near original conditions as practicable and all drilling equipment would be removed within 90 days of termination of drilling operations. If exploratory drilling is unsuccessful, all well(s) would be plugged and abandoned in compliance with California Department of Conservation, Division of Oil, Gas, and Geothermal Resources regulations. Wells would be sited in accordance with City-required setbacks and no wells would be located within 100 feet of any public highway or within 150 feet of any residence. As proposed, the site would be set back at least 235 feet from the centerline of the City of Arvin right-of-way for Sycamore Street and 165 feet from the centerline of the City of Arvin right-of-way for Meyers Street. All parking, operations, and equipment staging would be restricted to the drill pad area.

Catalyst understands that in order to proceed with the proposed Project, a conditional use permit must be approved by the City of Arvin Planning Commission, in accordance with Government Code Section 66020(d)(1). In Spring 2018, the City reviewed the application and proposed a draft conditional use permit. The City also determined that the Project meets the criteria set forth for a Categorical Exemption under Section 15303 of the California Environmental Quality Act. Based upon 15 years as an environmental planner, with over a decade experience assisting oil operators in the State of California and agencies with oversight over oil operations with CEQA compliance, I find that application of the Categorical Exemption is a reasonable action by the City of Arvin in consideration of the proposed Project. Specifically, determination of whether a statutory or categorical exemption

is applicable is one of the first steps a lead agency should take once it has determined that it must review a project over which it has a discretionary action. Lead agencies are not required to solicit input regarding the use of a particular exemption or the need to proceed with more detailed environmental review of a proposed action. The City application of a Class 3 categorical exemption (New Construction or Conversion of Small Facilities) is appropriate for the proposed Project because:

- The project consists of the construction and location of a limited number of small facilities (4 exploratory wells and 4 tanks)
- The project would not exceed 2,500 square feet in size (the entire disturbed area would be 1,200 square feet)
- The City has determined that utility connects are available within reasonable distance to serve the proposed project
- The project does not involve any unusual circumstances, and there are no proposed projects in the same place proposed for the same timeframe which would result in cumulative effects.
- The project is not located in a sensitive environment.
- The project is not located on a site included on any list compiled pursuant to Section 65962.5 of the Government Code (i.e., not on a known hazardous waste site)
- No historical resources are present on the project site
- The project would not affect or result in damages to any scenic resources and is not within viewshed of any designated scenic highways.

Closing:
If you have any questions, please feel free to call or email me at (818) 387-5875 or mschwartz@ce.solutions.

Sincerely,

Megan Schwartz
Director of Regulatory Compliance & Permitting

CC: Shannon Chaffin, Esq. Arvin City Attorney, schaffin@awattorneys.com

MEETING OF ARVIN CITY COUNCIL
AUGUST 21, 2018

Statement of Westminster Capital, Inc., the fee owner of APN 189-351-36, in support of its appeal of the decision of the Arvin Planning Commission approving Conditional Use Permit (CUP) 2017-Petro-Lud – Stockton Project - Oil And Gas Exploratory And Production Well - APN 189-351-36 Southwest Corner of Sycamore Road and Meyer Street; Establishment of A Drill Pad 300'-0" X 500'-0" And Four (4) Exploratory Well Sites Which May Be Converted Into Production Wells and Adoption of A Related CEQA Exemption Findings Pursuant To The California Environmental Quality Act.

Summary

On May 30, 2018, the Planning Commission approved CUP2017-Petro-Lud – Stockton Project Oil and Gas Exploratory and Production Well ("Petro-Lud's CUP") and made related CEQA exemption findings. Westminster Capital filed an appeal of the Planning Commission's actions with the City Clerk requesting that the City Council reverse the action of the Planning Commission because the Planning Commission's exemption findings were in error and did not comply with CEQA.

Contrary to the findings of the Planning Commission, Section 15303 of CEQA Regulations does not provide a categorical exemption for an oil drilling project of the magnitude proposed by Petro-Lud. The Planning Commission should not have found that Petro-Lud's CUP application was exempt from CEQA. As a result, the CUP process has not complied with CEQA. By contrast, the Findings of Fact supporting new Section 17.46 of the Municipal Code adopted by the City Council on July 17, 2018, catalog an extensive list of environmental concerns directly associated with drilling operations of the type Petro-Lud proposes.

The City council should overturn the action taken by the Planning Commission in approving Petro-Lud's CUP application and the finding that the application is exempt for CEQA.

Background

Westminster Capital is a family owned company that is more than 60 years old. Westminster owns the property on which Petro-Lud proposes to place a four-acre drill pad and conduct drilling operations.

Westminster has owned the approximately 9 acre parcel of property at the southwest corner of Meyer and Sycamore identified as APN 189-351-36 for 9 years. The parcel is zoned C2 and Westminster has hoped that the residential community surrounding the site would at some point need services that would lead to commercial development on the parcel.

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The parcel on which Petro-Lud proposes its drill site is part of Tract 5816. That tract is composed of well over three hundred acres and is a substantial residential community of several hundred homes, parks and an elementary school that lie immediately west and south of the drill site. Additional new homes are under construction and in planning for the build-out of this community. Many of those homes will be less than 600 feet from the proposed drill site. There are also residential neighborhoods immediately east (across Meyer) and immediately north (across Sycamore) from the proposed drill site. Given the residential neighborhoods in all directions from the proposed drill site, the area surrounding the drill site can fairly be described as a residential urban community. The proposed drill site is at the center of this urban community surrounded by homes and apartments.

Westminster objects to Petro-Lud's CUP application for the drill site because the City's staff determined and the Planning Commission adopted a finding that Petro-Lud's proposed drilling operation is categorically exempt from the California Environmental Quality Act (CEQA) under Section 15303 of CEQA Guidelines, stating that the "project consists of construction and location of limited numbers of new small facilities or structures…" Section 15303 provides examples of projects that are considered exempt under that section. They include the following:

- One single-family residence or a second dwelling unit in a residential zone;
- A duplex or multi-family residence of no more than 4 units;
- A store, motel, office, restaurant not exceeding 2500 square feet and in urbanized areas up to four similar buildings consisting of not more than 10,000 square feet;
- Accessory building structures including garages, carports, patios, swimming pools and fences.

In contrast, the project proposed by Petro-Lud is more substantial and impactful than any of these examples. The CUP application submitted by Petro-Lud requests approval for a drill site that is approximately four acres in size for oil and gas operations that involve drilling four exploratory wells followed by further drilling of production wells with continuing operations for 20 years.

The impacts of this proposed project that were ignored by the Planning Commission include:

- Before drilling starts, 30 or more tractor trailer loads of equipment hauled through the community to the drill site; five to ten trailer loads will move in and out every 24 hours.
- While drilling is underway, water trucks, sanitary waste trucks, equipment delivery trucks, and workers vehicles will enter and leave the drill site and pass through the surrounding community on a daily basis.
- Drilling rigs will be assembled and disassembled on-site as each of the exploratory and production wells is drilled.
- Drilling for each of the four exploratory wells will be sequential and continuous, 24 hour a day until the four wells are drilled and either oil is found or the wells are abandon;

- Petro-Lud will use diesel driven generators and engines 24 hours a day to power its drilling equipment, including two 500 horsepower engines for its main rig and a 1000 horsepower pump engine, producing noise, vibration and noxious odors.
- The drilling rigs will be illuminated all night.
- Petro-Lud estimates total drilling time at four months, but Petro-Lud does not give a fixed outside date for conclusion of its drilling operations. Drilling activity may take substantially longer than four months.
- Petro-Lud will dig an open waste pit 150 feet long, 25 feet wide 5 feet deep, and fill it with drilling debris; Petro-Lud estimates 400 tons of cuttings will be generated and dumped in the waste pit.
- At the conclusion of drilling, Petro-Lud plans to spread the waste stored in the pit on the surface of the drill site where it will apparently remain forever.
- Petro-Lud will install multiple storage tanks on-site to hold diesel fuel, drilling fluid and oil produced by the wells.
- If the exploratory wells are successful, then Petro-Lud will install production wells which will involve extend drilling beyond the four months estimated by Petro-Lud for its initial drilling activities; Petro-Lud does not provide an estimate of the time it will take to complete the production wells.
- Additionally, Petro-Lud will construct three oil storage tanks on the site each of which will be 16 feet in height and have a diameter of 22 feet.
- Petro-Lud anticipates that the production wells and storage tanks may be in place for as long as twenty years. Tanker trucks will regularly transfer oil from the storage tanks and haul it away through the community.
- The project involves exploration for and production of oil, gas and other hydrocarbons. Spills, leaks and contamination by toxic substances are always a significant risk in such operations.

Even though the Petro-Lud's proposed drilling operations will involve a magnitude of activity and consequent impact on the surrounding residential community of haul trucks, construction, 24 hour drilling, excavation of an enormous pit, dumping of drilling debris, brightly lighted drill rigs throughout the night, installation of storage tanks to hold toxic substances, and all of the associated dust, noise, vibration and odors, Planning staff concluded and the Planning Commission adopted a finding that Petro-Lud's drilling project was categorically exempt from CEQA review because the "project consists of construction and location of limited numbers of new small facilities or structures." Considering the impacts enumerated above, this conclusion defies common sense and measurable facts.

Indeed, in connection the action taken by the City Council on July 17, 2018 repealing the text of Municipal Code Section 17.46, the section that the Planning Commission used in approving Petro-Lud's CUP application, and replacing it with a new Section 17.46, the Council made Findings of Fact that enumerate serious environmental concerns resulting from oil and gas operations.

The Findings acknowledge former Section 17.46 was more than 50 years old and "consisted of only a few pages of regulations." The Findings point out as partial impetus for new Section 17.46, "During the last 50+ years the character of the community has changed significantly, growing to over 20,000 residents and adding many high quality residential neighborhoods…in or adjacent to active oil fields."

The Findings describe health, safety, welfare and quality of life matters to be protected and nuisances to be minimized from oil and gas operations that include:

- Preservation of water supplies; protection of water quality and resources;
- Transportation of water for oil and gas operations creates land use and nuisance activities;
- Surface spills and leaks from oil and gas operations can contaminate ground water;
- Air pollution, particulate matter and odors can be produced as a result of oil and gas operations;
- Deleterious public health effects arise from physical stressors such as noise, light, vibration, toxicants and impacts on air emission that are generated by oil and gas operations;
- Unsightly derricks and rigs for drilling, re-drilling, workovers and other operations, large trucks and traffic traveling on the City's roadways through the community, dust, and light pollution from stadium-type lighting from around-the-clock drilling rigs create aesthetic impacts and nuisance;
- Oil and gas development projects are industrial operations incompatible with residential uses and quality of life;
- Closure, abandonment and future uses of land require cleaning and remediation and financial assurances that clean-up will be done;
- Financial assurances and identification of responsible parties in the event of impacts upon the community;
- Enforcement, compliance monitoring and oversight mechanisms.

While the City Council has thoughtfully enumerated the many environmental and quality of life concerns arising from oil and gas operations in the Findings associated with new Section 17.46, the Planning Commission approved Petro-Lud's CUP application less than 60 days earlier with out considering any of the above enumerated nuisances threatened by Petro-Lud's proposed drilling and oil production operations which will be centered amidst several of the City's "high-quality residential neighborhoods."

Conclusion

Section 15303 of CEQA Regulations does not provide a categorical exemption for an oil and gas project of the magnitude proposed by Petro-Lud. The Planning Commission should not have found that the CUP application was exempt from CEQA. As a result, the CUP process has not complied with CEQA. No initial study has been undertaken to assess the environmental impacts, and as a consequence the City has not determined whether an EIR, a negative declaration or a mitigated negative declaration is the appropriate process for the proposed

project. The Findings supporting new Section 17.46 provide an extensive list of environmental concerns directly associated with oil and gas operations that should be addressed in any CEQA review of Petro-Lud's CUP application.

The City council should overturn the action taken by the Planning Commission in approving Petro-Lud's CUP application and the finding that the application is exempt for CEQA and direct staff to undertake and initial study and such other steps as may be necessary to assess the environmental impacts as required by CEQA. Only after compliance with CEQA should the Planning Commission consider Petro-Lud's CUP application.

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August 15, 2018

Arvin City Council
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VIA EMAIL

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cc: Shannon L. Chaffin, City Attorney < schaffin@awattorneys.com>
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RE: Supplemental Letter on Appeal of Planning Commission Decision Approval Conditional Use Permit 2017-Petro-Lud—Stockton Project—Oil and Gas Exploratory and Production Wells – APN 189-351-36

Mayor Gurrola and City Council Members:

We write on behalf of the Committee for a Better Arvin ("CBA") to submit a supplemental letter regarding its appeal of the Conditional Use Permit ("CUP") for four oil and gas exploratory and production wells in Arvin ("Wells" or "Project"). The Project was approved by the Planning Commission on May 30, 2018, and timely appealed by CBA on June 13, 2018. This letter supplements the first appeal letter (Attachment A) that CBA submitted on June 13, 2018. For the reasons stated in the first appeal letter and in this letter, we urge the Council to reverse the Planning Commission's decision and deny this pending CUP.

I. The City of Arvin has the authority to deny the Project based on existing or new law, especially for public health and safety reasons. The development agreement does not tie the City's hands.

The Planning Commission preliminarily approved this Project because it likely mistakenly believed that it must do so to comply with a development agreement made between the City and Westminster Capital LLC ("Development Agreement").[1] The Development Agreement does not require the City to approve the Project. Rather, the City's municipal code provides authority for the Council to deny this CUP based on new rules, regulations or policies, especially here where the City Council previously determined that the type of project being proposed will result in negative impacts to public health, safety and welfare if certain conditions are not met.

The City may deny or limit the CUP based on laws, regulations, and policies enacted after the adoption of a development agreement. This authority is explicitly provided in the municipal code, where "[a] development agreement ***shall not prevent the city from denying or conditionally approving any subsequent land use permit*** or authorization for the project *on the basis of such* ***existing or new rules, regulations, and policies***."[2] Courts must "give effect to statutes according to the usual, ordinary import of the language employed in framing them" *Davidson v. County of San Diego* (1996) 49 Cal.App.4th 639, 648 (citation omitted). Here, the municipal code provides that the Applicant has no vested right to oil and gas drilling or a CUP upon the adoption of the development agreement, as the City may deny *any* subsequent land use permits.

Additionally, the City may deny or limit the CUP because doing so will be necessary to protect public health and welfare. The municipal code also provides that "[a] development agreement ***shall not prevent the city, in subsequent actions applicable to the property, from applying new rules, regulations, and policies which the city determines is required for the public health, safety, or welfare***."[3] In general, the City's police power cannot be barred, suspended, or bartered away through contract or legislation. *Carty v. City of Ojai* (1978) 77 Cal.App.3d 329, 342. Moreover, the City may use its inherent police powers to impair or even destroy any vested rights in order to protect the public's health and safety. *Davidson v. County of San Diego* (1996) 49 Cal.App.4th 639, 649.

In light of the above, the City has the authority and, more importantly, the legal obligation to deny the CUP because it fails to comply with the updated oil and gas ordinance that the City recently passed on July 17, 2018. This Council found that oil and gas excavation and production operations negatively impact public health and safety, and adopted the updated ordinance in order to protect public health, safety, and welfare from oil and gas activities.[4] Therefore, the Council

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[1] Special Arvin Planning Commission Meeting Minutes 05/30/18, at 3 (the Planning Commission initially denied the CUP, but approved it after closed session). *Available at:* http://www.arvin.org/wp-content/uploads/2018/06/061218-Arvin-Planning-Commission-Meeting-Agenda.pdf. We are in the process of obtaining recorded minutes from the City Clerk.

[2] Arvin Mun. Code § 16.40.360(C).

[3] Arvin Mun. Code § 16.40.360(B).

[4] The Council states, in the updated ordinance, that the it is "a purpose of the adoption of the Ordinance is to protect the health, safety, public welfare, physical environment and natural resources of the City of Arvin, and to prevent nuisances." Intent Section of City Council Ord. No. 2018-451 Text Amendment No. 2017-04, repealing Arvin Mun. Code Title 17, Chapter 17.46, and adding Title 17, Chapter 17.46 (Passed July 17, 2018, In effect August 16, 2018). *Available at:* http://www.arvin.org/wp-content/uploads/2018/07/Ordinance-No.-451-Text-Amendment-No.-2017-04-An-Oil-and-Gas-Ordinance-for-Regulation-of-Petroleum-Facilities-and-Operations.pdf [*Hereinafter* Updated Oil and Gas Ordinance].

should not approve the CUP until it protects public health by requiring applicants to comply with the updated oil and gas ordinance. We discuss more in the sections below.

II. The Project fails to comply with the more stringent requirements of the updated Arvin oil and gas ordinance.

The Council should overturn the Planning Commission's approval of CUP because the Commission inappropriately relied on the previous, obsolete oil and gas ordinance as the basis for many of the conditions of the CUP. Since the Arvin City Council recently made explicit findings that the previous ordinance was not sufficient to protect public health and safety, it is precluded from relying on these outdated standards. Instead, the Project must but fails to meet the requirements of the updated ordinance that will be in effect at the time the City Council considers whether to approve the proposed Project.

a. The updated oil and gas ordinance applies to this Project because it will take effect prior to the final approval of the CUP.

The updated ordinance applies to this Project because it will take effect on August 16, 2018, prior to the final approval of the CUP. Upon the Planning Commission's preliminary approval of the CUP on May 30, 2018, CBA filed a timely appeal of this action on June 13, 2018 within the 15-day appeal deadline.[5] Therefore, the Planning Commission's approval for the CUP is still pending before the Council and will not be final until the Council decides to affirm or deny the approval, which could be on August 21,2018 at the earliest.

First, a reviewing agency is generally "bound to apply the zoning ordinances in force at the time of the *final administrative decision,"* as opposed to ordinances in force at the time of the permit application or even preliminary approval. *Russian Hills Improvement Association v. Board of Permit Appeals of the City and County of San Francisco* (1967) 66 Cal.2d 34, 39.

The municipal code clearly states that the Planning Commission's decision is not final when the CUP in question is being challenged.[6] Similarly, the municipal code provides that while the Project is being challenged on appeal, the City cannot issue the CUP.[7] Indeed, the City cannot do so until the CUP "has become final . . . by reason of the action of the city council."[8] These provisions are consistent with the general administrative law principle that a permit does not become final until the exhaustion of administrative challenges to their issuance.[9]

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[5] Arvin Mun. Code § 17.54.130(B). *See also* Updated Oil and Gas Ordinance § 17.46.06.

[6] Arvin Mun. Code § 17.54.130(B) ("The granting, either with or without conditions, or the denial of such application by the planning commission ***shall be final <u>unless</u>*** *within fifteen (15) days after the decision by the planning commission*, or ten (10) days after the mailing of the required notices, whichever date is later, ***the applicant, or any other person aggrieved, appeals therefrom in writing to the city council by presenting such appeal to the city clerk***.")(emphasis added). *See also* Updated Oil and Gas Ordinance § 17.46.06.

[7] Arvin Mun. Code § 17.54.130(C).

[8] Arvin Mun. Code § 17.54.130(C).

[9] *Elysian Heights Residents Ass'n v. City of L.A.* (1986) 182 Cal. App. 3d 21, 45. Courts apply this principle to ensure that the administrative review process is meaningful, and to deter last-minute efforts to circumvent changes in the law. *Id.* ("If developers could acquire vested rights by purporting to rely upon initially granted permits even during administrative proceedings, they could render any adverse administrative determinations moot."). *See also Russian Hills Improvement Association v. Board of Permit Appeals of the City and County of San Francisco* (1967)

Since the City Council will be deciding on whether to approve or deny the CUP on or after August 21, 2018, the CUP approval will not be final until at least five days after the date by which the updated ordinance will take into effect.[10] Therefore, the Project will be subject to the updated ordinance. However, since this Project does not comply with the requirements of the updated ordinance, it must be denied by the Council.

b. The updated oil and gas ordinance applies to both existing and future oil and gas wells.

In addition, the Council must require the Project to comply with the updated ordinance because the updated ordinance applies to both existing and future oil and gas wells. Section 17.46.02B explicitly states that "***All portions*** of this ordinance are applicable to ***new or existing oil and gas sites and operators if they have or are required to obtain a CUP***."[11] In other words, even if Council finds that the Planning Commission's approval of the CUP was final, all of the regulations under the updated oil and gas ordinance still applies to this Project.

Unfortunately, this Project falls short of meeting many restrictions that it is required to follow under the updated oil and gas ordinance. For instance:

- **Setbacks**: The updated ordinance requires a setback of at least 300 feet between wells and tanks within an oil and gas site from the boundaries of any residential zone and some commercial zones (including C-2), and at least 100 ft from any dedicated public street, highway, or walkway.[12] However, the proposed wells are within the prohibited 300 ft residential zone buffer at least on the North side near Sycamore Street.[13]
- **Community Alert System**: Additionally, because the Project is proposed within 600 ft of residential zones, it must include a community alert system under the updated ordinance.[14] However, there are currently no such plans listed in the CUP.
- **Testing**: The Oil and Gas Ordinance requires the applicant to complete an air monitoring plan and conduct testing and monitoring for air quality throughout operations for any site within 1,000 ft of restricted zones, including residential zones 1-4, as well as complete a groundwater quality study.[15] However, the Project fails to establish any continuous testing and monitoring of air quality, even though it will be within 1,000 feet of R-1 through R-4 zones on all sides. The CUP only provides a cursory mention of that the applicant will comply with general Air District rules to reduce air quality impacts to a less than significant

66 Cal.2d 34, 39-41 ("even a permit which had achieved administrative finality could be revoked on the basis of a subsequent change in the zoning laws").

[10] Updated Oil and Gas Ordinance, § 6.

[11] Updated Oil and Gas Ordinance § 17.46.02B.

[12] Updated Oil and Gas Ordinance § 17.46.022(A)(2).

[13] The proposed drill pad is located on a C-2 commercial zone, 25 ft from the western boundary, 25 ft from the southern boundary, 80 ft from the northern boundary (Sycamore Road), 290 ft from the eastern boundary and 440 ft west of Meyer St. The C-2 commercial zone is less than 600 sq. ft. in total and is surrounded on all sides by residential areas (R-1 through R-4). City of Arvin Agenda Report re: City of Arvin CUP2017-Petro-Lupd – Stockton Project, May 30, 2018 at 1-3, 11. *Available at*: http://www.arvin.org/wp-content/uploads/2018/05/053018-Special-Arvin-Planning-Commission-Meeting-Agenda.pdf [hereinafter *Staff Report*]. *See also* City of Arvin Zoning Map (Sept. 2015). *Available at:* http://www.arvin.org/wp-content/uploads/2015/09/Arvin-Zoning-Map.pdf.

[14] Updated Oil and Gas Ordinance § 17.46.08.1(H).

[15] Updated Oil and Gas Ordinance § 17.46.032.4 & § 17.46.032.5.3.

level, but does not describe which rules would apply.[16] The CUP does not appear to include any air quality monitoring plans or measures.

- **Emergency Response Plan**: The updated ordinance requires an emergency response plan to deal with potential consequences and actions to be taken in the event of floods, earthquakes, hydrocarbon leaks or fires to be filed with the permit.[17] The Project contains no such plan.
- **Odor Minimization Plan**: The updated ordinance requires that an oil and gas operator shall comply with the provisions of an odor minimization plan that has been approved by the City Manager, if an exploration or production site is within 1,000 feet of any prohibited zones, including Residential 1-4 zones, as is the case here.[18] The CUP does include cursory mention that the Project will minimize odor and dust, but does not appear to include an official odor minimization plan.[19]

III. The Project as described fails to meet the conditions listed in the CUP.

The Development Agreement states that "*Provided the applicant satisfies all other appropriate conditions*, the City shall approve Conditional Use Permit(s) necessary to permit oil, gas, and mineral exploration and extraction within such designated drill pad sites."[20] The City has provided a list of specific conditions of approval.[21]

However, the Project fails to even comply with the conditions of approval included in the CUP. For instance:

- **Setbacks:** The CUP requires that no oil or gas well shall be drilled within one hundred (100) feet of any public highway or within one hundred and fifty (150) feet of any residence; additionally, the drilling site shall be at least 235 feet from Sycamore Street, and 165 feet from Meyers Street.[22] However, the proposed drilling area would only be approximately 80 ft from Sycamore Road.[23]
- **Hazardous Materials**: The CUP prohibits the transport, use or disposal of hazardous materials.[24] The permit claims that no hazardous material will be used during operations,

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[16] Staff Report, at 7.
[17] Updated Oil and Gas Ordinance § 17.46.08.1.
[18] The plan shall provide detailed information about the site and shall address all issues relating to odors from oil or gas operations. Matters addressed include setbacks, signs with contact information, logs of odor complaints, method of controlling odors such as flaring and odor suppressants, and the protocol for handling odor complaints. Updated Oil and Gas Ordinance § 17.46.032.2(A).
[19] Staff Report, at 7, 13.
[20] Development Agreement Between the City of Arvin and Westminster Capital LLC, Section 3.4 (emphasis added), included in Staff Report, at 2.
[21] Staff Report, Exhibit A: Conditions of Approval, Conditional Use Permit No. 2017-Petro Lud.
[22] Staff Report, at Exhibit A Conditions of Approval, Conditional Use Permit No. 2017-Petro Lud. (Condition 5 in Part C-Additional Conditions). *See also* Special Arvin Planning Commission Meeting Minutes 05/30/18, at 3 (extending the originally proposed setback of 175 feet to 235 feet).
[23] Staff Report, at 1-3, 11.
[24] Staff Report, at Exhibit A Conditions of Approval, Conditional Use Permit No. 2017-Petro Lud. (Condition 30 in Part C-Additional Conditions). *Available at*: http://www.arvin.org/wp-content/uploads/2018/05/053018-Special-Arvin-Planning-Commission-Meeting-Agenda.pdf.

yet contradicts itself by stating that "[s]ignificant amounts of hazardous substances will not be used."[25]

IV. Additional evidence of significant environmental impacts.

In CBA's first letter, we discuss that the City should deny the CUP because the Project will likely bring significant negative environmental and public health impacts that have not been properly reviewed and addressed under CEQA. We hereby submit a list of additional studies that oil and gas activities, and thus the exploration and production activities here, will likely result in significant impacts, in Appendix B.

Additionally, the Council's own finding that oil and gas drilling presents detrimental environmental and health effects is included in the updated oil and gas ordinance. The first sentence of the updated ordinance recognizes that:

> ***All oil and gas operations have the potential for significant and immediate impacts on the health, safety, and welfare of the citizens of Arvin*** through increased noise, odor, dust, traffic, and other disturbances, as well as the potential to significantly impact the City's air, water, soil, biological quality, geology, storm water and wastewater infrastructure, transportation, noise exposures, emergency response plans, aesthetic values, environmental and community resources.[26]

See additional findings on the potentially significant impacts of oil and gas operations, in Exhibit "A" Findings of Fact of the updated ordinance.[27]

For the reasons provided above, we urge you to overturn the Planning Commission's approval of this Project.

Sincerely,

/s/

Ingrid Brostrom and Chelsea Tu,
On Behalf of
Committee for a Better Arvin

[25] Staff Report, at 17.
[26] Intent Section of Updated Oil and Gas Ordinance.
[27] Updated Ordinance, Exhibit "A": Findings of Fact.

ATTACHMENT A

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June 13, 2018

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VIA EMAIL

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cc: Cecilia Vela, City Clerk <cvela@arvin.org>

RE: Appeal of Planning Commission Decision Approving Conditional Use Permit 2017-Petro-Lud – Stockton Project - Oil and Gas Exploratory and Production Well - APN 189-351-36

Mayor Gurrola and City Council Members:

Pursuant to Arvin Municipal Code § 17.54.130, the Committee for a Better Arvin ("CBA") submits this timely appeal of the City of Arvin Planning Commission's ("Planning Commission") decision, approving the above referenced Conditional Use Permit ("CUP") for four oil and gas exploratory and production wells ("Wells" or "Project"), at the May 30, 2018 Special Planning Commission meeting.
This appeal includes CBA's Statement of Interest and the reasons for appeal.

I. STATEMENT OF INTEREST

The Committee for a Better Arvin ("CBA") is a 501(c)(3) nonprofit organization in Kern County whose members reside in Arvin, California. CBA's mission is to improve the quality of life in Arvin, to inform and unite the community, to address problems facing the community, and to secure equality for all residents. CBA and its members have engaged in advocacy for improved local and regional air quality for many years and are concerned about the impacts of oil and gas development in the San Joaquin Valley. Particularly in light of the gas pipe leak in 2014 which forced eight Arvin families from their homes for about nine months, CBA's members are very

concerned about the safety and health impacts from oil and gas development within Arvin, especially without site-specific environmental review or mitigation. Therefore, CBA has a clear interest and relationship to the subject property and decision.

II. REASONS FOR APPEAL

The Planning Commission's decision is in error for the following reasons: first, the Planning Commission violated provisions of the California Environmental Quality Act ("CEQA"); second, the decision was made without sufficient due process; and third, the decision failed to comply with other laws and regulations.

A. CEQA Violations

i. Planning Commission May Not Rely on a Categorical Exemption

In issuing conditional use permits for oil and gas wells in Arvin, the Planning Commission must comply with the statutory and regulatory requirements of the California Environmental Quality Act. CEQA requires each agency to prepare an Environmental Impact Report ("EIR") when it proposes to approve or carry out a discretionary project that may have a significant impact on the environment, and to mitigate or avoid those significant impacts whenever feasible to do so. (Pub. Res. Code §§ 21002.1, 21061, 21080(a).) An agency may not avoid environmental review unless the project squarely falls within one of the "categorical exemptions" enumerated in CEQA's implementing regulations. (Cal. Code Regs. tit. 14, §§ 15061(b)(2), 15300-33.) These exemptions apply only to projects that fall within a predefined type of activity that have been analyzed and determined not to have a significant effect on the environment. (Pub. Res. Code § 21084(a); Cal. Code. Reg. tit. 14, § 15300.)

The Planning Commission violated CEQA by relying on a regulatory exemption for "New Construction or Conversion of Small Structures" that is wholly inapplicable to oil and gas drilling and production. (Cal. Code Regs. tit. 14, § 15303.) Class 3 exemptions consists of construction and location of limited numbers of new, small facilities or structures; installation of small new equipment and facilities in small structures; and the conversion of existing small structures from one use to another where only minor modifications are made in the exterior of the structure. *Id.* This exemption is limited to certain single or small multi-family residences, small commercial buildings, utility line extensions, and accessory structures such as patios or fences. *Id.* The exemption does not include oil and gas drilling, extraction or production, or anything remotely similar to an industrial land use.

The Planning Commission's reliance on an exemption is especially inappropriate since there are known significant environmental and public health impacts associated with oil and gas drilling, including the risk of fire and explosion due to ignition of flammable vapors or gases, contamination of domestic and agricultural water supplies, the use of large amounts of water, the emission of hazardous air pollutants, and impacts associated with trucking if the wells enter production.[1] In a recent letter to the Planning Commission, the Attorney General's office declared that "oil and gas production is a source of pollutants such as hydrogen sulfide, benzene, formaldehyde, hexane, and xylene" and stated that the active oil and gas sites located in Arvin "contribute to the City's air

[1] *See., e.g.,* Los Angeles County Department of Public Health. Public Health and Safety Risks of Oil and Gas Facilities in Los Angeles County (February 2018)(containing literature review of health and environmental impacts of oil and gas production in California and other states). *Available at*: http://publichealth.lacounty.gov/eh/docs/PH_OilGasFacilitiesPHSafetyRisks.pdf.

pollution problems." June 8, 2018 Letter from Deputy Attorney General Tatiana K. Gaur to Arvin Mayor, City Councilmembers and Planning Commission Members at 2 (Attachment A).

The Planning Commission's decision to approve the CUP for the Wells is also problematic given the City of Arvin made explicit findings as part of its Oil and Gas Ordinance update that "oil and gas operations have the potential to impact water quality, surface water and groundwater supplies," that "all extraction activities come with some risk of surface or groundwater contamination from the accidental or intentional release of waste water," that "oil and gas operations generate a significant amount of truck traffic," that "odors, air pollution and particulate matter can be produced as a result of oil and gas operations," and that "development and production of oil and gas operations involve multiple sources of physical stressors such as noise, light, vibrations, toxicants, and impacts on air emissions." An Ordinance by the City Council of the City of Arvin, California, to Adopt Text Amendment No. 2017-04, An Oil and Gas Ordinance for Regulation of Petroleum Facilities and Operations ("Updated Arvin Oil and Gas Ordinance"), at 12-15.[2] Based on well-known environmental and health impacts from oil and gas drilling, and the City's own findings on likely impacts associated with oil and gas development within the city, the Planning Commission may not exempt this project from environmental review.

Finally, if a project may have significant impacts requiring mitigation, a categorical exemption is inappropriate. *Salmon Protection & Watershed Network v. County of Marin* (2004) 125 Cal.App.4th 1098. If there is a reasonable possibility of a significant effect, then the project must be reviewed under CEQA, and mitigation measures may be considered only as part of that CEQA review. *Id.* at 1102. Here, the applicant declares that compliance with air district rules "will reduce any air quality impacts of the proposed project to a less than significant level," that "a weed abatement and brush clearance maintenance will be implemented to reduce fire hazards to developed property," and that "dust will be minimized by daily spraying during active operations." Operational Statement Checklist in Agenda Report on City of Arvin CUP2017-Petro-Lud – Stockton Project - Oil and Gas Exploratory and Production Well -APN 189-351-36 Southwest Corner of Sycamore Road and Meyer Street, May 30, 2018 ("Agenda Report"), at 6-7.[3] These statements confirm that the project has impacts that need to be mitigated under CEQA. A lead agency is required to evaluate significant project impacts and mitigation measures prior to project approval. *Oakland Heritage Alliance v. City of Oakland* (2011) 195 Cal.App.4th 884. As such, a categorical exemption is inappropriate.

ii. Project Description is Inaccurate, Unstable, and Not Finite

The project description must be accurate, stable and finite to determine and assess project impacts and necessary mitigation measures. *County of Inyo v. City of Los Angeles* (1977) 71 Cal.App.3d 185, 193. Here, the Project's duration is not finite, and the Project's components are not stable.

First, the duration of the project is unclear and not finite. The applicant states that if the well is used for production, the economic life of the well "could be twenty years or longer." Agenda Report at 5. Yet in its description of features that "serve to reduce its potential impact," the City lists

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[2] *Available at:* http://www.arvin.org/wp-content/uploads/2018/06/061218-Arvin-Planning-Commission-Meeting-Agenda.pdf (Exhibit A of Resolution Recommending Adoption Of An Ordinance By The City Council Of the City Of Arvin, To Adopt Text Amendment No. 2017-04, An Oil And Gas Ordinance For Regulation Of Petroleum Facilities And Operations).

[3] *Available at:* http://www.arvin.org/wp-content/uploads/2018/05/053018-Special-Arvin-Planning-Commission-Meeting-Agenda.pdf.

"Short Duration" as a factor and explains that exploratory and production drilling will be a temporary activity. Agenda Report at 18.

The materials provided to the decisionmakers and the public do not provide clarity on whether a pipeline is envisioned as part of the project. For example, in the Description of the Project, the agenda report states that "if there is a sufficient volume of gas available on a regular basis, it will be transported by pipeline to a nearby gas purchaser, flared or eventually reinjected into in the production formation to maintain reservoir pressure." Agenda Report at 4. However, elsewhere in the same report, the City states that "no pipelines are proposed to carry away produced oil or gas. Instead, any oil or gas will be produced into and shipped from tanks located on the premise." Agenda Report at 13. Not only do these ambiguous and contradictory statements deprive the decisionmakers and members of the public with an adequate understanding of the scope of the project, it also prevents a full assessment of project impacts, mitigation measures, and project alternatives.

Finally, the City acknowledges that many features of the project will only be defined at a later point, after exploratory drilling is completed. For example, the agenda report states that "[t]he capacity of the well will be estimated at this time [after exploratory drilling] and permanent facilities will be designed based on the expected capacity and installed shortly thereafter." Agenda Report at 4.

Since the nature of the project remains speculative at this point, the City is unable to assess the full extent of the impacts associated with production wells. As a result, the Project review is also piecemealed,[4] and fails to identify significant environmental impacts that could have warranted denial of this Project. As such, additional CEQA review and permits are required

iii. Planning Commission Has Failed to Fully Analyze, Address, and Mitigate Project Impacts

In addition to the impacts referenced in Section II.A.i of this letter, the Planning Commission failed to fully analyze, address, and mitigate direct and indirect impacts associated with the project, including but not limited to:

- Trucks traffic and diesel emissions associated with transporting oil and gas from project site, especially if wells enter into production.
- Lifecyle impacts associated with oil and gas extraction and use.
- Cumulative impacts of oil and gas exploration and production activities in Kern County.
- Impacts associated with a potential pipeline, including risk of leaks or explosions.
- Lifecyle impacts of the wells, including well abandonment and closure.

Impacts prior to transforming any exploratory well into a production well.

[4] [Environmental review] must include an analysis of the environmental effects of future expansion or other action if: (1) it is a reasonably foreseeable consequence of the initial project; and (2) the future expansion or action will be significant in that it will likely change the scope or nature of the initial project or its environmental effect." *Laurel Heights Improvement Association v. Regents of the University of California* (1988) 47 Cal.3d 376, 390.

B. Planning Commission Failed to Provide Due Process

The Planning Commission has failed to provide adequate due process for the public to review the Project, as required under the law. (Cal. Const. at. XI, section 7, Government Code sections 65864 - 65869.5, and California Government Code sections 54950 – 54963). Local administrative bodies, including the Arvin Planning Commission, have the constitutionally granted police power to deny applications for CUPs to preserve and protect public health. It may not waive its authority and may not waive other statutory requirements, such as compliance with required public notice and comment and environmental review, through a private contract. However, by "binding" the City to issue a Conditional Use Permit for oil and gas development through a private contract, the City prevented the public from participating in an open and transparent review process for this Project. The decades old private development agreement that "requires" the City to issue a Conditional Use Permit Authorization of the Stockton Project subjects the residents of Arvin to environmental and public health impacts that have not undergone adequate review.

The Conditional Use Permit was issued per a Development Agreement that was most recently amended in May 2018. The City Council agendas for May 1st and 15th list the Development Agreement under the title of "AN UNCODIFIED ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ARVIN FOR A THIRD AMENDMENT TO THE DEVELOPMENT AGREEMENT WITH WESTMINSTER CAPITAL, INC."[5] This does not give any information to interested parties such as CBA to comment on the development agreement which directly contradicts another item on the agenda for that evening, an update of the City's Oil and Gas ordinance. CBA had been asking for an updated ordinance for years and the City Council considered updating the ordinance in November 2017.[6]

The Development Agreement upon which the CUP is based runs contrary to the very efforts the City is undertaking to increase setbacks between residences and oil wells. Without adequate notice and information, interested residents were not given the opportunity to comment and engage in the public process. (Govt. Code Sec. 65867). The City should reconsider the Conditional Use Permit approval to exercise its policy powers and afford concerned Arvin residents the opportunity to consider the amended Development Agreement given the City's proposed new oil and gas ordinance which is scheduled to be heard by the City Council in the next month.

C. Planning Commission Failed to Comply with Other Laws and Regulations

The Arvin Planning Commission approved the Updated Arvin Oil and Gas Ordinance regulating oil and gas operations on June 12, 2018, recognizing that additional protections from oil and gas development are warranted.[7] Since this Project's approval is not final and still pending a decision from the City Council, the City should require the same protections in the Project as those included in the updated ordinance. The updated ordinance addresses a variety of environmental resources, including adding protections to Arvin's groundwater. If this project does not comply with Arvin' s updated oil and gas ordinance, the project will cause Arvin to be in violation of the Sustainable Groundwater Management Act or its local Groundwater Sustainability Plan that require

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5 *Available at* https://www.arvin.org/wp-content/uploads/2018/05/050118-Arvin-City-Council-Meeting-Agenda.pdf
6 *Available at* https://www.arvin.org/wp-content/uploads/2015/08/112117-Arvin-City-Council-Mtg-Agenda-1.pdf
[7] *See* Luis, *Arvin Commission Approves Regulation Changes for Oil and Gas Operators*, Bakersfield Californian (June 12, 2018). *Available at:* http://www.bakersfield.com/news/arvin-commission-approves-regulation-changes-for-oil-and-gas-operators/article_ea3eb8d6-6ec1-11e8-b315-235800b1b58a.html. *See also* Footnote 2, above.

improvements to, and not degradation of, groundwater supplies by 2040. The Arvin General Plan acknowledges that that Arvin relies upon groundwater for its water resources and is in a high-priority groundwater basin. Absent application of Arvin's updated oil and gas ordinance, Arvin will not be able to comply with its groundwater obligations.

III. CONCLUSION

Pursuant to Arvin Municipal Code § 17.54.130, please schedule a date for hearing this appeal at the next regular City Council meeting. Please also contact us directly should you have any questions regarding this appeal.

Sincerely,

/s/

Ingrid Brostrom,
On behalf of
Committee for a Better Arvin

ATTACHMENT A

XAVIER BECERRA
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State of California
DEPARTMENT OF JUSTICE

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June 8, 2018

Via E-mail and Overnight Mail

Mayor, City Councilmembers and
Planning Commission Members
City of Arvin
City Hall Council Chambers
200 Campus Drive
Arvin, CA 93203

RE: Proposed Ordinance No. 18-XX to Adopt Text Amendment No. 2017-04 and Ordinance for Regulation of Petroleum Facilities and Operations by Repealing Chapter 17.46, Title 17, and Adding Chapter 17.46 to Title 17 of the Arvin Municipal Code

Dear Mayor, City Councilmembers, and Planning Commission Members:

The Attorney General's Office is writing in support of the City of Arvin's ("City" or "Arvin") proposal to adopt the above-referenced Ordinance No. 18-XX to regulate petroleum facilities and operations within its boundaries ("Ordinance"). The Ordinance will repeal and replace the City's outdated regulations of oil and gas sites with new requirements, including zoning restrictions prohibiting oil and gas sites within specified zones and setbacks from residential and other sensitive areas. The Ordinance was developed for the purpose to protect public health, safety and the environment "by the reasonable regulation" of placement of oil and gas sites within the City of Arvin. (Ordinance, Exhibit B, Arvin Municipal Code, Title 17, Chapter 17.46 (hereinafter "Chapter 17.46"), § 17.46.01 (B).) As discussed in detail below, the proposed prohibited zones and setbacks are reasonable measures to regulate the placement of oil and gas sites in the City, the City has authority to adopt them, and they are not preempted.

I. City of Arvin

Arvin is home to a predominantly Hispanic, low-income community with a high percentage of young children as compared to other California communities.[1] The City's residents experience serious air quality and related public health problems. Arvin ranks as one of the most overburdened communities in California on CalEnviroScreen, a statewide mapping tool

[1] See CalEnviroScreen 3.0 Results for Arvin, CA <https://oehha.maps.arcgis.com/apps/webappviewer/index.html?id=4560cfbce7c745c299b2d0cbb07044f5> (as of June 5, 2018).

developed by the Office of Environmental Health Hazard Assessment of the California Environmental Protection Agency to identify communities disproportionately impacted by pollution.[2] CalEnviroScreen uses environmental, health, and socioeconomic information to produce scores and rank every census tract in the state. A census tract with a high score is one that experiences a much higher burden than a census tract with a low score.[3] Specifically, CalEnviroScreen results show that the City's ozone and particulate matter concentrations are higher than 94 - 98% of the rest of the state. In addition to air quality and related public health issues, Arvin's residents are also exposed to high levels of pesticides (93rd – 98th percentile in the state) and drinking water contaminants (87th - 88th percentile in the state). The City's residents are especially vulnerable to pollution exposure given their high rates of poverty (99th percentile) and unemployment (95th percentile) and low levels of educational attainment (100th percentile).

The City is located in the southern end of the San Joaquin Valley in Kern County. The majority of oil and gas production in the state occurs in the San Joaquin Valley, and this region "suffers from chronic air pollution."[4] Oil and gas production is a source of pollutants such as hydrogen sulfide, benzene, formaldehyde, hexane, and xylene.[5] There are a number of active oil and gas sites located within the City. These sites contribute to the City's air pollution problems. In March 2014, eight Arvin families were evacuated after a toxic gas leak was detected from an underground oilfield production pipeline located near their homes. Following this incident, the Department of Oil, Gas and Geothermal Resources ("DOGGR") imposed a $75,000 fine on the owner and operator of the pipeline.

II. The Ordinance

The Ordinance was developed at the direction of City Council in order to replace the City's existing regulations of oil and gas production that were adopted in 1965, more than 50 years ago. The Ordinance will institute various requirements related to the siting of oil and gas sites within Arvin's boundaries for the stated purpose of protecting public health, safety and the environment.

In particular, the Ordinance designates the specific zones in the City where oil and gas sites are allowed and prohibited. The prohibited zones include the City's residential zones, the pedestrian-oriented mixed-use overlay zone, the professional office zone, the neighborhood commercial and restricted commercial zones, the automobile parking zone, the architectural design zone, the precise development zone, and the open space zone. (Chapter 17.46, § 17.46.03.) Oil and gas sites are allowed in the City's general commercial zone, the

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[2] See CalEnviroScreen 3.0 Results for Arvin, CA <https://oehha.maps.arcgis.com/apps/webappviewer/index.html?id=4560cfbce7c745c299b2d0cbb07044f5> (as of June 5, 2018).
[3] See Office of Environmental Health Hazard Assessment, CalEnviroScreen 3.0 Report (January 2017) <https://oehha.ca.gov/media/downloads/calenviroscreen/report/ces3report.pdf> (as of June 6, 2018).
[4] California Council on Science and Technology, An Independent Scientific Assessment of Well Stimulation in California (July 2015) ("CCST Study"), Volume III, p. 6.
[5] *Id.*, p. 268.

manufacturing zones, the light and general agricultural zones, and the buffer zone. (*Id.*) In addition, the Ordinance specifies setbacks for oil and gas sites. Under the Ordinance, new oil wells must be located more than 300 feet from the property boundaries of any public school, public park, clinic, hospital, long-term health care facilities, residences or residential zones (with some exceptions), and commercially designated zones (*Id.*, § 17.46.022.A.1-3.) Importantly, the Ordinance specifically states that it supplements DOGGR's regulations of oil and gas activities and in cases of conflict with state laws and regulations, state laws and regulations will prevail. (*Id.*, § 17.46.05.)

III. The Adoption of Setbacks and Prohibited Zones to Protect Public Health Is Reasonable

The benefits of siting oil and gas sites away from residences and other sensitive receptors to reduce public health impacts have been recognized. A 2015 study conducted by the California Council on Science and Technology concluded that "[m]any of the constituents used in and emitted by oil and gas development can damage health and place disproportionate risks on sensitive populations." (CCST Study, Volume III, p. 13.) This study also found that "[t]he closer citizens are to these industrial facilities, the higher their potential exposure to toxic air emissions and higher risk of associated health effects." For this reason, "the scientific literature supports the recommendation for setbacks" and the "need for setbacks applies to all oil and gas wells." (CCST Study, Volume II, p. 431.) A recent Maryland public health study recommended a 2,000-foot setback from well pads in Maryland. (University of Maryland, Maryland Institute for Applied Environmental Health, Potential Public Health Impacts of Natural Gas Development and Production in the Marcellus Shale in Western Maryland (July 2014), p. 91.)

To help reduce the potential health impacts from oil and gas production activities, a number of local jurisdictions in oil-producing states, such as Texas, have established setbacks even stricter than the setbacks and prohibited zones proposed in the Ordinance. (See City of Dallas Development Code, Chapter 51A, Art. IV § 51A-4.203(b)(3.2)(F)(ii)(aa) [establishing 1,500-foot setback between oil and gas production sites and protected uses]; City of Flower Mound Code of Ordinances, Subpart A, Chapter 34, Art. VII, § 34-422(d) [establishing setbacks between oil and gas wells and residential areas, schools, parks, and public highways ranging from 750 feet to 1,500 feet]; City of Denton Development Ordinance, Subchapter 5, § 35.5.10.2 (B) [establishing setbacks between new gas drilling and production sites and residential, commercial and mixed use areas ranging from 500 to 1,000 feet].) Setbacks and prohibited zones have also been implemented by local jurisdictions in California. (See City of Carson Municipal Code, Article IX Planning and Zoning, Chapter 5 Oil and Gas Code, §§ 9502, 9521 [prohibiting the location of oil and gas sites in residential, commercial neighborhood and commercial automotive, mixed use, open space, and special uses zones and establishing 750-foot setback between wells and the property boundary of any public school, public park, clinic, hospital, long-term health care facility, residences and residential zones (with certain exceptions), and various commercial designated zones].)

In light of Arvin's severe air pollution problems, the overall disproportionate pollution burdens experienced by Arvin's residents, and the community's vulnerability to that pollution,

the proposed setbacks and prohibited zones in the Ordinance are reasonable to reduce air pollution and public health impacts from oil and gas operations within the City. Indeed, as the proposed Findings of Fact supporting the Ordinance recognize, the deleterious impacts of oil and gas operations, including odors, air pollution and particulate matter, "are not localized, but can be spread" at distances of more than 1,500 feet. (Ordinance, Exhibit A, Finding of Fact No. IV.) Because of these negative impacts in Arvin, its oil and gas sites "should be directed away from areas with residential land use designations, and other sensitive uses, and the operations regulated to reduce adverse impacts on residents and the community." (*Id.*, Finding of Fact No. VII.)

Importantly, the proposed restrictions will not prohibit all oil and gas operations in the City but rather the Ordinance will allow such operations to continue in a manner that prevents the future placement of wells near designated sensitive areas. The Ordinance will not prevent the operation of existing oil and gas wells located within the prohibited zones or setbacks if these sites can demonstrate vested rights. (See Chapter 17.46, §§ 17.46.02.B, 17.46.022.C.) Moreover, the proposed prohibited zones and setbacks will not eliminate future access to subsurface oil and gas resources. The City has determined that oil and gas resources located within Arvin's prohibited zones and setbacks can be accessed through horizontal directional drilling and other methods, including rezoning areas to change allowed uses. (Ordinance, Exhibit A, Finding of Fact No. XII.)

IV. The City Has Authority to Adopt Zoning and Setback Provisions for Oil and Gas Sites

The Ordinance's proposed prohibited zones and setbacks are within the City's power to regulate land uses within its jurisdiction. As the California Supreme Court has explained, "[l]and use regulation in California historically has been a function of local government under the grant of police power contained in article XI, section 7 of the California Constitution." (*Big Creek Lumber Co. v. Cty. of Santa Cruz* (2006) 38 Cal.4th 1139, 1151.) Thus, a "city ha[s] 'the unquestioned right to regulate the business of operating oil wells within its city limits, and to prohibit their operation within delineated areas and districts, if reason appears for so doing.'" (*Beverly Oil Co. v. City of Los Angeles* (1953) 40 Cal.2d 552, 558.) Indeed, a city's authority to regulate zoning within its boundaries is "one of the most essential powers of the government, one that is the least limitable." (*Id.* [citing *Chicago & Alton R. Co. v. Tranbarger* (1915) 238 U.S. 67, 68].) Consistent with these principles, California's appellate courts have found that the "[e]nactment of a city ordinance prohibiting exploration for and production of oil, unless arbitrary, is a valid exercise of the municipal police power." (*Hermosa Beach Stop Oil Coalition v. City of Hermosa* (2001) 86 Cal.App.4th 534, 555. The City of Hermosa Beach found that the ban "is necessary to preserve the environment, as well as to protect the public health, safety and welfare of people and property" within the city. (*Ibid.*) The court upheld the ban, concluding it is "presumptively a justifiable exercise of the City's police power." (*Ibid.*)

Similarly, here the proposed Ordinance seeks to institute setbacks and prohibited zones for the purpose of protecting public health, safety and the environment. Moreover, the Ordinance is supported by extensive findings demonstrating that these limitations on oil and gas activities

within Arvin are necessary to protect the local environment and public health of the City's residents. (See Ordinance, Exhibit A, Findings of Fact.) The Attorney General's Office believes that the proposed setbacks and prohibited zones in the Ordinance are properly within the City's police power.

V. The Setbacks and Prohibited Zones Provisions Are Not Preempted by State Law

The Attorney General's Office understands that some commenters have asserted that the Ordinance is preempted by state regulation of oil and gas operations. "[W]hen local government regulates in an area over which it traditionally has exercised control, such as the location of particular land uses, California courts will presume, absent a clear indication of preemptive intent from the Legislature, that such regulation is *not* preempted by state statute." (*Big Creek Lumber Co.*, 38 Cal.4th at p. 1150 [emphasis in original].) As the California Supreme Court has explained, local zoning ordinances prohibiting oil and gas drilling within the local jurisdiction's territory are legal. (See *Pacific P. Assn. v. Huntington Beach* (1925) 196 Cal. 211, 217; *Beverly Oil Co. v. City of Los Angeles* (1953) 40 Cal.2d 552, 558.)

Here, the California legislature has not expressed a "clear indication of preemptive intent" with respect to local zoning and land use regulations regarding the location of oil and gas activities within a city or county. (See Pub. Resources Code, § 3690 ["This chapter shall not be deemed a preemption by the state of any existing right of cities and counties to enact and enforce laws and regulations regulating the conduct and location of oil production activities, including...zoning,... public safety, [and] nuisance."].) Indeed, as the Attorney General has recognized, while state oil and gas regulations likely preempt any local regulations of subsurface oil and gas activities, local regulations of surface activities for purposes such as environmental protection and public safety, among others, are not necessarily preempted by state laws. (59 Ops. Cal. Atty. Gen. 461, 479-480 (1976).) The prohibited zones and setback provisions of the Ordinance are not regulations of subsurface activities. Rather, as discussed above, the provisions are zoning and land use regulations adopted for the purpose of protecting public health and safety from the impacts of oil and gas activities. Consequently, in light of the above analysis, the prohibited zones and setback requirements in the Ordinance are not expressly preempted by state law.

Local regulations may also be preempted by implication. Implied preemption is found only where the claimant demonstrates that the: 1) the state law completely occupies the field of regulations leaving no space for local regulation, 2) the local law duplicates the state law, or 3) the local law contradicts state law. (See *City of Riverside v. Inland Empire Patients Health and Wellness Center, Inc.* (2013) 56 Cal.4th 729, 754-755.) A local law contradicts state law when it is "inimical" to it. (*Big Creek Lumber Co.*, 38 Cal.4th at p. 1150.) "The 'contradictory and inimical' form of preemption does not apply unless the ordinance directly requires what the state statute forbids or prohibits what the state enactment demands." (*City of Riverside*, 56 Cal.4th at p. 743.) However, "[p]reemption by implication of legislative intent may not be found when the Legislature has expressed its intent to permit local regulations. Similarly, it should not be found

when the statutory scheme recognizes local regulations." (*People ex rel. Deukmejian v. Cty. of Mendocino* (1984) 36 Cal.3d 476, 485.)

Under the standards for implied preemption, the proposed setbacks and prohibited zones in the Ordinance are not preempted by implication. First, and as discussed above, state law has not completely occupied the field of regulation related to the location of oil and gas activities for purposes of protection of public health, safety and the environment. (See Pub. Resources Code, § 3690; 59 Ops. Cal. Atty. Gen. at p. 481 ["[t]he state does not appear to have occupied [the field of well location] to the exclusion of local entities"].)

Second, the proposed setbacks and prohibited zones do not duplicate state law. State law does not include provisions prohibiting the location of oil and gas sites in specified zoning areas. Additionally, while the state law regulating oil and gas operations oil and gas operations contains well spacing requirements, they are not identical to the proposed setbacks. The state's well spacing requirements dictate that a well located within 100 feet of the parcel boundary or a public street or 150 feet of another well is a public nuisance. (Pub. Resources Code, § 3600.) By comparison, the proposed setbacks in the Ordinance do not state that a well located within the proscribed limits is a public nuisance. Instead, the Ordinance requires wells to be sited more than 300 feet from residential and other sensitive areas in order to protect the health of the community.

Third, the setbacks and prohibited zones do not contradict state regulation of oil and gas activities. The proposed local restrictions were developed to protect public health and the environment and do not interfere with the state's goal to develop and utilize oil and gas resources. Specifically, the Ordinance will not prevent the operation of oil and gas wells currently existing within the prohibited zones and/or setbacks if these sites can demonstrate vested rights and will not eliminate future access to subsurface oil and gas resources located in the restricted areas. (See Ordinance, Exhibit A, Finding of Fact No. XII; Chapter 17.46, §§ 17.46.02.B, 17.46.022.C.) For these reasons, the proposed setbacks and prohibited zones do not contradict but rather align with the state's goal to encourage the wise development of oil and gas resources while preventing damage to life, health, property, and natural resources. (Pub. Resources Code, § 3106.) Moreover, even if the imposition of setbacks and prohibited zones could conflict with state regulations, the Ordinance specifically states that in the event of any such conflict the state law is controlling. (Chapter 17.46, § 17.46.05.) Thus, the proposed setbacks and prohibited zones in the Ordinance cannot contradict the state's oil and gas law, and therefore, in our opinion, these requirements are not preempted by implication.

This conclusion is consistent with the 1976 Attorney General opinion on the issue of local regulation of oil and gas activities. The opinion concluded that local governments can prohibit oil and gas operations within all or part of their territory and such prohibitions are not preempted. (59 Ops. Cal. Atty. Gen. at pp. 468, 480, 483, 489, 491, 492.) The opinion also stated that local governments can adopt setbacks if: 1) the setbacks do not contradict a specific well spacing variance or plan approved by the state, 2) are more stringent than the state requirements, and 3) do not frustrate the purpose of the state regulations. (*Id.* at p. 484.) Here the setbacks do not contradict a well spacing plan, are more stringent than the state well spacing regulations, and

appear not to frustrate the purpose of the state regulations. Therefore, the Attorney General's Office believes that proposed setbacks and prohibited zones in the Ordinance are not preempted by state law.

For the reasons provided above, the City of Arvin should adopt the prohibited zones and setbacks proposed in the Ordinance.

Thank you for the opportunity to submit these comments.

Sincerely,

Tatiana K. Gaur

TATIANA K. GAUR
Deputy Attorney General

For XAVIER BECERRA
Attorney General

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ATTACHMENT B

General Studie on the Impacts of Oil and Gas Activitiess	
Citation	**Synopsis in Relevant Part**
James Sadd, Bhvana Shamasunder, Drilling Down: The Community Consequences of Expanded Oil Development in Los Angeles 31 (Liberty Hill Foundation, 2013). Accessible at https://www.libertyhill.org/sites/libertyhillfoundation/files/Drilling%20Down%20Report_1.pdf	This report recommends measures required by the ordinance, including limiting the number of wells, limiting the hours of operation, and implementing a public review process when developing new wells. It also examines opportunities in the Los Angeles area to implement new environmental measures to protect vulnerable populations.
Seth B. Shonkoff, Rachel Morello-Frosch, Manuel Pastor, James Sadd, Environmental Health and Equity: A Review of the Literature (California Climate Change Center, 2009). Accessible at http://www.energy.ca.gov/2009publications/CEC-500-2009-038/CEC-500-2009-038-D.PDF	This report shows that when Early Action Measures are adopted to reduce NOx and PM pollution, low-SES groups experience greater health. Local mitigation measures can impact pollution levels in the area.
California Air Resources Board, Air Quality and Land Use Handbook: a Community Health Perspective (2005). Accessible at https://www.arb.ca.gov/ch/handbook.pdf	The Air Resources Board recommends siting pollution-generating industries and facilities away from sensitive facilities.
G.V. Chilingar, B. Endres, *Environmental Hazards Posed By the Los Angeles Basin Urban Oilfields: an Historical Perspective of Lessons Learne*d (Environmental Geology 47 (2): 307-12. 2005). Accessible at http://www.saveballona.org/gasoilfields/endreslabasin.pdf	This study shows that there is an urgent need for closer coordination and education by the petroleum industry of the local government planning departments. Further, environmental hazards are caused by urban oil and gas drilling, including soil, water, and air contamination.
Theo Colborn, Carol Kwiatkowski, Kim Schultz, Mary Bachran, *Natural Gas Operations from a Public Health Perspective* (Human and Ecological Risk Assessment: An International Journal 17 (5): 1039–56. 2011) Accessible at https://www.biologicaldiversity.org/campaigns/fracking/pdfs/Colborn_2011_Natural_Gas_from_a_public_health_perspective.pdf	Of chemicals produced by natural gas operations, 75% harm the sensory, respiratory and gastrointestinal organs, 40-50% can affect the brain, lungs, nervous system and kidney, 37% could affect endocrine systems and 25% cause cancer and mutations.
Los Angeles County Department of Public Health, Key Indicators of Health: Physical Determinants, Social Outcomes (2013). Accessible at http://publichealth.lacounty.gov/docs/keyindicators.pdf	This study demonstrates that living in a neighborhood with pollution can lead to negative health outcomes.
Bahram Fazeli, Cumulative Impacts: Changing Regulatory Culture to Address Environmental Injustice & Environmental Racism - Case Studies and Recommendations (Communities for a Better Environment, 2009). Accessible at: https://www.cbecal.org/wp-content/uploads/2012/05/Culumative-Impacts-report.pdf	This report demonstrates that local regulatory culture can have a substantial impact on addressing public health crises. It recommends using local ordinances to meet gaps left by Federal and State policies that leave Environmental Justice (EJ) communities behind.
Office of Environmental Health Hazard Assessment, Cal Enviro Screen 3.0. Accessible at https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-30	Tool that shows the air quality of EJ communities in Kern County.
South Coast Air Quality Management District, Multiple Air Toxics Exposure Study in the South Coast Air Basin: MATES IV (2015). Accessible at	Since the last MATES study, there have been numerous regulations and initiatives to reduce diesel exhaust emissions by local, state and national authorities. These efforts have

https://www.aqmd.gov/docs/default-source/air-quality/air-toxic-studies/mates-iv/mates-iv-final-draft-report-4-1-15.pdf?sfvrsn=7	been successful in reducing actual risks from air toxics exposure.
Susan Blackwell et al., Public Health and Safety Risks of Oil and Gas Facilities in Los Angeles County (Los Angeles County Department of Public Health, 2018). Accessible at: http://publichealth.lacounty.gov/eh/docs/PH_OilGasFacilitiesPHSafetyRisks.pdf	Quality exposure data to accurately assess risk is lacking for epidemiological studies, but case studies, reports, and findings indicate that public health intervention to protect against potential negative environmental and health impacts from oil and gas operations is needed. The report specifically recommends that Los Angeles County and local jurisdictions within the County should expand the minimum setback distance beyond 300 feet.

Transportation	
Link to Report, Study or Document	**Synopsis in Relevant Part**
A.B. Lobscheid et al., *Intake Fractions of Primary Conserved Air Pollutants Emitted from On-road Vehicles in the United States*, 69 Atmospheric Env't (2012). https://www.sciencedirect.com/science/article/pii/S1352231012008989	This study shows how to calculate potential exposure to transportation related emissions.
J.D. Marshall et al., *Intake Fraction of Primary Pollutants: Motor Vehicle Emissions in the South Coast Air Basin*, 37 Atmospheric Env't (2003). https://depts.washington.edu/airqual/Marshall_3.pdf	This study examines exposure to air pollutants in the South Coast Air Basin. The approach demonstrated here can inform policy decisions requiring a metric of population exposure to airborne pollutants.
Liberty Hill Foundation, The Community Consequences of Expanded Oil Development in Los Angeles (2015). https://www.libertyhill.org/sites/libertyhillfoundation/files/Drilling%20Down%20Report_1.pdf	This study demonstrates that the most precautionary approach to reduce exposure to environmental toxins is to restrict—or even prohibit—both new and current oil extraction operations inside of a buffer zone, thereby better protecting the health and quality of life of adjacent neighborhood residents. The study also suggests that a strong case can be made for a 1,500-foot buffer zone to provide for maximum safety - see page 29.
California Air Resources Board, Environmental Health and Equity Impacts From Climate Change and Mitigation Policies in California: A Review of the Literature, (2009). http://www.energy.ca.gov/2009publications/CEC-500-2009-038/CEC-500-2009-038-D.PDF	This study suggests that low-income and minority communities that live closer to highways and goods transport corridors could bear disproportionate health burdens if fuels like E85 prove to be more toxic than gasoline. See page 16.
California Air Resources Board, Air Quality and Land Use Handbook: A Community Health Perspective, (2005). http://www.arb.ca.gov/ch/handbook.pdf	The handbook contains recommendations for transport and other localized separation measures and shows that air pollution exposure can be reduced as much as 80%. See pages 4 - 5.
B. Brunekreef et al., *Air Pollution From Truck Traffic and Lung Function in Children Living Near Motorways*, Epidemiology (1997). https://www.ncbi.nlm.nih.gov/pubmed/9115026	This study from the Netherlands indicates that exposure to traffic-related air pollution, in particular diesel exhaust particles, may lead to reduced lung function in children living near major motorways.

S. Lin et al., *Childhood asthma hospitalization and residential exposure to state route traffic,* Env't Res. (2002). https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1448429/	This study found a clustering of asthma cases in close proximity to a large freeway in New York and a decreased risk of asthma prevalence the farther an individual resides from the source of exposure. The study suggested that living near a freeway increases the chances of contracting asthma.
Venn. et al., *Living Near a Main Road and the Risk of Wheezing Illness in Children*, 164 Am. J. of Respiratory and Critical Care Med., (2001). https://www.atsjournals.org/doi/pdf/10.1164/ajrccm.164.12.2106126	This study shows that among children living within 150 meters of a main road, the risk of wheeze increased. Most of the increased risk was localized to within 90 meters of the roadside. The study concludes that living within approximately 90 meters of a main road is associated with a proximity-related increase in the risk of wheezing illness in children.
J. Kim et al., *Traffic-Related Air Pollution and Respiratory Health: East Bay Children's Respiratory Health Study*, 170 Am. J. of Respiratory and Critical Care Med. (2004). https://www.atsjournals.org/doi/full/10.1164/rccm.200403-281OC	This study observed differences in concentrations between schools nearby versus those more distant (or upwind) from major roads finding associations between respiratory symptoms and traffic-related pollutants. The findings support the hypothesis that traffic-related pollution is associated with respiratory symptoms in children.
Y. Zhu et al., *Study of Ultra-Fine Particles Near A Major Highway With Heavy Duty Diesel Traffic*, 36 Atmospheric Env't (2002). https://www.researchgate.net/publication/222700765_Study_of_ultrafine_particles_near_a_major_highway_with_heavy-duty_diesel_traffic	This study provides a method for determining air pollution from a major highway. The study shows that particulate matter stays near highways and the surrounding area.
RJ Delfino, *Epidemiologic Evidence for Asthma and Exposure to Air Toxics: Linkages Between Occupational, Indoor, and Community Air Pollution Research*, 110 Envtl. Health Persp. (2002). https://escholarship.org/uc/item/1pt8r9vk	This study demonstrates that outdoor ambient air pollutant exposures in communities are relevant to the acute exacerbation and possibly the onset of asthma.
P. English et al., *Examining Associations Between Childhood Asthma and Traffic Flow Using a Geographic Information System*, 107 Envtl. Health Persp. (1999). https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1566466/	This study used geographic information systems and routinely collected data to explore whether childhood residence near busy roads was associated with asthma in a low-income population in San Diego County, California. The results of this exploratory study suggest that higher traffic flows may be related to an increase in repeated medical visits for children with asthma. Repeated exposure to particulate matter and other air pollutants from traffic exhaust may aggravate asthmatic symptoms in individuals already diagnosed with asthma.
Andrea Hricko, *Global Trade Comes Home: Community Impacts of Goods Movement*, 116 Envtl. Health Persp. (2008). https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2235209/	This report provides a discussion of the impacts that air pollution has on communities near highways that transport our nation's commodities.
Ninez A. Ponce et al., Preterm Birth: The Interaction of Traffic-Related Air Pollution with Economic Hardship in Los Angeles Neighborhoods (American Journal of Epidemiology 162 (2): 140–48, 2005). https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3636775/	Traffic-related air pollution exposure disproportionately affected low socioeconomic status neighborhoods in the winter, which is correlated to an increased rate of preterm births among women in low socioeconomic status neighborhoods.

Rachel Morello-Frosch et al., Environmental Justice and Southern California's 'Riskscape': The Distribution of Air Toxics Exposures and Health Risks among Diverse Communities (Urban Affairs Review 36 (4): 551–78, 2001). http://journals.sagepub.com/doi/10.1177/10780870122184993	Lifetime cancer risks attributable to outdoor air toxics in Southern California are mostly attributable to transportation and small-area sources, not large facilities. Race plays an explanatory role in risk distribution even when accounting for other economic, land-use, and population factors.

Setbacks / Buffer Zones for AQ	
Link to Report, Study or Document	**Synopsis in Relevant Part**
Marsha Haley et al., *Adequacy of Current State Setbacks for Directional High-Volume Hydraulic Fracturing in the Marcellus, Barnett, and Niobrara Shale Plays,* 124 Envtl. Health Persp. (2016). https://ehp.niehs.nih.gov/15-10547/#tab1http://ehp.niehs.nih.gov/15-10547/http:/ehp.niehs.nih.gov/wp-content/uploads/advpub/2016/2/ehp.1510547.acco.pdf/	This study suggests that a setback is a reasonable start but that regulators should go further.
S.T.A.N.D. L.A., Existing Scientific Literature on Setback Distances from Oil and Gas Development Sites (2017). https://www.stand.la/uploads/5/3/9/0/53904099/2500_literature_review_report-final_jul13.pdf	[There is] a positive correlation between distance of a home from an active oil or gas well and adverse health outcomes. The closer people live to oil and gas wells, the more likely they will be exposed to toxic air contaminants and the more elevated their risk of associated health effects.
Seth Shankoff et al., *A Case Study of the Petroleum Geological Potential and Potential Health Risks Associated with Hydraulic Fracturing and Oil and Gas Development in the Los Angeles Basin*, California Council on Science and Technology (2015). https://ccst.us/publications/2015/vol-III-chapter-4.pdf	Proximity to oil and gas activity is the most important factor to consider - rather than a particular oil and gas activity (i.e. extraction method).
Liberty Hill Foundation, The Community Consequences of Expanded Oil Development in Los Angeles (2015). https://www.libertyhill.org/sites/libertyhillfoundation/files/Drilling%20Down%20Report_1.pdf	This source provides a conversation of policy options that reduce exposure to environmental hazards which includes the concept of creating a buffer zone around hazardous activities. See page 28.
California Air Resources Board, Environmental Health and Equity Impacts From Climate Change and Mitigation Policies in California: A Review of the Literature, (2009). http://www.energy.ca.gov/2009publications/CEC-500-2009-038/CEC-500-2009-038-D.PDF	Prevention of exposure to hazardous chemicals is accomplished generally through the elimination of chemicals in the environment.
California Air Resources Board, Air Quality and Land Use Handbook: A Community Health Perspective, (2005). http://www.arb.ca.gov/ch/handbook.pdf	In this 2005 air quality and land use handbook, the California Air Resources Board recommended buffer zones as a method to protect communities from hazardous materials in the environment. See pages 29-30. The handbook also recommends land use agencies to separate industry and sensitive land use (like homes, hospitals, schools). See ES 1 - ES 3.
Michael Jerrett et al., *Spatial Analysis of Air Pollution and*	This report suggests that chronic illness due to PM 2.5 is

Mortality in Los Angeles, 16 Epidemiology 727–36 (2005). http://www.scientificintegrityinstitute.org/Jerrett110105.pdf	higher than believed in metropolitan areas. The report notes that PM 2.5 is strongly correlated with heart disease
Lisa McKenzie et al., *Birth Outcomes and Maternal Residential Proximity to Natural Gas Development in Rural Colorado*, 122 Envtl. Health Persp., 412-17, (2014). https://ehp.niehs.nih.gov/1306722/	This study found an association between density and proximity of natural gas wells within a 10-mile radius of maternal residences and prevalence of birth related disorders.
David Peden, *Pollutants and Asthma: Role of Air Toxics*, 110 Envtl. Health Persp., (2002). https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1241207	PM contributes to inflammation in the pathway of humans leading to asthma. This study is specific to poor air quality and asthma, which leads to the inference that air toxics must be removed to reduce asthma.
Arden Pope III, *Epidemiology of Fine Particulate Air Pollution and Human Health: Biologic Mechanisms and Who's at Risk?*, 108 Envtl. Health Persp. (2000). https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1637679/	This study shows that the most vulnerable individuals to air pollution are the elderly, children and people with certain respiratory disorders. This information can be used to show that people in these populations should be protected by air pollution measures.
James Sadd et al., *Playing It Safe: Assessing Cumulative Impact and Social Vulnerability through an Environmental Justice Screening Method in the South Coast Air Basin, California*, 8 Int'l J. of Envtl. Res. and Pub. Health (2011) https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3108119/	This study provides a look at air pollution and socioeconomic status. The information shows where regulatory strategies are needed to reduce air pollution especially for those who are most at risk.
Louis Sahagun, *EPA Officers Sickened by Fumes at South L.A. Oil Field,* L.A. Times, November 8, 2013. http://www.latimes.com/local/la-me-1109-fumes-20131109-story.html	This newspaper article highlights the dangers of oil and gas operations when they are located near cities.
Seth Shonkoff et al., *Environmental Public Health Dimensions of Shale and Tight Gas Development*, 122 Envtl. Health Persp., (2014). https://ehp.niehs.nih.gov/1307866/	This study provides data showing that there is an environmental health risk associated with shale gas production (highlighting air pollution and water pollution). This shows that humans would benefit from a buffer zone protecting them from oil and gas production.
Ellen Webb et al., *Developmental and Reproductive Effects of Chemicals Associated with Unconventional Oil and Natural Gas Operations*, 29 Rev. on Envtl. Health (2014). https://www.researchgate.net/publication/269186278_Developmental_and_reproductive_effects_of_chemicals_associated_with_unconventional_oil_and_natural_gas_operations	This is a review of scientific literature that shows that provides evidence that adult and early life exposure to chemicals associated with oil and gas production operations can result in adverse reproductive health and developmental effects in humans, mostly from air and water pollution associated with these operations.
Michelle Wilhelm and Beate Ritz, *Local Variations in CO and Particulate Air Pollution and Adverse Birth Outcomes in Los Angeles County, California, USA*, 113 Envtl. Health Pers. (2005). https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1280404/	This study shows that women who live near air pollution have a 27% increase in risk for high first-trimester carbon monoxide exposures and preterm birth and a 36% increase for high third-trimester pregnancy carbon monoxide exposures and term low birth weight. This indicates that women who are pregnant should not be living near source air pollution and would benefit from buffer zones.
Thomas Zoeller et al., *Endocrine-Disrupting Chemicals and Public Health Protection: A Statement of Principles from The Endocrine Society*, 153 Endocrinology (2012).	This study shows that a very low dose exposure to an endocrine-disrupting chemical has potent and irreversible effects. The study states that this very low dose is sometimes

https://www.ncbi.nlm.nih.gov/pubmed/22733974	described as a "safe" dose. This indicates that young children especially should not be near any operation that uses an endocrine-disrupting chemical which may enter the air or water.
Susan Blackwell et al., L.A. County Department of Public Health, Public Health and Safety Risks of Oil and Gas Facilities in Los Angeles County, (2018). http://publichealth.lacounty.gov/eh/docs/PH_OilGasFacilitiesPHSafetyRisks.pdf	This document provides an overview of setbacks implemented in other areas across the state and country to protect communities from oil and gas wells. See page 17.
A.K. Werner et al., *Environmental Health Impacts of Unconventional Natural Gas Development: A Review of the Current Strength of Evidence*, 505 Sci. of the Total Env't, (2015). https://www.ncbi.nlm.nih.gov/pubmed/25461113	This is a review of over 100 scientific studies that shows that the current evidence in the scientific research reporting leaves questions unanswered about the actual environmental health impacts of oil and gas production. The authors note that this clear gap in scientific knowledge requires urgent attention. Communities should act with caution in regards to siting oil and gas production and protect their populations.
L.M. McKenzie et al., *Birth Outcomes and Maternal Residential Proximity to Natural Gas Development in Rural Colorado*, 122 Envtl. Health Persp. (2014). https://ehp.niehs.nih.gov/1306722/	This study observed an association between population density and proximity of natural gas wells within a 10-mile radius of maternal residence and prevalence of congenital heart defects and neural tube defects.
C.R. Thompson et al., *Influence of Oil and Gas Emissions on Ambient Atmospheric Non-methane Hydrocarbons in Residential Areas of Northeastern Colorado*, 2 Elementa: Sci. of the Anthropocene (2014). https://www.elementascience.org/articles/10.12952/journal.elementa.000035/	This study provides a look at chemicals released from oil and gas production sites in Colorado. The study highlights the need for local regulations as federal regulations are not strict enough to reduce chemicals in the environment from oil and gas production.
U.S. EPA (1992), Screening Procedures for Estimating the Air Quality Impact of Stationary Sources. https://www3.epa.gov/scram001/guidance/guide/EPA-454R-92-019_OCR.pdf	This document provides a discussion on the methodology for screening air quality and can be useful for understanding how to create an effective setback.

Water	
Citation	**Synopsis in Relevant Part**
Michael Planert, J. S. Williams, *Groundwater Atlas of the United States: California, Nevada* (Hydrologic Atlas 730-B, US Geological Survey, 1995). Accessible at: https://pubs.usgs.gov/ha/730b/report.pdf	This survey shows that groundwater is an important resource in Central California, and management must be done carefully to avoid overusing or contaminating groundwater sources.
E. G. Reichard et al., Geohydrology, Geochemistry, and Ground-Water Simulation-Optimization of the Central and West Coast Basins, Los Angeles County, California (U.S. Geological Survey, Water Resources Investigations Report 03-4065, 2003). Accessible at https://pubs.usgs.gov/wri/wrir034065/wrir034065.pdf	There is a continuing need to base regional groundwater management on scientific information.

United States Environmental Protection Agency, Hydraulic Fracturing for Oil and Gas: Impacts from the Hydraulic Fracturing Water Cycle on Drinking Water Resources in the United States (2016). Accessible at https://www.epa.gov/sites/production/files/2016-12/documents/hfdwa_executive_summary.pdf	Impacts from hydraulic fracking on the water supply include: ● Water withdrawals in times or areas of low water availability, ● Spills during the management of hydraulic fracturing fluids and chemicals, ● Injection of hydraulic fracturing fluids directly into groundwater resources, ● Discharge of inadequately treated hydraulic fracturing wastewater to surface water resources, ● Disposal or storage of hydraulic fracturing wastewater in unlined pits, resulting in contamination of groundwater resources.

Wellbores and Abandoned Wells	
Citation	**Synopsis in Relevant Part**
Susan Blackwell et al., L.A. County Department of Public Health, Public Health and Safety Risks of Oil and Gas Facilities in Los Angeles County, (2018). http://publichealth.lacounty.gov/eh/docs/PH_OilGasFacilitiesPHSafetyRisks.pdf	Idle wells pose are a source of direct exposure to petroleum, particularly to children or pets, and also present long-term health risks to residents from fugitive emissions. ● DOGGR violations to the well owner, which were not enough to protect public health and safety: over a year after the violations were submitted, there was a hazardous release of crude oil.

Performance and Inspection	
Citation	**Synopsis in Relevant Part**
Liberty Hill Foundation, The Community Consequences of Expanded Oil Development in Los Angeles (2015). https://www.libertyhill.org/sites/libertyhillfoundation/files/Drilling%20Down%20Report_1.pdf	Regulations adopted in the 1940s and 50s are not sufficient to adapt to changing environmental science, and are currently unable to protect the health of residents who live near oil and gas facilities.

Land Use Controls	
Citation	**Synopsis in Relevant Part**
Liberty Hill Foundation, The Community Consequences of Expanded Oil Development in Los Angeles (2015). https://www.libertyhill.org/sites/libertyhillfoundation/files/Drilling%20Down%20Report_1.pdf	Sound land use planning has a beneficial impact on community health, and can reduce exposure to environmental contaminants and improve overall health at both the individual and community level.
Rachel Morello-Frosh, End Double Jeopardy, New Principles Can Stop Us from Dumping on Minorities and the Poor, Scientific American, (2009)	Local agencies must adopt policies to address the cumulative impact of environmental stressors and social stressors that are prevalent in low-income rural neighborhoods. People come

https://www.scientificamerican.com/article/end-double-jeopardy/	into contact with pollutants where they live, work and play,therefore agencies to assess and address exposures and health risks holistically while integrating the precautionary principle into environmental regulation and enforcement.
Susan Blackwell et al., Public Health and Safety Risks of Oil and Gas Facilities in Los Angeles County (Los Angeles County Department of Public Health, 2018) http://publichealth.lacounty.gov/eh/docs/PH_OilGasFacilitiesPHSafetyRisks.pdf	Community Safety Plans and enhanced Emergency Response Plans should be developed to address the significant possible safety hazards associated with oil and gas activities and to prepare for leaks, seepage and other potential disasters. Alongside preparedness plans and mitigation measures, environmental monitoring that is both comprehensive and continuous will allow operators and regulatory agencies to develop evidence-based strategies to protect public health.

Odor	
Citation	**Synopsis in Relevant Part**
Liberty Hill Foundation, The Community Consequences of Expanded Oil Development in Los Angeles (2015). https://www.libertyhill.org/sites/libertyhillfoundation/files/Drilling%20Down%20Report_1.pdf	Providing example of petroleum-based and associated odors affecting the health and well-being of the adjoining community.
California Air Resources Board, Air Quality and Land Use Handbook: A Community Health Perspective, (2005). http://www.arb.ca.gov/ch/handbook.pdf	Some common sources of odors emitted by facilities are sulfur compounds, organic solvents, and the decomposition/digestion of biological materials. Because of the subjective nature of an individual's sensitivity to a particular type of odor, there is no specific rule for assigning appropriate separations from odor sources. Under the right meteorological conditions, some odors may still be offensive several miles from the source.
Susan Blackwell et al., Public Health and Safety Risks of Oil and Gas Facilities in Los Angeles County (Los Angeles County Department of Public Health, 2018) http://publichealth.lacounty.gov/eh/docs/PH_OilGasFacilitiesPHSafetyRisks.pdf	Hydrogen sulfide (H2S) occurs naturally in crude petroleum and natural gas and is also a byproduct of desulfurization processes in oil and gas industries. It is an odor with a "rotten-egg" smell that may be associated with oil fields. Hydrogen sulfide has a low odor threshold.
Louis Sahagun, "Chemical odor, kids' nosebleeds, few answers in South L.A. neighborhood." Los Angeles Times, September 21. 2013 http://articles.latimes.com/2013/sep/21/local/la-me-0922-oil-20130922	Providing example of community health impacts associated with chemical odors from production from an oil field and local air district findings of incompatible zoning decisions.

Noise/Construction	
Citation	**Synopsis in Relevant Part**
Kristin Agostoni, "Drilling decision delayed." Los Angeles Daily News August 29, 2017 https://www.dailynews.com/2008/05/03/drilling-decision-delayed/	Providing example of damage and disruption to local property owners due to oil/gas construction

Susan Blackwell et al., Public Health and Safety Risks of Oil and Gas Facilities in Los Angeles County (Los Angeles County Department of Public Health, 2018) http://publichealth.lacounty.gov/eh/docs/PH_OilGasFacilitiesPHSafetyRisks.pdf	There are a number of activities associated with oil and gas that can increase noise levels. Additionally, health impacts from noise can result from exposure to pure tones and low frequency noise sources.
Kern County, Mitigation Monitoring and Reporting Program for the Kern County Gas & Oil Zoning Ordinance Environmental Impact report. (2015). https://www.kerncounty.com/planning/pdfs/eirs/oil_gas/oil_gas_MMRP_final.pdf	Providing setback distances to mitigate noise impacts between 820 and 3270 feet depending on activity.

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August 21, 2018

VIA EMAIL

Hon. Cecilia Vela, City Clerk
City of Arvin – City Hall
200 Campus Drive
P.O. Box 548
Arvin, CA 93203

Re: Response to the Committee for a Better Arvin's Supplemental Letter on Appeal of Planning Commission Decision Approving CUP 2017-Petro-Lud – Stockton Project (August 15, 2018)

Dear Ms. Vela:

On behalf of Petro-Lud, Inc. ("Petro-Lud"), we submit this letter in response to the Supplemental Letter on Appeal ("Appeal") filed on August 15, 2018 by the Committee for a Better Arvin ("CBA"), by and through the Center on Race, Poverty & the Environment. CBA appeals the decision of the City of Arvin Planning Commission ("Planning Commission") approving Conditional Use Permit 2017-Petro-Lud – Stockton Project – Oil and Gas Exploratory and Production Well – APN 189-351-36 ("CUP") (approved May 30, 2018) issued to Petro-Lud. Below we provide a response and rebuttal to several of CBA's bases for appeal.[1]

1. **The Updated Oil and Gas Ordinance does not apply to this Project.**

CBA asserts that the Updated Arvin Oil and Gas Ordinance, Ordinance No. 451 (adopted July 17, 2018, and in effect August 16, 2018) ("Updated Ordinance") applies to Petro-Lud's oil and gas exploratory and production well development (the "Project"), the Project at issue for the CUP Appeal. This allegation is misplaced.

The Arvin City Council's ("City Council") review under the City of Arvin's Municipal Code is a limited review. The City Council is only permitted to review the decision that the Planning Commission made at the time of its decision and based on the law in effect at that time. *See*

[1] As to CBA's remaining bases for appeal, Petro-Lud has already responded to these allegations. *See* Letter to City Clerk from Michael N. Mills on behalf of Petro-Lud, RE Response to the Committee for a Better Arvin's Appeal of Planning Commission Decision Approving CUP 2017-Petro-Lud – Stockton Project (Aug. 14, 2018).

Mun. Code § 17.54.130(B). The City Council cannot impose additional requirements or conditions on the project, or new laws that were not in effect at the time of the original approval. *Id.*

Further, the Updated Ordinance expressly does not apply to the Project. The Updated Ordinance states that it only applies to oil and gas operations that are pending on or after January 1, 2018. "This ordinance shall be effective thirty (30) days following its adoption **except as to applications for any pending entitlement submitted prior to January 1, 2018**." Ordinance No. 451, Text Amendment No. 2017-04, section 6 (emphasis added). The Updated Ordinance does not apply to this project because Petro-Lud's Project application was submitted December 21, 2017, and the Updated Ordinance did not go into effect until August 16, 2018.

2. **The Updated Ordinance does not apply to existing and future oil and gas wells for this Project.**

For the reasons we have stated above, the Project is not subject to the Updated Ordinance for the current CUP application. The Updated Ordinance does not apply to the Project, and cannot apply retroactively.

3. **The Project does not fails to meet the conditions listed in the CUP.**

CBA alleges that the Project fails to meet the conditions listed in the CUP for the Project. This allegation is incorrect. CBA analyzes the following two conditions.

Setbacks

CBA asserts that the CUP does not meet the required setbacks. CBA has misinterpreted the staff report. The setback requirement is a requirement for distance (in feet) from the well head or drill site, not from the "drilling area." Appeal at p. 5. The "drilling area" is the location that will be set aside on the parcel for drilling activities; it is not the same as the wellhead or drilling site itself. If CBA had continued reading the entirety of the condition, it would also see that the setback for the Project is 175 feet from the "drill site" to Sycamore Road, in compliance with the CUP. *See* Notice of Public Hearing, Arvin Planning Commission Hearing, May 30, 2018.

> THE DRILL AREA IS PROPOSED TO BE APPROXIMATELY 300'-0" X 500'-0" AND WITHIN 80'-0" FROM SYCAMORE ROAD. THE CLOSEST PROPOSED DRILLING PAD TO MEYER STREET IS APPROXIMATELY 250'-0". **CONDITIONS HAVE BEEN IMPOSED TO REQUIRED (SIC) THE SITE TO HAVE A SETBACK OF AT LEAST 175' FROM THE CENTER LINE OF SYCAMORE ROAD TO ALLOW FOR THE OPPORTUNITY TO HAVE**

> **COMMERCIAL DEVELOPMENT ALONG THE FRONTAGE ALONG SYCAMORE ROAD.** THE PROPOSED OPERATION IS MORE THAN 150'-0" FROM ANY RESIDENCE.

Planning Commission, Agenda Report (Meeting Date: May 30, 2018), at p. 11 (emphasis added).

Hazardous Materials

CBA next asserts that the CUP prohibits hazardous waste from being used at the site, but then the CUP "contradicts itself by stating that '[s]ignificant amounts of hazardous substances will not be used.'" Appeal, at p. 6. There are no hazardous substances that will be used at the Project site, and so the statements are not contradictory. This is a false argument.

Conclusion

We respectfully request that CBA's Appeal be denied on all bases.

Very truly yours,

Michael N. Mills

cc: Clayton Ludington, President, Petro-Lud, Inc., clud@petro-lud.com
Shannon Chaffin, Esq., City Attorney, schaffin@awattorneys.com

Catalyst
ENVIRONMENTAL SOLUTIONS

August 20, 2018

City of Arvin Planning Commission
200 Campus Drive
Arvin, CA 93203

Hon. Cecilia Vela, City Clerk
City of Arvin – City Hall
200 Campus Drive
Arvin, CA 93203

RE: PetroLUD Stockton Project – Clarification for Site Location Sizes

To Whom It May Concern:

As a supplement to my letter dated August 14, 2018, I am writing to clarify the size of disturbance at the proposed project site. The Project involves installation of four exploratory wells which may be later converted to production wells, each on a pad which would be 250 square feet in size, for a total of 1,000 square foot of disturbance for the production well bores and cellars. While the drilling pad will measure 300 feet by 500 feet in total; this area will be used for placement of accessory equipment, not construction of additional structures, and equipment would be placed only if exploration is determined successful and the wells are converted to production wells. Therefore, as stated in my previous letter, the City application of a Class 3 categorical exemption (New Construction or Conversion of Small Facilities) is appropriate for the proposed Project because:

- The project consists of the construction and location of a limited number of small facilities (4 exploratory wells and 4 tanks)
- The project would not exceed 2,500 square feet in size (the entire disturbed area would be 1,000 square feet)

Closing:
If you have any questions, please feel free to call or email me at (818) 387-5875 or mschwartz@ce.solutions.

Sincerely,

Megan Schwartz
Director of Regulatory Compliance & Permitting

CC: Shannon Chaffin, Esq. Arvin City Attorney, schaffin@awattorneys.com

Catalyst
ENVIRONMENTAL SOLUTIONS

August 21, 2018

City of Arvin Planning Commission
200 Campus Drive
Arvin, CA 93203

Hon. Cecilia Vela, City Clerk
City of Arvin – City Hall
200 Campus Drive
Arvin, CA 93203

RE: PetroLUD Stockton Project – Project Details

To Whom It May Concern:

The purpose of this letter is to provide greater detail on the size of the PetroLud Stockton Project. The proposed drilling pad area upon which all of the components would be placed and within which drilling activities would occur would measure 300 feet by 500 feet. However, less than 2,500 square feet of this drill pad area would be occupied by structures; the remaining area would be open and unpaved. As shown in the table below, the total square footage of all project components would be less than 2,500 square feet.

Table 1. Project Component Details

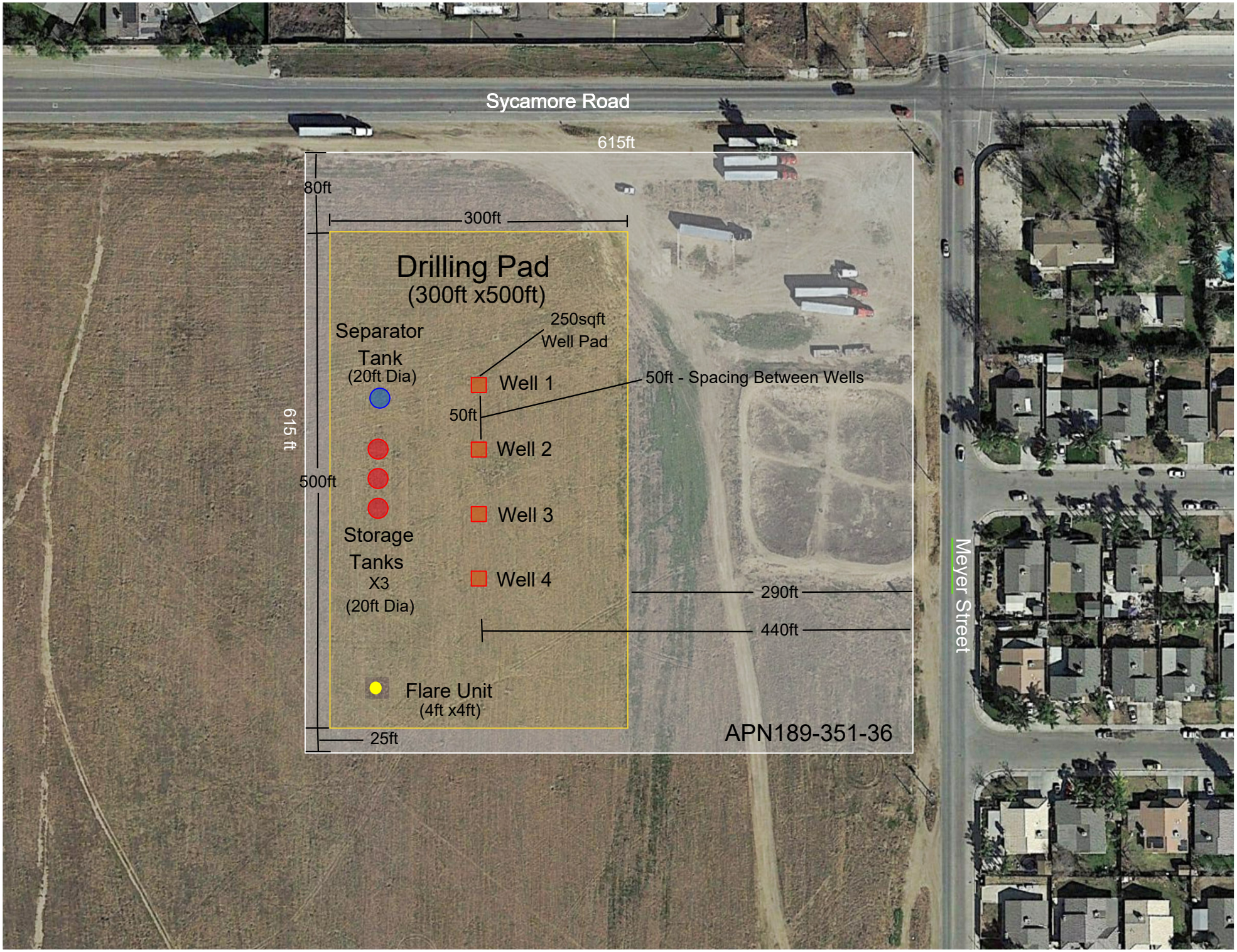
Component	Count	Specification of Each Individual Component	Total Area of Disturbance
Wells	4	250 square feet pad (disturbance area for each well)	1,000 square feet
Tanks (3 storage tanks and 1 separator)	4	20 ft diameter by 16 ft tall (314 square feet each)	1,256 square feet
Flare	1	4ft by 4ft (maximum size)	16 square feet
TOTAL			**2,272 square feet**

Closing:
If you have any questions, please feel free to call or email me at (818) 387-5875 or mschwartz@ce.solutions.

Sincerely,

Megan Schwartz
Director of Regulatory Compliance & Permitting

CC: Shannon Chaffin, Esq. Arvin City Attorney, schaffin@awattorneys.com


Sycamore Road
615ft
80ft
300ft
Drilling Pad
(300ft x500ft)
Separator
Tank
(20ft Dia)
250sqft
Well Pad
Well 1
50ft - Spacing Between Wells
50ft
Well 2
615 ft
500ft
Well 3
Storage
Tanks
X3
(20ft Dia)
Well 4
290ft
440ft
Flare Unit
(4ft x4ft)
25ft
APN189-351-36
Meyer Street

Annual Conference Resolutions Packet

2018 Annual Conference Resolutions

Long Beach, California

September 12 – 14, 2018

Attachment: League of CA Cities 2018 Annual Conference Resolution Packet (Resolutions to be Considered at the League's Annual Conference

INFORMATION AND PROCEDURES

RESOLUTIONS CONTAINED IN THIS PACKET: The League bylaws provide that resolutions shall be referred by the president to an appropriate policy committee for review and recommendation. Resolutions with committee recommendations shall then be considered by the General Resolutions Committee at the Annual Conference.

This year, two resolutions have been introduced for consideration at the Annual Conference and referred to League policy committees.

POLICY COMMITTEES: Five policy committees will meet at the Annual Conference to consider and take action on the resolutions referred to them. The committees are: Environmental Quality, Governance, Transparency & Labor Relations; Housing, Community & Economic Development; Revenue and Taxation; and Transportation, Communication & Public Works. The committees will meet from 9:00 – 11:00 a.m. on Wednesday, September 12, at the Hyatt Regency Long Beach. The sponsors of the resolutions have been notified of the time and location of the meeting.

GENERAL RESOLUTIONS COMMITTEE: This committee will meet at 1:00 p.m. on Thursday, September 13, at the Hyatt Long Beach, to consider the reports of the policy committees regarding the resolutions. This committee includes one representative from each of the League's regional divisions, functional departments and standing policy committees, as well as other individuals appointed by the League president. Please check in at the registration desk for room location.

ANNUAL LUNCHEON/BUSINESS MEETING/GENERAL ASSEMBLY: This meeting will be held at 12:30 p.m. on Friday, September 14, at the Long Beach Convention Center.

PETITIONED RESOLUTIONS: For those issues that develop after the normal 60-day deadline, a resolution may be introduced at the Annual Conference with a petition signed by designated voting delegates of 10 percent of all member cities (48 valid signatures required) and presented to the Voting Delegates Desk at least 24 hours prior to the time set for convening the Annual Business Meeting of the General Assembly. This year, that deadline is 12:30 p.m., Thursday, September 13. Resolutions can be viewed on the League's Web site: www.cacities.org/resolutions.

Any questions concerning the resolutions procedures may be directed to Meg Desmond at the League office: mdesmond@cacities.org or (916) 658-8224

GUIDELINES FOR ANNUAL CONFERENCE RESOLUTIONS

Policy development is a vital and ongoing process within the League. The principal means for deciding policy on the important issues facing cities is through the League's seven standing policy committees and the board of directors. The process allows for timely consideration of issues in a changing environment and assures city officials the opportunity to both initiate and influence policy decisions.

Annual conference resolutions constitute an additional way to develop League policy. Resolutions should adhere to the following criteria.

Guidelines for Annual Conference Resolutions

1. Only issues that have a direct bearing on municipal affairs should be considered or adopted at the Annual Conference.

2. The issue is not of a purely local or regional concern.

3. The recommended policy should not simply restate existing League policy.

4. The resolution should be directed at achieving one of the following objectives:

   (a) Focus public or media attention on an issue of major importance to cities.

   (b) Establish a new direction for League policy by establishing general principals around which more detailed policies may be developed by policy committees and the board of directors.

   (c) Consider important issues not adequately addressed by the policy committees and board of directors.

   (d) Amend the League bylaws (requires 2/3 vote at General Assembly).

LOCATION OF MEETINGS

Policy Committee Meetings
Wednesday, September 12, 9:00 – 11:00 a.m.
Hyatt Regency Long Beach
200 South Pine Avenue, Long Beach

The following committees will be meeting:

1. Environmental Quality
2. Governance, Transparency & Labor Relations
3. Housing, Community & Economic Development
4. Revenue & Taxation
5. Transportation, Communication & Public Works

General Resolutions Committee
Thursday, September 13, 1:00 p.m.
Hyatt Regency Long Beach
200 South Pine Avenue, Long Beach

Annual Business Meeting and General Assembly Luncheon
Friday, September 14, 12:30 p.m.
Long Beach Convention Center
300 East Ocean Boulevard, Long Beach

KEY TO ACTIONS TAKEN ON RESOLUTIONS

Resolutions have been grouped by policy committees to which they have been assigned.

Number	Key Word Index	Reviewing Body Action		
		1	2	3

1 - Policy Committee Recommendation to General Resolutions Committee
2 - General Resolutions Committee
3 - General Assembly

ENVIRONMENTAL QUALITY POLICY COMMITTEE

		1	2	3
2	Repeal Preemption of Regulating Pesticides			

GOVERNANCE, TRANSPARENCY & LABOR RELATIONS POLICY COMMITTEE

		1	2	3
1	Local Municipal Authority, Control, and Revenue			

HOUSING, COMMUNITY & ECONOMIC DEVELOPMENT POLICY COMMITTEE

		1	2	3
1	Local Municipal Authority, Control, and Revenue			

REVENUE & TAXATION POLICY COMMITTEE

		1	2	3
1	Local Municipal Authority, Control, and Revenue			

TRANSPORTATION, COMMUNICATION & PUBLIC WORKS POLICY COMMITTEE

		1	2	3
1	Local Municipal Authority, Control, and Revenue			

Information pertaining to the Annual Conference Resolutions will also be posted on each committee's page on the League website: www.cacities.org. The entire Resolutions Packet will be posted at: www.cacities.org/resolutions.

KEY TO ACTIONS TAKEN ON RESOLUTIONS *(Continued)*

Resolutions have been grouped by policy committees to which they have been assigned.

KEY TO REVIEWING BODIES

1. Policy Committee
2. General Resolutions Committee
3. General Assembly

ACTION FOOTNOTES

* Subject matter covered in another resolution

** Existing League policy

*** Local authority presently exists

KEY TO ACTIONS TAKEN

A	Approve
D	Disapprove
N	No Action
R	Refer to appropriate policy committee for study
a	Amend+
Aa	Approve as amended+
Aaa	Approve with additional amendment(s)+
Ra	Refer as amended to appropriate policy committee for study+
Raa	Additional amendments and refer+
Da	Amend (for clarity or brevity) and Disapprove+
Na	Amend (for clarity or brevity) and take No Action+
W	Withdrawn by Sponsor

Procedural Note:
The League of California Cities resolution process at the Annual Conference is guided by the League Bylaws. A helpful explanation of this process can be found on the League's website by clicking on this link: Resolution Process.

1. **RESOLUTION OF THE LEAGUE OF CALIFORNIA CITIES CALLING UPON THE LEAGUE TO RESPOND TO THE INCREASING VULNERABILITIES TO LOCAL MUNICIPAL AUTHORITY, CONTROL AND REVENUE AND EXPLORE THE PREPARATION OF A BALLOT MEASURE AND/OR CONSTITUTIONAL AMENDMENT THAT WOULD FURTHER STRENGTHEN LOCAL DEMOCRACY AND AUTHORITY**

Source: City of Beverly Hills
Concurrence of five or more cities/city officials: Cities: Arcadia, Burbank, Cupertino; Duarte; Oceanside; Ontario; Palo Alto; Redondo Beach; Santa Cruz; Sunnyvale; Torrance; West Hollywood
Referred to: Governance, Transparency & Labor Relations; Housing, Community & Economic Development; Revenue and Taxation; and Transportation, Communication & Public Works Policy Committees

WHEREAS, the State of California is comprised of diverse communities that are home to persons of differing backgrounds, needs, and aspirations; yet united by the vision that the most accessible, responsive, effective, and transparent form of democratic government is found at the local level and in their own communities; and

WHEREAS, subsidiarity is the principle that democratic decisions are best made at the most local level best suited to address the needs of the People, and suggests that local governments should be allowed to find solutions at the local level before the California Legislature imposes uniform and overreaching measures throughout the State; and

WHEREAS, the California Constitution recognizes that local self-government is the cornerstone of democracy by empowering cities to enact local laws and policies designed to protect the local public health, safety and welfare of their residents and govern the municipal affairs of charter cities; and

WHEREAS, over recent years there have been an increasing number of measures introduced within the Legislature or proposed for the state ballot, often sponsored by powerful interest groups and corporations, aimed at undermining the authority, control and revenue options for local governments and their residents; and

WHEREAS, powerful interest groups and corporations are willing to spend millions in political contributions to legislators to advance legislation, or to hire paid signature gatherers to qualify deceptive ballot proposals attempting to overrule or silence the voices of local residents and their democratically-elected local governments affected by their proposed policies; and

WHEREAS, powerful interest groups and corporations propose and advance such measures because they view local democracy as an obstacle that disrupts the efficiency of implementing corporate plans and increasing profits and therefore object when local residents—either through their elected city councils, boards of supervisors, special district boards, or by action of local voters—enact local ordinances and policies tailored to fit the needs of their individual communities; and

WHEREAS, public polling repeatedly demonstrates that local residents and voters have the highest levels of confidence in levels of government that are closest to the people, and thus would be likely to strongly support a ballot measure that would further strengthen the ability of communities to govern themselves without micromanagement from the state or having their authority undermined by deep-pocketed and powerful interests and corporations.

RESOLVED that the League of California Cities should assess the increasing vulnerabilities to local authority, control and revenue and explore the preparation of a ballot measure and/or constitutional amendment that would give the state's voters an opportunity to further strengthen local authority and preserve the role of local democracy to best preserve their local quality of life.

Background Information on Resolution No. 1

Source: City of Beverly Hills

Background:
The relationship between the state and cities functions best as a partnership where major policy issues are approached by the state with careful consideration of the varied conditions among the state's 482 cities and 58 counties. There should be an appreciation of the importance of retaining local flexibility to tailor policies to reflect the needs and circumstances of the local community. Still, cities have had to respond to state legislation that undermines the principle of "local control" over important issues such as land use, housing, finance, infrastructure, elections, labor relations and other issues directly affecting cities.

Alexis de Tocqueville's "Democracy in America" examined the operation of the principle of subsidiarity in the early 19th century. Subsidiarity is an organizing principle that states matters should be handled by the smallest, lowest or least centralized competent authority. Tocqueville wrote that "Decentralization has not only an administrative value, but also a civic dimension, since it increases the opportunities for citizens to take interest in public affairs; it makes them get accustomed to using freedom." Tocqueville's works were first published in 1835 with a second volume published in 1840. The United States had a population of just 17 million people in 1840, less than 50% of the population of California today and yet there was value found in decentralization.

Another consideration is to examine how the European Union ("EU") operates. There are two prime guiding principles for the EU. The first is principle of conferral, which states that the EU should act only within the limits of the competences conferred on it by the treaties. The second, which is relevant to this resolution, is the principle of subsidiarity, which states that the EU should act only where an objective cannot be sufficiently achieved by the member states acting alone. Sacramento should operate in a similar manner and only govern when objectives need to be achieved at a much larger level than a local government.

For years, Governor Jerry Brown himself has spoken on the principle of "subsidiarity." Governor Brown has asserted for numerous years that local officials should have the flexibility to act without micromanagement from Sacramento.

Legislation introduced in both 2017 and 2018 by the state legislature has continually threatened local control in flagrant opposition to the principle of subsidiarity. This has included, but not been limited to, Senate Bill 649 (Hueso) Wireless Telecommunications Facilities ("SB 649") in 2017; AB 252 (Ridley-Thomas) Local government: taxation: prohibition: video streaming services ("AB 252") in 2017; and Senate Bill 827 (Wiener) Planning and Zoning: Transit-Rich Housing Bonus ("SB 827") in 2018.

SB 649 would have applied to all telecommunications providers and the equipment they use, including "micro-wireless," "small cell," and "macro-towers," as well as a range of video and cable services. The bill would have allowed the use of "small cell" wireless

antennas and related equipment without a local discretionary permit in all zoning districts as a use by-right, subject only to an administrative permit. Additionally, SB 649 provided a de facto CEQA exemption for the installation of such facilities and precluded consideration by the public for the aesthetic, nuisance, and environmental impacts of these facilities. SB 649 would have also removed the ability for cities to obtain fair and reasonable compensation when authorizing the use of public property and rights of way from a "for profit" company for this type of use.

SB 649 passed out of the State Assembly by a vote of 46-16-17 and out of the State Senate by a vote of 22-10-8 despite over 300 cities and 47 counties in California providing letters of opposition. Ultimately, Governor Brown vetoed the bill as he believed "that the interest which localities have in managing rights of way requires a more balanced solution than the one achieved in this bill." It is strongly believed that the issue of wireless telecommunications facilities is not over and it is anticipated that legislation will be introduced on this topic in January 2019.

Another example of an incursion into local control was AB 252, which would have prohibited any tax on the sale or use of video streaming services, including sales and use taxes and utility user taxes. Over the last two decades, voters in 107 cities and 3 counties have adopted measures to modernize their Utility User Tax ("UUT") ordinances. Of these jurisdictions, 87 cities and 1 county approved ordinances to allow a UUT on video providers. Prior to its first Committee hearing, AB 252 received opposition letters from 37 cities, the League of California Cities, South Bay Council of Governments, California Contract Cities Association, and nine other organizations. This bill failed in the Assembly Revenue and Taxation Committee 8-0-2, which the author of the Committee chaired.

More recently, SB 827 would have overridden local control on housing development that was within ½ mile of a major transit stop or ¼ mile from a high-quality bus corridor as defined by the legislation with some limitations. On April 17, 2018, SB 827 failed in the Senate Transportation and Housing Committee 4-6-3 but was granted reconsideration. State legislators have indicated they will continue to introduce legislation that will override local zoning ordinances for the development of affordable housing in conjunction with mixed use and/or luxury condominium/apartment housing.

These are just three examples of the increasing attempts by Sacramento to supersede local control. Presently, there are discussions occurring in Sacramento to ban cities from creating their own municipal broadband or to prohibit local ordinances over the regulation of shared mobility devices such as dockless electric scooters. These decisions should remain with each individual jurisdiction to decide based on the uniqueness of their community and the constituents that live in each city.

Often fueled by the actions of special interest groups, Sacramento is continually attempting to overreach their authority with various incursions on local control. The desire in Sacramento to strip communities of their ability to make decisions over issues which should remain at the local level seems to intensify each state legislative cycle. Increasingly, legislation is being introduced with a "one-size-fits-all" approach which is detrimental in a

state with over 40 million residents that have extremely diverse communities from the desert to the sea, from the southern to the northern borders.

Loren King in the book "Cities, Subsidiarity and Federalism" states, "Decisions should be made at the lowest feasible scale possible". The proposed resolution directs the League of California Cities to assess the increasing vulnerabilities to local authority, control and revenue. It also directs the League of California Cities to explore the preparation of a ballot measure and/or constitutional amendment which would aim to ensure that decisions are made as close to home as possible.

Local government, when done right, is the best form of democracy precisely because it is closest to home. A ballot measure and/or constitutional amendment would provide the state's voters an opportunity to further strengthen local authority and maintain the role of local democracy to best preserve their local quality of life while still leaving the appropriate issues at the county, regional or state legislature depending on the topic. Any ballot measure and/or constitutional amendment should institutionalize the principle of subsidiarity, while encouraging inclusive regional cooperation that recognizes the diversity of California's many individual communities. The time has come to allow the residents of California's voters to decide if they prefer top down governance from Sacramento or bottom up governing from their own locally elected officials.

League of California Cities Staff Analysis on Resolution No. 1

Staff: Dan Carrigg, Johnnie Pina
Committees: Governance, Transparency and Labor Relations
Housing, Community & Economic Development
Revenue & Taxation
Transportation, Communication and Public Works

Summary:
This Resolution states that the League of California Cities should assess the vulnerabilities to local authority, control and revenue and explore the preparation of a ballot measure and or constitutional amendment that would give the state's voters an opportunity to further strengthen local authority and preserve the role of local democracy.

Background:
The City of Beverly Hills is sponsoring this resolution in reaction to their concerns over measures coming from the Legislature and the initiative process attempting to roll back local control and hinder cities from providing optimal services to their residents.

As examples, the city cites the 2017-2018 legislative cycle, the Legislature introduced bills such as Senate Bill 649 (Hueso) Wireless Telecommunications Facilities, and AB 252 (Ridley-Thomas) proposing to prohibit taxes on video streaming services, and more recently Senate Bill 827 (Wiener) Planning and Zoning: Transit-Rich Housing. SB 649 was vetoed by the Governor and SB 827 died in policy committee, however if these measures had been signed into law they would have impinged on the ability of a local government to be responsive to the needs of their constituents.

The city maintains that "local government, when done right, is the best form of democracy precisely because it is closest to home. A ballot measure and/or constitutional amendment would provide the state's voters an opportunity to further strengthen local authority and maintain the role of local democracy to best preserve their local quality of life while still leaving the appropriate issues at the county, regional or state legislature depending on the topic."

Fiscal Impact:
By requesting the League to "assess" vulnerabilities and "explore" the preparation of a ballot measure that would further protect local authority, there are no proposals to be quantified. But it is presumed that the League would not pursue a measure that did not have positive impacts of further protecting local authority.

For the League as an organization, however, the fiscal impact of sponsoring a ballot measure can be very expensive. It can take several million dollars to qualify a measure via signature gathering, and much more to fund an effective campaign and overcome organized opposition.

Comments:

1) Ballot measure advocacy is a settled aspect of California's political process. This year's November ballot is an example of that, with proposals ranging from dividing California

into three states, restoring rent control, repealing transportation funding, to funding housing and water bonds. Three other measures are not on the November ballot after their sponsors spent millions gathering signatures to qualify measures, then leveraged last-minute legislative deals in exchange for pulling them from the ballot.

2) Most major stakeholder organizations in Sacramento have realized that they cannot rely on legislative advocacy alone to protect their interests, but must develop and maintain the capacity to protect their interests in the ballot process as well.

3) The League has been engaged in ballot advocacy for nearly 20 years. In the early 2000's, city officials were angered by repeated state raids of local revenues. These concerns led to the League –-for the first time in its then 100-year history—developing a ballot advocacy infrastructure that included forming and fundraising for an issues political action committee (PAC), establishing a network of regional managers, and building a coalition with other organizations that ultimately led to the passage of Prop. 1A of 2004. Over the years, the League's successful campaigns include the passage of Proposition 1A and Proposition 99 and the defeat of Propositions 90 and 98.

a. Yes on Proposition 1A (2004)
As a result of the passage of Prop 1A, local government revenues that otherwise would have been raided by the state legislature were kept in local coffers. This resulted in increased funding for public safety, health, libraries, parks and other locally delivered services. Proposition 1A PASSED WITH 83.7% OF THE VOTE.

b. No on Proposition 90 (2006)
Prop. 90 was a well-financed special interest-backed initiative that sought to eliminate most of local governments' land use decision making authority. Led by the League, the opposition educated voters on how this measure's far reaching provisions would have cost taxpayers billions of dollars by driving up the cost of infrastructure projects, prevented voters and state and local agencies from enacting environmental protections, jeopardized public safety services and more. Proposition 90 FAILED WITH 52.4% OF THE VOTERS VOTING NO.

c. No on Proposition 98 Yes on Proposition 99 (2008)
Given the hidden agendas within Prop 98, our message was not always an easy one to communicate to the electorate. The No on 98/ Yes on 99 campaign was able to educate voters on the important differences between both measures. As a result, important eminent domain reforms were enacted and both land use decision making and rent control were preserved within our communities. Proposition 98 FAILED WITH 61.6% OF THE VOTERS VOTING NO. Proposition 99 PASSED BY 61% OF THE VOTE.

d. Yes on Proposition 22 (2010)
As a result of the passage, local governments have been able to pay for infrastructure investment, create local jobs and avoid devastating cuts in our communities. Proposition 22 APPROVED BY 60.7% OF VOTERS.

4) While the League has been able to recently defeat several major legislative proposals aimed and undermining local authority, and avoid a battle over the Business Roundtable's measure in November due to the "soda tax" deal, the threats to local authority and revenue remain a constant concern. Other interest groups may be emboldened by some of the recent "deals" cut by ballot proponents and seek to implement similar strategies for the 2020 ballot. The next Governor may also have different philosophies then Governor Jerry Brown on "subsidiarity."

5) The League's President opted to send this resolution to four policy committees for several reasons: (a) the recent major threats to local control covered broad policy areas: telecom, land use, contracting, and revenue; and (b) having this issue vetted broadly within the League policy process will provide a better assessment of the depth of concern for the vulnerability to local control within the membership

6) If the membership chooses to approve this measure, it is strongly advisable to retain continued flexibility for the League to "assess" vulnerabilities and "explore" options. Any ballot initiative consideration must be approached very carefully by the organization. It is a difficult and very expensive endeavor that can have additional political ramifications. For 120 years the League's core mission has been to protect local control -- and it has gone to the ballot successfully before to do so -- but any such effort must be approached thoughtfully, prudently and cautiously.

Existing League Policy:

Related to this Resolution, existing policy provides:

- The League of California Cities' Mission Statement is, "To expand and protect local control for cities through education and advocacy. To enhance the quality of life for all Californians"
- The League of California Cities' Summary of Existing Policy and Guidelines states, "We Believe
  - Local self-governance is the cornerstone of democracy.
  - Our strength lies in the unity of our diverse communities of interest.
  - In the involvement of all stakeholders in establishing goals and in solving problems.
  - In conducting the business of government with openness, respect, and civility.
  - The spirit of public service is what builds communities.
  - Open decision-making that is of the highest ethical standards honors the public trust.
  - Cities are the economic engine of California.
  - The vitality of cities is dependent upon their fiscal stability and local autonomy.
  - The active participation of all city officials increases the League's effectiveness.
  - Focused advocacy and lobbying is most effective through partnerships and collaboration.
  - Well-informed city officials mean responsive, visionary leadership, and effective and efficient
  - city operations."
- Click here to view the **Summary of Existing Policy and Guiding Principles 2018**.

Support:
The following letters of concurrence were received: Steven Scharf, Cupertino City Council Member; Michael S. Goldman, Sunnyvale City Council; Lydia Kou, Palo Alto City Council Member; David Terrazas, Mayor of Santa Cruz; Peter Weiss, Mayor of Oceanside; Alan D. Wapner, Mayor pro Tem of Ontario; Patrick Furey, Mayor of Torrance; Lauren Meister, West Hollywood Council Member; Liz Reilly, Duarte Mayor Pro Tem; Bill Brand, Mayor of Redondo Beach; Sho Tay, Mayor of Arcadia; Emily Gabel-Luddy, Mayor of Burbank.

2. A RESOLUTION OF THE LEAGUE OF CALIFORNIA CITIES DECLARING ITS COMMITMENT TO SUPPORT THE REPEAL OF PREEMPTION IN CALIFORNIA FOOD AND AGRICULTURE CODE § 11501.1 THAT PREVENTS LOCAL GOVERNMENTS FROM REGULATING PESTICIDES

Source: City of Malibu
Concurrence of five or more cities/city officials: Cities: Agoura Hills; Calabasas; Davis; Menlo Park; Moorpark; Ojai; Oxnard; Richmond; West Hollywood
Referred to: Environmental Quality

WHEREAS, anticoagulant rodenticides are poisonous bait products that are poisoning 80 to 90% of predator wildlife in California. These poisons cause painful, internal hemorrhaging in non-target animals, including pets, that accidentally ingest the products. Approximately 10,000 children under the age of six are accidentally poisoned by anticoagulant rodenticides each year nationwide; and

WHEREAS, in response to these harms, the California Department of Pesticide Regulation banned the consumer purchase and use of second-generation anticoagulant rodenticides in July 2014. Despite collecting data for almost four years after this ban, the Department of Fish and Wildlife found no evidence supporting a decrease in poisonings by anticoagulant rodenticides; and

WHEREAS, the state of California currently only recognizes the harm posed by second-generation anticoagulant rodenticides, which are prohibited in state wildlife habitat areas but are still available for agricultural purposes and by certified applicators throughout the state of California; and

WHEREAS, first-generation anticoagulant rodenticides are still available to the public and used throughout California without limitation; and

WHEREAS, nonpoisonous rodent control methods, such as controlling trash, sealing buildings, setting traps, erecting raptor poles and owl boxes, and removing rodent nesting areas are also effective rodent control methods; and

WHEREAS, the state of California preempts cities from regulating pesticides; and

WHEREAS, many cities across California have passed resolutions restricting pesticide use on city property and have expressed the desire to ban the use of pesticides within their jurisdictions.

NOW, THEREFORE, BE IT RESOLVED by the General Assembly of the League of California Cities, assembled in Long Beach, California on September 14, 2018, to do as follows:

1. Encourage the state of California to fund and sponsor further research into the negative impacts of anticoagulant rodenticides to determine whether the use of these products should be further restricted or banned statewide.

2. Direct the League of California Cities staff to consider creating a task force with other organizations and jointly commission a report on the unintended negative impact of anticoagulant rodenticides;

3. Encourage cities throughout California to eliminate use of anticoagulant rodenticides as part of their maintenance program in city-owned parks, lands, and facilities and to report on the effectiveness of other rodent control methods used in in their maintenance program;

4. Encourage property owners throughout California to eliminate use of anticoagulant rodenticides on their properties;

5. Encourage cities throughout California to join in these advocacy efforts to mitigate the unintended negative impacts of anticoagulant rodenticides;

6. Endorse a repeal of California Food and Agriculture Code § 11501.1 to end local preemption of regulating pesticides; and

7. Call for the Governor and the Legislature to work with the League of California Cities and other stakeholders to consider and implement this reform.

Background Information on Resolution

Source: City of Malibu
Background:

A. Anticoagulant rodenticides are unnecessarily destructive and dangerous

Anticoagulant rodenticides contain lethal agents that disrupt the normal blood clotting or coagulation process causing dosed rodents to die from uncontrolled bleeding or hemorrhaging. Deaths typically occur between four days and two weeks after rodents begin to feed on the bait. Animals commonly targeted by anticoagulant rodenticides include rats, mice, gophers and squirrels. Non-target predator wildlife victims, which are exposed to an 80-90% risk of poisoning, include owls, hawks, bobcats, bears, foxes, coyotes, and mountain lions. The endangered species at risk of poisoning include fishers, spotted owls, and San Joaquin foxes. The use of anticoagulant rodenticides not only harms rodents, but it commonly harms pets, such as dogs, cats, and bunnies, and other wildlife that mistakenly eat the bait through primary poisoning or that unknowingly consume animals that have ingested the anticoagulant rodenticide through secondary poisoning. Children also suffer poisoning by mistakenly ingesting anticoagulant rodenticides.

California recognizes the grave harm that can be caused by anticoagulant rodenticides and has partially restricted access to second-generation anticoagulant rodenticides by the public:

> Because of documented hazards to wildlife, pets and children, the California Department of Pesticide Regulation has restricted public access to some of these materials in California. As of July 1, 2014, rodenticide products containing the active ingredients brodifacoum, bromadiolone, difethialone and difenacoum are only to be used by licensed applicators (professional exterminators).[1]

California has also prohibited the use of these ingredients in any "wildlife habitat area," which is defined as "any state park, state wildlife refuge, or state conservancy."[2]

The United State Environmental Protection Agency[3] and the California Department of Pesticide Regulation[4] have both documented in detail the damage to wildlife from second-generation anticoagulant rodenticides in support of the 2014 consumer ban on the purchase and use of the products. While first-generation anticoagulant rodenticides are less toxic, they are far more abundant due to their continued availability to all members of public.[4] The California Department of Fish & Wildlife was tasked with collecting data on poisoning incidents to ascertain the effectiveness of the restrictions on second-generation anticoagulant rodenticides. After almost four years of collecting data, there was no evidence supporting a reduction in the number of poisonings.

[1] https://www.wildlife.ca.gov/living-with-wildlife/rodenticides.
[2] Cal. Food and Agric. Code § 12978.7.
[3] https://www.epa.gov/rodenticides/restrictions-rodenticide-products
[4] https://www.cdpr.ca.gov/docs/registration/reevaluation/chemicals/brodifacoum_final_assess.pdf

Recent studies by the University of California, Los Angeles and the National Park Service on bobcats have shown that first-generation anticoagulant rodenticide poisoning levels similar to the second-generation anticoagulant rodenticides poisoning levels.[5] A comprehensive study of 111 mountain lions in 37 California counties found first-generation anticoagulant rodenticides in the liver tissue of 81 mountain lions (73% of those studied) across 33 of the 37 counties, and second-generation anticoagulant rodenticides in 102 mountain lions (92% of those studied) across 35 of the 37 counties.[6] First-generation anticoagulant rodenticides were identified as contributing to the poisoning of Griffith Park mountain lion, P-22, (who was rescued), and the deaths of Newbury Park mountain lion, P-34, and Verdugo Hills mountain lion, P-41.

This data demonstrates the inadequacy of current legislative measures to ameliorate the documented problem caused by both second-generation and first-generation anticoagulant rodenticides.

B. State law preempts general law cities from regulating the use of pesticides, including anticoagulant rodenticides

A general law city may not enact local laws that conflict with general state law.[7] Local legislation that conflicts with state law is void.[8] A local law conflicts with state law if it (1) duplicates, (2) contradicts, or (3) enters a field that has been fully occupied by state law, whether expressly or by implication. A local law falling into any of these categories is "preempted" and is unenforceable.

State law expressly bars local governments from regulating or prohibiting pesticide use. This bar is codified in the California Food and Agricultural Code § 11501.1(a):

> This division and Division 7 . . . are of statewide concern and occupy the whole field of regulation regarding the registration, sale, transportation, or use of pesticides to the exclusion of all local regulation. Except as otherwise specifically provided in this code, no ordinance or regulation of local government, including, but not limited to, an action by a local governmental agency or department, a county board of supervisors, or a city council, or a local regulation adopted by the use of an initiative measure, may prohibit or in any way attempt to regulate any matter relating to the registration, transportation, or use of pesticides, and any of these ordinances, laws or regulations are void and of no force or effect.

State law also authorizes the state to take action against any local entity that promulgates an ordinance or regulation that violates § 11501.1(a).[9] The statute was specifically adopted to overrule a 30 year old court decision in *People v. County of Mendocino*,[10] which had held that a

[5] L. E. K. Serieys, et al, "Anticoagulant rodenticides in urban bobcats: exposure, risk factors and potential effects based on a 16-year study," *Ecotoxicology* (2015) 24:844–862.
[6] J. Rudd, et al, "Prevalence of First-Generation and Second-Generation Rodenticide Exposure in California Mountain Lions," Proceeding of the 28th Vertebrate Pest Conference, February 2018.
[7] Cal. Const. art. XI § 7.
[8] *City of Riverside v. Inland Empire Patients Health and Wellness Center, Inc*. (2013) 56 Cal. 4th 729, 743.
[9] Cal. Food and Agric. Code § 11501.1, subd. (b).
[10] *People ex rel. Deukmejian v. County of Mendocino* (1984) 36 Cal. 3d 476.

local regulation prohibiting aerial application of phenoxy herbicides was not then preempted by state or federal law.[11]

The use of pesticides is broadly regulated by state law. In the language of preemption law, the state "occupies the field," leaving no room for additional local law on the subject. Accordingly, a city's ban on the use of anticoagulant rodenticides would be unenforceable.

C. California should repeal the preemption in Cal. Food and Agric. Code § 11501.1 to provide cities with the authority to decide how to regulate pesticides within their own jurisdictions based on local concerns

The state of California should provide cities with the authority to regulate the use of pesticides in their own jurisdictions based on their own individual local needs.

Recognizing that cities' power to "make and enforce within its limits all local, police, sanitary, and other ordinances and regulations" is presently preempted by the general laws of the state, cities throughout California request that the state provide cities with the authority to decide how to deal with rodents based on their land use.

Depending on such land use, cities may decide to allow the use of nonpoisonous control methods, non-anticoagulant rodenticides, or anticoagulant rodenticides, if necessary. Nonpoisonous methods to control rodent pests, include sealing entrances to buildings, sanitizing property, removing rodent habitats, such as ivy or wood piles, setting traps, and erecting raptor poles or owl boxes. For example, a recent landmark study by Ventura County established that installing raptor poles for hawks and owls was more effective than anticoagulant rodenticides in reducing the damage to water control levees caused by ground squirrel burrows. Burrows decreased by 66% with the change.[12]

The ultimate goal is to allow cities to address their local concerns with the input of community members at open and public meetings. Presently, cities are unable to adequately address local concerns; they are limited to encouraging or discouraging behavior.

D. Conclusion

The negative effects from the use of anticoagulant rodenticides across California has garnered the interest of cities and community members to remedy the problem. By presenting this resolution to the League of California Cities, the City of Malibu hopes to organize support and gain interest at the state level to repeal the preemption in Cal. Food and Agric. Code § 11501.1 to provide cities with the authority to regulate pesticides based on individual, local concerns.

[11] *IT Corp. v. Solano County Bd. Of Supervisors* (1991) 1 Cal. 4th 81, fn. 9; *Turner v. Chevron USA Inc.*, 2006 WL 1314013, fn. 14 (unpublished).
[12] http://vcportal.ventura.org/BOS/District2/RaptorPilotStudy.pdf

League of California Cities Staff Analysis on Resolution No. 2

Staff: Erin Evans-Fudem
Committee: Environmental Quality

Summary:
This resolution seeks to have the state and the League study the negative impacts of anticoagulant rodenticides and address the inability of cities to regulate the use of rodenticides and pesticides.

Specifically related to anticoagulant rodenticides, the resolution would encourage the state to fund research into the negative impacts and a potential restriction or ban; direct the League to consider creating a task force to study and report on the unintended negative consequences; encourage cities and property owners to eliminate use; and encourage cities to join advocacy efforts. In addition, the resolution would direct the League to endorse repeal of a statute that preempts local regulation of pesticides.

Background:
The City of Malibu is sponsoring this resolution out of concern about the effect of a certain type of rodent control (anticoagulant rodenticides) has on other wildlife. According to the City, anticoagulant rodenticides disrupt the blood clotting process and therefore cause rodents to die from bleeding or hemorrhaging. This rodenticide is commonly used on rats, mice, gophers, and squirrels. Predator animals that eat rodents can be exposed to anticoagulant rodenticides if they consume animals that have eaten the bait. These animals include owls, hawks, bobcats, bears, foxes, coyotes, and mountain lions. Furthermore, pets can also be exposed to anticoagulant rodenticides if they eat the bait or consume animals that have eaten the bait.

Some cities have passed “ceremonial resolutions” locally. For example, the City of Malibu has two ordinances in place to discontinue use of rodenticides and traps in city-owned parks, roads, and facilities, as well as encourage businesses and property owners not to use anticoagulant rodenticides on their property.

Fiscal Impact:
Costs to cities would include using alternative methods of rodent control and studying the efficacy. Since the resolution encourages, but does not mandate action by cities, city costs would be taken on voluntarily.

Fiscal impact to the League would include costs associated with the task force, scientific research, and educating League staff and members. For the task force, the League may incur costs associated with staffing, convening, and educating a task force to study anticoagulant rodenticides, as well as the cost of writing a report. This could include a need for outside experts with knowledge of pesticides and their ecological impacts. League resources would also be utilized to support proposals to repeal the statute preempting local regulation of pesticides; however, this cost may be absorbed with existing staff resources.

Comments:

Pesticides are regulated by federal and state governments. The Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) reserves for the federal government authority over pesticide labeling. States can adopt stricter labeling requirements and can effectively ban sale and use of pesticides that do not meet state health or safety standards.[1] For 51 years, California has reserved regulation of pesticides for the state only, preempting local regulation.[2] This preemption has been ratified and confirmed in subsequent court decisions and legislation. However, County Agricultural Commissioners work to enforce the state laws. Local governments may regulate or restrict pesticide use in their own operations, including use in municipal buildings or parks.[3][4]

Broad direction. This resolution would direct the League to take a position allowing broad local discretion over pesticide regulation in general. Because the regulation of anticoagulant rodenticides is largely based in science, additional or outside expertise may be needed to ensure full understanding of the science behind rodent control methods. The resolution itself is not limited to allowing local governments to regulate anticoagulant rodenticides, which this resolution otherwise targets.

Rodent control methods. There are numerous methods of controlling rodents, including lethal traps, live traps, and poison baits. There are two generations of rodenticide poisons because after rodents became resistant to the first generation, the second was developed. The U.S. Environmental Protection Agency (U.S. EPA) provides the following information below related to the science and use of anticoagulant rodenticides:

> Most of the rodenticides used today are anticoagulant compounds that interfere with blood clotting and cause death from excessive bleeding. Deaths typically occur between four days and two weeks after rodents begin to feed on the bait.
>
> First-generation anticoagulants include the anticoagulants that were developed as rodenticides before 1970. These compounds are much more toxic when feeding occurs on several successive days rather than on one day only. Chlorpophacinone, diphacinone and warfarin are first-generation anticoagulants that are registered to control rats and mice in the United States.
>
> Second-generation anticoagulants were developed beginning in the 1970s to control rodents that are resistant to first-generation anticoagulants. Second-generation anticoagulants also are more likely than first-generation anticoagulants to be able to kill after a single night's feeding. These compounds kill over a similar course of time but tend to remain in animal tissues longer than do first-generation ones. These properties mean that second-generation products pose greater risks to nontarget species that might feed on bait only once or that might feed upon animals that have eaten the bait. Due to these

[1] California Department of Pesticide Regulation (CDPR), *A Guide to Pesticide Regulation in California: 2017 Update*, pg. 9, https://www.cdpr.ca.gov/docs/pressrls/dprguide/dprguide.pdf.
[2] California Food and Agriculture Code § 11501.1 (1967).
[3] CDPR, *A Guide to Pesticide Regulation in California: 2017 Update*, pg. 9, https://www.cdpr.ca.gov/docs/pressrls/dprguide/dprguide.pdf.
[4] County Agricultural Commissioners work with CDPR to enforce state laws. CDPR, *A Guide to Pesticide Regulation in California: 2017 Update*, pg. 13, https://www.cdpr.ca.gov/docs/pressrls/dprguide/dprguide.pdf.

risks, second-generation anticoagulant rodenticides no longer are registered for use in products geared toward consumers and are registered only for the commercial pest control and structural pest control markets. Second-generation anticoagulants registered in the United States include brodifacoum, bromadiolone, difenacoum, and difethialone.

Other rodenticides that currently are registered to control mice include bromethalin, cholecalciferol and zinc phosphide. These compounds are not anticoagulants. Each is toxic in other ways.[5]

Legislative attempts to ban. Several legislative measures have been introduced to ban the use of certain anticoagulant rodenticides (AB 1687, Bloom, 2017. AB 2596, Bloom, 2016). However, neither of these measures were heard and failed to pass key legislative deadlines.

Existing League Policy:
The League does not have policy related to pesticides or rodenticides.

Related to federal regulation, League policy states:

- The League supports flexibility for state and local government to enact environmental and other standard or mandates that are stronger than the federal standards. However, the League reserves the right to question or oppose stronger standards on the merits. The League also opposes legislation that prohibits state and local governments from enacting stricter standards.

Support:
The following letters of concurrence were received: William Koehler, Mayor of Agoura Hills; Fred Gaines, Mayor of Calabasas; Brett Lee, Mayor Pro Tem of Davis; Catherine Carlton, Menlo Park City Council Member; Janice Parvin, Mayor of Moorpark; Suza Francina, Ojai City Council Member; Carmen Ramirez, Oxnard City Council Member; Tom Butt, Mayor of Richmond; Lindsey Horvath, West Hollywood City Council Member

[5] U.S. EPA, Restrictions on Rodenticide Products, https://www.epa.gov/rodenticides/restrictions-rodenticide-products

LETTERS OF CONCURRENCE

Resolution No. 1

Local Municipal Authority, Control and Revenue

City of Arcadia

Office of the City Council

Sho Tay
Mayor

April A. Verlato
Mayor Pro Tem

Peter M. Amundson
Council Member

Tom Beck
Council Member

Roger Chandler
Council Member

July 10, 2018

General Resolutions Committee
League of California Cities
1400 K Street, Suite 400
Sacramento, CA 95814

SUBJECT: 2018 CONFERENCE RESOLUTION TO RESPOND TO THE INCREASING VULNERABILITIES TO LOCAL MUNICIPAL AUTHORITY, CONTROL AND REVENUE

Dear Committee:

As the Mayor of the City of Arcadia, I support the League of California Cities ("League") Annual Conference Resolution proposed by the City of Beverly Hills calling for the League to explore the preparation of a ballot measure and/or constitutional amendment that would provide the state's voters an opportunity to further strengthen local authority and preserve the role of local democracy.

State legislation introduced in both 2017 and 2018 by the legislature has continually threatened to erode local control. Whether this was Senate Bill 649 (Hueso) Wireless Telecommunications Facilities or the more recently introduced Senate Bill 827 (Wiener) Planning and Zoning: Transit-Rich Housing Bonus that was defeated in Committee, legislatures are continually introducing proposals that impinge on the ability of a local government to institute discretionary legislation that is responsive to the needs of their constituents.

More recently, a state ballot initiative was introduced that would have made increasing fees and passing taxes more onerous on local jurisdictions due to the interest of powerful interest groups. This interest group successfully negotiated an Assembly Bill that prohibits constituents in local jurisdictions from passing a soda tax for twelve years; trumping the will of the people should they wish to support such a measure. However, as a result the passage of that Assembly Bill, the state ballot initiative was pulled from the November 2018 ballot.

These continual incursions into local control by the state legislature, and powerful interest groups, should be prohibited in areas where it is unwarranted and does not best serve the unique communities that make up the state of California.

The passage of the proposed resolution by the City of Beverly Hills would provide direction to the League to pursue a ballot measure and/or constitutional amendment that would strengthen local democracy and authority. For these reasons, I strongly support this resolution.

Sincerely,

Sho Tay
Mayor, City of Arcadia

cc: City of Arcadia City Council
Vice Mayor John Mirisch, City of Beverly Hills

240 West Huntington Drive
Post Office Box 60021
Arcadia, CA 91066-6021
(626) 574-5403 City Hall
(626) 446-5729 Fax
www.ArcadiaCA.gov

Attachment: League of CA Cities 2018 Annual Conference Resolution Packet (Resolutions to be Considered at the League's Annual Conference

CITY OF BURBANK

OFFICE OF THE MAYOR

July 11, 2018

General Resolutions Committee
League of California Cities
1400 K Street, Suite 400
Sacramento, CA 95814

SUBJECT: 2018 CONFERENCE RESOLUTION TO RESPOND TO THE INCREASING VULNERABILITIES TO LOCAL MUNICIPAL AUTHORITY, CONTROL AND REVENUE

Dear Committee:

As the Mayor of the City of Burbank, on my own behalf, I support the League of California Cities ("League") Annual Conference Resolution proposed by the City of Beverly Hills calling for the League to explore the preparation of a ballot measure and/or constitutional amendment that would provide the state's voters an opportunity to further strengthen local authority and preserve the role of local democracy.

State legislation introduced in both 2017 and 2018 by the legislature has continually threatened to erode local control. Whether this was Senate Bill 649 (Hueso) Wireless Telecommunications Facilities or the more recently introduced Senate Bill 827 (Wiener) Planning and Zoning: Transit-Rich Housing Bonus that was defeated in Committee, legislatures are continually introducing proposals that impinge on the ability of a local government to institute discretionary legislation that is responsive to the needs of their constituents.

More recently, a state ballot initiative was introduced that would have made increasing fees and passing taxes more onerous on local jurisdictions due to the interest of powerful interest groups. This interest group successfully negotiated an Assembly Bill that banned on constituents in local jurisdictions from passing a soda tax for twelve years; trumping the will of the people should they wish to support such a measure. However, as a result the passage of that Assembly Bill, the state ballot initiative was pulled from the November 2018 ballot.

275 E. Olive Avenue • P.O. Box 6459 • Burbank, California 91510-6459 • (818) 238-5751 • FAX (818) 238-5757

These continual incursions into local control by the state legislature, and powerful interest groups, should be prohibited in areas where it is unwarranted and does not best serve the unique communities that make up the state of California.

The passage of the proposed resolution by the City of Beverly Hills would provide direction to the League to pursue a ballot measure and/or constitutional amendment that would strengthen local democracy and authority. For these reasons I strongly support this resolution.

Sincerely,

Emily Gabel-Luddy

Emily Gabel-Luddy
Mayor, City of Burbank

cc: Vice Mayor John Mirisch, City of Beverly Hills
Jennifer Quan, League Regional Public Affairs Manager (via email)

From: Steven Scharf <scharf.steven@gmail.com>
Sent: Sunday, July 08, 2018 8:34 PM
To: Cindy Owens
Subject: Letter of Support for California League of Cities Resolution

Dear Ms. Cowens,

I was forwarded your email requesting support for a resolution in support of "the preparation of a ballot measure and/or state constitutional amendment that would strengthen local authority and preserve the role of local democracy at the local level as the state legislature is continually attempting to override the local authority of cities."

Speaking only for myself, and not on behalf of the City of Cupertino or other Cupertino City Council Members, I hereby give my support for such a measure. You may use my name as a supporter.

Sincerely,
Steven Scharf
Cupertino City Council Member

City of Duarte
1600 Huntington Drive | Duarte, CA 91010 | Bus. 626.357.7931 | Fax 626.358.0018 | www.accessduarte.c

Mayo
John Fasa
Mayor Pro Te
Liz Rei
Councilmembe
Margaret E. Fin
Samuel Ka
Tzeitel Paras-Cara
City Manag
Darrell J. Geor

July 10, 2018

General Resolutions Committee
League of California Cities
1400 K Street, Suite 400
Sacramento, CA 95814

2018 CONFERENCE RESOLUTION TO RESPOND TO THE INCREASING VULNERABILITIES TO LOCAL MUNICIPAL AUTHORITY, CONTROL, AND REVENUE

Dear Committee:

The City of Duarte supports the League of California Cities ("League") Annual Conference Resolution proposed by the City of Beverly Hills calling for the League to explore the preparation of a ballot measure that would provide the State's voters an opportunity to further strengthen local authority and preserve the role of local democracy.

State legislation introduced in both 2017 and 2018 by the legislature has continually threatened to erode local control. Whether this was Senate Bill 649 (Hueso) (Wireless Telecommunications Facilities) or the more recently introduced Senate Bill 827 (Wiener) (Planning and Zoning: Transit-Rich Housing Bonus) that was defeated in Committee, legislatures are continually introducing proposals that impinge on the ability of a local government to institute discretionary legislation that is responsive to the needs of their constituents.

More recently, a State ballot initiative was introduced that would have made increasing fees and passing taxes more onerous on local jurisdictions due to the interest of powerful interest groups. This interest group successfully negotiated an Assembly Bill that banned constituents in local jurisdictions from passing a soda tax for twelve years, trumping the will of the people should they wish to support such a measure. However, as a result of the passage of that Assembly Bill, the State ballot initiative was pulled from the November 2018 ballot.

These continual incursions into local control by the State legislature and powerful interest groups should be prohibited in areas where it is unwarranted, and does not best serve the unique communities that make up the State of California.

The passage of the proposed resolution by the City of Beverly Hills would provide direction to the League to pursue a ballot measure and/or constitutional amendment that would strengthen local democracy and authority. For these reasons, the City of Duarte strongly supports this resolution.

Sincerely,

Liz Reilly

Liz Reilly
Mayor Pro Tem

cc: Vice Mayor John Mirisch, City of Beverly Hills

Attachment: League of CA Cities 2018 Annual Conference Resolution Packet (Resolutions to be Considered at the League's Annual Conference

CITY OF OCEANSIDE

MAYOR
PETER WEISS

COUNCIL MEMBERS
JACK FELLER
JEROME KERN
CHARLES "CHUCK" LOWERY
ESTHER SANCHEZ

July 10, 2018

General Resolutions Committee
League of California Cities
1400 K Street, Suite 400
Sacramento, CA 95814

SUBJECT: 2018 CONFERENCE RESOLUTION TO RESPOND TO THE INCREASING VULNERABILITIES TO LOCAL MUNICIPAL AUTHORITY, CONTROL AND REVENUE

Dear Committee:

I'm writing on behalf of the City of Oceanside to support the League of California Cities' ("League") Annual Conference Resolution proposed by the City of Beverly Hills calling for the League to explore the preparation of a ballot measure and/or constitutional amendment that would provide the State's voters an opportunity to further strengthen local authority and preserve the role of local democracy.

State legislation introduced in both 2017 and 2018 by the legislature has continually threatened to erode local control. Whether this was Senate Bill 649 (Hueso) Wireless Telecommunications Facilities, or the more recently introduced Senate Bill 827 (Wiener) Planning and Zoning: Transit-Rich Housing Bonus that was defeated in Committee, legislatures are continually introducing proposals that impinge on the ability of a local government to institute discretionary legislation that is responsive to the needs of their constituents.

More recently, a state ballot initiative was introduced that would have made increasing fees and passing taxes more onerous on local jurisdictions due to the interest of powerful interest groups. This interest group successfully negotiated an Assembly Bill that banned constituents in local jurisdictions from passing a soda tax for twelve years, trumping the will of the people should they wish to support such a measure. However, as a result the passage of that Assembly Bill, the state ballot initiative was pulled from the November 2018 ballot.

These continual incursions into local control by the state legislature and powerful interest groups should be prohibited in areas where it is unwarranted and does not best serve the unique communities that make up the state of California.

CIVIC CENTER • 300 NORTH COAST HIGHWAY • OCEANSIDE, CA 92054-2885 • TELEPHONE (760) 435-4500

The passage of the proposed resolution by the City of Beverly Hills would provide direction to the League to pursue a ballot measure and/or constitutional amendment that would strengthen local democracy and authority. For these reasons, I strongly support this resolution.

Sincerely,

Peter Weiss
MAYOR

cc: Vice Mayor John Mirisch, City of Beverly Hills

CITY OF ONTARIO
303 EAST "B" STREET, CIVIC CENTER ONTARIO CALIFORNIA 91764-4105
(909) 395-2000
FAX (909) 395-2070

PAUL S. LEON
MAYOR

ALAN D. WAPNER
MAYOR PRO TEM

JIM W. BOWMAN
DEBRA DORST-PORADA
RUBEN VALENCIA
COUNCIL MEMBERS

SCOTT OCHOA
CITY MANAGER

SHEILA MAUTZ
CITY CLERK

JAMES R. MILHISER
TREASURER

July 10, 2018

General Resolutions Committee
League of California Cities
1400 K Street, Suite 400
Sacramento, CA 95814

Re: 2018 CONFERENCE RESOLUTION TO RESPOND TO THE INCREASING VULNERABILITIES TO LOCAL MUNICIPAL AUTHORITY, CONTROL AND REVENUE

Dear Committee Members,

As Mayor pro Tem for the City of Ontario, I support the Annual Conference Resolution proposed by the City of Beverly Hills calling for the League of California Cities to explore the preparation of a ballot measure and/or constitutional amendment that would provide the state's voters an opportunity to further strengthen local authority and preserve the role of local democracy.

In recent years, the state legislature has aggressively ramped up its efforts to wrestle authority away from local government. In the past session alone, we saw egregious and unprecedented attacks on local control with several bills that strike at the heart of local government. These bills, including Senate Bill 649 (Hueso – Wireless Telecommunications Facilities) and Senate Bill 827 (Wiener – Planning and Zoning: Transit-Rich Housing Bonus) show a blatant contempt for the ability of local governments to meet the needs of the local community.

Unfortunately, these bills are likely only the beginning. As such, there is a need for a ballot measure and/or constitutional amendment to clearly enshrine the role of local government in regulating local issues. The passage of the proposed resolution by the City of Beverly Hills recognizes that it is local government, not the state legislature, that best understands the local community and is therefore best-situated to regulate and respond to local issues. For these reasons, I strongly support this resolution.

Sincerely,

Alan D. Wapner
Mayor pro Tem – City of Ontario

cc: Vice Mayor John Mirisch, City of Beverly Hills

Printed on recycled paper.

City of Palo Alto
Office of the Mayor and City Council

July 11, 2018

General Resolutions Committee
League of California Cities
1400 K Street, Suite 400
Sacramento, CA 95814

Re: EXPLORING A RESOLUTION TO RESPOND TO INCREASING VULNERABILITIES TO LOCAL MUNICIPAL AUTHORITY

Dear Committee Members:

As one Councilmember of the City of Palo Alto, and in my individual capacity and not on behalf of the Council as a body, or the City, I write to support the League of California Cities ("League") Annual Conference Resolution proposed by the City of Beverly Hills. This resolution asks the League to explore the preparation of a ballot measure and/or constitutional amendment that would provide voters an opportunity to further strengthen local authority and preserve the role of local democracy. If the resolution passes, I encourage the League to ensure any potential measure includes both charter and general law cities.

State legislation introduced in both 2017 and 2018 has continually threatened to erode local control. Whether this was SB 649 (Hueso) Wireless Telecommunications Facilities or the more recently introduced SB 827 (Wiener) Planning and Zoning: Transit-Rich Housing Bonus that was defeated in Committee, legislatures are continually introducing proposals that impinge on the ability of a local government to institute discretionary legislation that is responsive to the needs of their constituents.

More recently, a state ballot initiative was introduced that would have made increasing fees and passing taxes more onerous on local jurisdictions due to the interest of powerful interest groups. This interest group successfully negotiated an Assembly Bill that banned on constituents in local jurisdictions from passing a soda tax for twelve years; trumping the will of the people should they wish to support such a measure. However, as a result the passage of that Assembly Bill, the state ballot initiative was pulled from the November 2018 ballot.

These continual incursions into local control by state legislature, and powerful interest groups, should be prohibited in areas where it is unwarranted and does not best serve the unique communities that make up the state of California.

The passage of the proposed resolution by the City of Beverly Hills would provide direction to the League to pursue a ballot measure and/or constitutional amendment that would strengthen local democracy and authority. For these reasons I support this resolution.

Sincerely,

DocuSigned by:
Lydia Kou
5BE1B1835F4F4D6...

Lydia Kou
Councilmember, City of Palo Alto

cc:
Palo Alto City Council
Mayor John Mirisch, City of Beverly Hills
James Keene, Palo Alto City Manager

P.O. Box 10250
Palo Alto, CA 94303
650.329.2477
650.328.3631 fax

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Bill Brand
Mayor

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Redondo Beach, California 90277-0270
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ext. 2260
fax 310 374-2039

July 9, 2018

General Resolutions Committee
League of California Cities
1400 K Street, Suite 400
Sacramento, CA 95814

SUBJECT: 2018 CONFERENCE RESOLUTION TO RESPOND TO THE INCREASING VULNERABILITIES TO LOCAL MUNICIPAL AUTHORITY, CONTROL AND REVENUE

Dear Committee:

As Mayor of Redondo Beach, I support the League of California Cities Annual Conference Resolution proposed by the City of Beverly Hills calling for the LCC to explore the preparation of a ballot measure and/or constitutional amendment that would provide the State's voters an opportunity to further strengthen local authority and preserve the role of local democracy.

State legislation introduced in both 2017 and 2018 by the Legislature has continually threatened to erode local control. Whether this was Senate Bill 649 (Hueso) Wireless Telecommunications Facilities, or the more recently introduced Senate Bill 827 (Wiener) Planning and Zoning: Transit-Rich Housing Bonus that was defeated in Committee, The State Legislature is continuing to introduce proposals that impinge on the ability of local governments to institute discretionary legislation that is responsive to the needs of their communities.

These continual incursions into local control by the State Legislature, and powerful special interest groups, should be prohibited in areas where it is unwarranted and does not best serve the unique communities that make up the State of California.

The passage of the proposed resolution by the City of Beverly Hills would provide direction to the League to pursue a ballot measure and/or constitutional amendment that would strengthen local democracy and authority. For these reasons I strongly support this resolution.

Sincerely,

Bill Brand

cc: Vice Mayor John Mirisch, City of Beverly Hills

CITY OF
SANTA CRUZ

MAYOR AND CITY COUNCIL

809 Center Street, Room 10, Santa Cruz, CA 95060 • (831) 420-5020 • Fax: (831) 420-5011 • citycouncil@cityofsantacruz.com

July 9, 2018

General Resolutions Committee
League of California Cities
1400 K Street, Suite 400
Sacramento, CA 95814

RE: 2018 CONFERENCE RESOLUTION TO RESPOND TO THE INCREASING VULNERABILITIES TO LOCAL MUNICIPAL AUTHORITY, CONTROL, AND REVENUE

Dear General Resolutions Committee Members:

As Mayor of the City of Santa Cruz, I support the League of California Cities ("League") Annual Conference Resolution proposed by the City of Beverly Hills calling for the League to explore the preparation of a ballot measure and/or constitutional amendment that would provide the State's voters an opportunity to further strengthen local authority and preserve the role of local democracy.

State legislation introduced in both 2017 and 2018 by the Legislature has continually threatened to erode local control. Whether this was Senate Bill 649 (Hueso) Wireless Telecommunications Facilities or the more recently introduced Senate Bill 827 (Wiener) Planning and Zoning: Transit-Rich Housing Bonus that was defeated in Committee, legislatures are continually introducing proposals that impinge on the ability of a local government to institute discretionary legislation that is responsive to the needs of their constituents.

More recently, a State ballot initiative was introduced that would have made increasing fees and passing taxes more onerous on local jurisdictions due to the interest of powerful interest groups. This interest group successfully negotiated an Assembly Bill that banned constituents of local jurisdictions from passing a soda tax for twelve years, trumping the will of the people should they wish to support such a measure. However, as a result the passage of that Assembly Bill, the State ballot initiative was pulled from the November 2018 Ballot.

These continual incursions into local control by the State Legislature and powerful interest groups should be prohibited in areas where it is unwarranted and does not best serve the unique communities that make up the State of California.

The passage of the proposed resolution by the City of Beverly Hills would provide direction to the League to pursue a ballot measure and/or constitutional amendment that would strengthen local democracy and authority. For these reasons I strongly support this resolution.

Sincerely,

David Terrazas
Mayor

cc: Vice Mayor John Mirisch, City of Beverly Hills

Attachment: League of CA Cities 2018 Annual Conference Resolution Packet (Resolutions to be Considered at the League's Annual Conference

From: Michael Goldman <miklg@yahoo.com>
Sent: Saturday, July 07, 2018 4:37 PM
To: Cindy Owens
Subject: Letter of Support for California League of Cities Resolution

Dear Ms. Cowens,

I was forwarded your email requesting support for a resolution in support of "the preparation of a ballot measure and/or state constitutional amendment that would strengthen local authority and preserve the role of local democracy at the local level as the state legislature is continually attempting to override the local authority of cities."

Speaking solely on my own behalf, I hereby give my whole-hearted support for such a measure. The essence of democracy is the control by the people of their community. As public servants, we elected officials serve the democratically expressed will of the public.

Sincerely,

Michael S. Goldman

Sunnyvale City Council, Seat 7

CITY OF
TORRANCE

PATRICK J. FUREY
MAYOR

July 5, 2018

General Resolutions Committee
League of California Cities
1400 K Street, Suite 400
Sacramento, CA 95814

SUBJECT: 2018 CONFERENCE RESOLUTION TO RESPOND TO THE INCREASING VULNERABILITIES TO LOCAL MUNICIPAL AUTHORITY, CONTROL AND REVENUE

Dear Committee:

As Mayor of the City of Torrance, I support the League of California Cities ("League") Annual Conference Resolution proposed by the City of Beverly Hills calling for the League to explore the preparation of a ballot measure that would provide the state's voters an opportunity to further strengthen local authority and preserve the role of local democracy.

State legislation introduced in both 2017 and 2018 by the legislature has continually threatened to erode local control. Whether this was Senate Bill 649 (Hueso) Wireless Telecommunications Facilities or the more recently introduced Senate Bill 827 (Wiener) Planning and Zoning: Transit-Rich Housing Bonus that was defeated in Committee, legislatures are continually introducing proposals that impinge on the ability of a local government to institute discretionary legislation that is responsive to the needs of their constituents.

More recently, a state ballot initiative was introduced that would have made increasing fees and passing taxes more onerous on local jurisdictions due to the interest of powerful interest groups. This interest group successfully negotiated an Assembly Bill that banned on constituents in local jurisdictions from passing a soda tax for twelve years; trumping the will of the people should they wish to support such a measure. However, as a result the passage of that Assembly Bill, the state ballot initiative was pulled from the November 2018 ballot.

These continually incursions into local control by the state legislature, and powerful interest groups, should be prohibited in areas where it is unwarranted and does not best serve the unique communities that make up the state of California.

The passage of the proposed resolution by the City of Beverly Hills would provide direction to the League to pursue a ballot measure and/or constitutional amendment that would strengthen local democracy and authority. For these reasons I strongly support this resolution.

Sincerely,

Patrick J. Furey
Mayor

cc: Vice Mayor John Mirisch, City of Beverly Hills

3031 Torrance Boulevard • Torrance, California 90503 • Telephone 310/618-2801

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City of West Hollywood
California 1984

CITY OF
WEST HOLLYWOOD

CITY HALL
8300 SANTA MONICA BLVD.
WEST HOLLYWOOD, CA
90069-6216
TEL: (323) 848-6460
FAX: (323) 848-6562

TTY: For hearing impaired
(323) 848-6496

CITY COUNCIL

JOHN J. DURAN
Mayor

JOHN D'AMICO
Mayor Pro Tempore

JOHN HEILMAN
Councilmember

LINDSEY P. HORVATH
Councilmember

LAUREN MEISTER
Councilmember

July 11, 2018

General Resolutions Committee
League of California Cities
1400 K Street, Suite 400
Sacramento, CA 95814

SUBJECT: 2018 CONFERENCE RESOLUTION TO RESPOND TO THE INCREASING VULNERABILITIES TO LOCAL MUNICIPAL AUTHORITY, CONTROL AND REVENUE

Dear Committee:

As a Councilmember of the City of West Hollywood, I support the League of California Cities ("League") Annual Conference Resolution proposed by the City of Beverly Hills calling for the League to explore the preparation of a ballot measure and/or constitutional amendment that would provide the state's voters an opportunity to further strengthen local authority and preserve the role of local democracy.

During the current 2017-2018 regular session of the California Legislature, legislators introduced several pieces of legislation that have attempted to erode local control. Whether this was Senate Bill (SB) 649 (Hueso) Wireless Telecommunications Facilities, or more recently SB 827 (Wiener) Planning and Zoning: Transit-Rich Housing Bonus, which was defeated in Committee, legislators continue to introduce proposals that impinge on the ability of local governments to self-determine.

Another good example of how the Legislature takes actions that are detrimental to local governments' control is the legislative compromise between the Legislature and beverages' manufacturers who agreed to withdraw their ballot initiative in exchange for the approval of Assembly Bill (AB) 1838 (Committee on Budget): Local government: taxation: prohibition: groceries, (Chapter 61, Statutes of 2016). As you know, AB 1838 basically prohibited the adoption of a local "soda tax" by any municipality for the next twelve years.

Attachment: League of CA Cities 2018 Annual Conference Resolution Packet (Resolutions to be Considered at the League's Annual Conference

CITY OF WEST HOLLYWOOD

These incursions into local control by the Legislature, and powerful interest groups, should be prohibited in areas where it is unwarranted and does not best serve the unique communities that make up the state of California.

The passage of the proposed resolution by the City of Beverly Hills would provide direction to the League to pursue a ballot measure and/or constitutional amendment that would strengthen local democracy and authority. For these reasons I strongly support this resolution.

Sincerely,

Lauren Meister,
Councilmember

cc: Vice Mayor John Mirisch, City of Beverly Hills

Attachment: League of CA Cities 2018 Annual Conference Resolution Packet (Resolutions to be Considered at the League's Annual Conference

LETTERS OF CONCURRENCE

Resolution No. 2

Repeal Preemption of Regulating Pesticides

CITY OF
AGOURA HILLS

"Gateway to the Santa Monica Mountains National Recreation Area"

July 10, 2018

The Honorable Rich Garbarino
League of California Cities
1400 K Street
Sacramento, CA 95814

Re: RESOLUTION OF LEAGUE OF CALIFORNIA CITIES DECLARING ITS CONTRACT TO SUPPORT THE REPEAL OF PREEMPTION IN CALIFORNIA FOOD AND AGRICULTURE CODE §11501.1 THAT PREVENTS LOCAL GOVERNMENTS FROM REGULATING PESTICIDES

Dear President Garbarino:

The City of Agoura Hills supports the proposed above referenced resolution that supports the repeal of preemption in California Food and Agriculture Code §11501.1 that prevents local Governments from regulating pesticides.

Accordingly, we concur in the submission of the resolution for consideration by the League of Cities General Assembly at its annual meeting on September 14, 2018.

As the gateway to the Santa Monica Mountains we have been witness to the harmful effects of anticoagulant rodenticides on wildlife in our community, and surrounding areas.

For this reason, the City of Agoura Hills is supportive of this resolution, and requests the league's support.

Sincerely,

WILLIAM D. KOEHLER
Mayor - City of Agoura Hills

cc: Ms. Meg Desmond - mdesmond@cacities.org
Ms. Mary Linden - mlinden@malibucity.org
Mr. Greg Ramirez - gramirez@ci.agoura-hills.ca.us

30001 Ladyface Court, Agoura Hills, CA 91301-2583 • Telephone (818) 597-7300 • Fax (818) 597-7352
e-mail: ci.agoura-hills.ca.us

CITY of CALABASAS

FRED GAINES
Mayor

July 9, 2018

ORIGINAL BY U.S. MAIL

VIA EMAIL mdesmond@cacities.org

The Honorable Rich Garbarino, President
League of California Cities
1400 K Street
Sacramento, CA 95814

Re: RESOLUTION OF THE LEAGUE OF CALIFORNIA CITIES DECLARING ITS COMMITMENT TO SUPPORT THE REPEAL OF PREEMPTION IN CALIFORNIA FOOD AND AGRICULTURE CODE §11501.1 THAT PREVENTS LOCAL GOVERNMENTS FROM REGULATING PESTICIDES

Dear President Garbarino:

The City of Calabasas supports the proposed resolution to support the repeal of the preemption clause in California Food and Agriculture Code Section 11501.1 regarding pesticide use and regulation so that each city in the State of California is able to decide how to regulate pesticides within their own jurisdiction to adequately address local concerns.

Accordingly, we concur in the submission by the City of Malibu of the above-referenced resolution for consideration by the League of Cities General Assembly at its annual meeting on September 14, 2018.

The City of Calabasas has identified the devastating effect of anticoagulent rodenticides on wildlife in our community and on the ecosystem in our native Santa Monica Mountains. While our City has adopted resolutions and implemented programs to discourage the use of the pesticides by our residents and businesses, we are limited by State law from taking more effective actions.

100 Civic Center Way
Calabasas, CA 91302
(818) 224-1600
Fax (818) 224-7324

Attachment: League of CA Cities 2018 Annual Conference Resolution Packet (Resolutions to be Considered at the League's Annual Conference

The City of Calabasas is in strong support of providing cities across the State of California with the authority to regulate pesticides based on local concerns in the communities and supports the proposed Resolution.

Sincerely,

Fred Gaines
Mayor

cc: Mary Linden (MLinden@malibucity.org)

Attachment: League of CA Cities 2018 Annual Conference Resolution Packet (Resolutions to be Considered at the League's Annual Conference

Davis
California

July 13, 2018

The Honorable Rich Garbarino, President
League of California Cities
1400 K Street
Sacramento, California 95814

RE: A Resolution of the League of California Cities Declaring Its Commitment to Support the Repeal of Preemption in California Food and Agriculture Code § 11501.1 That Prevents Local Governments from Regulating Pesticides

Dear President Garbarino:

Anticoagulant rodenticides poison unintended targets, including predator wildlife in California and pets that ingest the products. These poisons cause painful, internal hemorrhaging in non-target animals. In addition, approximately 10,000 children under the age of six are accidentally poisoned each year nationwide.

The California Department of Pesticide Regulation banned the consumer purchase and use of second-generation anticoagulant rodenticides in July 2014. Despite collecting data for almost four years after this ban, the Department of Fish and Wildlife found no evidence supporting a decrease in poisonings by anticoagulant rodenticides due to this partial restriction of the supply.

Currently, State law preempts general law cities from regulating the use of pesticides, including anticoagulant rodenticides. In my official capacity as a city councilmember I support the proposed resolution to repeal the preemptive clause in California Food and Agriculture Code Section 11501.1 to provide cities across the state of California with the authority to regulate pesticides based on the local concerns in their communities. The State of California should provide cities with the authority to regulate the use of pesticides in their own jurisdictions based on their own individual local needs.

I concur with the submission of this resolution at the League of California Cities General Assembly at its annual meeting in Long Beach on September 14, 2018.

Sincerely,

Brett Lee
Mayor Pro Tem

July 5, 2018

The Honorable Rich Garbarino, President
League of California Cities
1400 K Street
Sacramento, California 95814

RE: RESOLUTION OF THE LEAGUE OF CALIFORNIA CITIES DECLARING ITS COMMITMENT TO SUPPORT THE REPEAL OF PREEMPTION IN CALIFORNIA FOOD AND AGRICULTURE CODE § 11501.1 THAT PREVENTS LOCAL GOVERNMENTS FROM REGULATING PESTICIDES

Dear President Garbarino,

Anticoagulant rodenticides are products that are poisoning 80% to 90% of predator wildlife in our cities and throughout California. These poisons cause painful, internal hemorrhaging in non-target animals - including pets - that ingest the products either directly or from consuming poisoned rodents. In addition, approximately 10,000 children under the age of six are accidentally poisoned each year nationwide.

My own mother lost a dearly loved pet dog, who was poisoned when it ate a poisoned rat!

The California Department of Pesticide Regulation banned the consumer purchase and use of second-generation anticoagulant rodenticides in July 2014. Despite collecting data for almost four years after this ban, the Department of Fish and Wildlife found no evidence supporting a decrease in poisonings by anticoagulant rodenticides due to this partial restriction of the supply.

State law now preempts general law cities from regulating the use of pesticides, including anticoagulant rodenticides. I support the proposed resolution to repeal the preemptive clause in California Food and Agriculture Code Section 11501.1 to provide cities across the state of California with the authority to regulate pesticides based on the local concerns in their communities. The State of California should provide cities with the authority to regulate the use of pesticides in their own jurisdictions based on their own individual local needs.

I concur with the submission of this resolution at the League of California Cities General Assembly at its annual meeting in Long Beach on September 14, 2018.

Sincerely,

Catherine Carlton

Environmental Committee Vice Chair for the League of California Cities

CITY OF MOORPARK

799 Moorpark Avenue, Moorpark, California 93021
Main City Phone Number (805) 517-6200 | Fax (805) 532-2205 | moorpark@moorparkca.gov

July 12, 2018

The Honorable Rich Garbarino, President
League of California Cities
1400 K Street
Sacramento, CA 95814

RE: RESOLUTION OF THE LEAGUE OF CALIFORNIA CITIES DECLARING ITS COMMITMENT TO SUPPORT THE REPEAL OF PREEMPTION IN CALIFORNIA FOOD AND AGRICULTURE CODE § 11501.1 THAT PREVENTS LOCAL GOVERNMENTS FROM REGULATING PESTICIDES

Dear President Garbarino:

The City of Moorpark supports the above referenced resolution being brought to a vote at the upcoming League of California Cities Conference on September 14, 2018.

As a community surrounded by the beauty of the Santa Monica Mountains and its wildlife, the City adopted a resolution in 2013 urging Moorpark residents and businesses to not use anticoagulant rodenticides in Moorpark. In 2014, the City applauded passage of AB 2657, which removed many second generation anticoagulant rodenticides from the state.

However, as we are all unfortunately aware, scientific research continues to find anticoagulant rodenticides in non-target animals, including the natural predators that help regulate rodent populations and endangered species throughout California. Accordingly, the City has supported subsequent legislative proposals to ban all anticoagulant rodenticides statewide, including AB 2422, which is currently stalled in the state legislature.

The City further believes that local governments should have the opportunity to regulate pesticide usage within their jurisdictions if the communities they represent desire to do so. Therefore, the City supports the above referenced resolution being brought to a vote.

Yours truly,

Janice Parvin
Mayor

JANICE S. PARVIN, Mayor | ROSEANN MIKOS, Ph.D., Councilmember | DAVID POLLOCK, Councilmember | KEN SIMONS, Councilmember | MARK VAN DAM, Councilmember

cc: City Council
City Manager
Assistant City Manager
Assistant to the City Manager
League of California Cities, Meg Desmond (mdesmond@cacities.org)
City of Malibu, Mary Linden (MLinden@malibucity.org)

Councilmember Suza Francina
City of Ojai
401 South Ventura Street, Ojai, CA 93023
Email: Suzaojaicitycouncil@gmail.com
Cell: 805 603 8635

July 9, 2018

The Honorable Rich Garbarino, President
League of California Cities
1400 K Street
Sacramento, California 95814

RE: A RESOLUTION OF THE LEAGUE OF CALIFORNIA CITIES DECLARING ITS COMMITMENT TO SUPPORT THE REPEAL OF PREEMPTION IN CALIFORNIA FOOD AND AGRICULTURE CODE § 11501.1 THAT PREVENTS LOCAL GOVERNMENTS FROM REGULATING PESTICIDES

Dear President Garbarino,

Anticoagulant rodenticides are products that are poisoning 80 to 90% of predator wildlife in California. These poisons cause painful, internal hemorrhaging in non-target animals including pets that ingest the products either directly or from consuming poisoned rodents. In addition, approximately 10,000 children under the age of six are accidentally poisoned each year nationwide.

The California Department of Pesticide Regulation banned the consumer purchase and use of second-generation anticoagulant rodenticides in July 2014. Despite collecting data for almost four years after this ban, the Department of Fish and Wildlife found no evidence supporting a decrease in poisonings by anticoagulant rodenticides due to this partial restriction of the supply.

Currently, State law preempts general law cities from regulating the use of pesticides, including anticoagulant rodenticides. In my official capacity as a city councilmember I support the proposed resolution to repeal the preemptive clause in California Food and Agriculture Code Section 11501.1 to provide cities across the state of California with the authority to regulate pesticides based on the local concerns in their communities. The State of California should provide cities with the authority to regulate the use of pesticides in their own jurisdictions based on their own individual local needs.

I concur with the submission of this resolution at the League of California Cities General Assembly at its annual meeting in Long Beach on September 14, 2018.

Sincerely,
Suza Francina
Councilmember, City of Ojai

July 12, 2018

The Honorable Rich Garbarino, President
League of California Cities
1400 K Street
Sacramento, California 95814

RE: A RESOLUTION OF THE LEAGUE OF CALIFORNIA CITIES DECLARING ITS COMMITMENT TO SUPPORT THE REPEAL OF PREEMPTION IN CALIFORNIA FOOD AND AGRICULTURE CODE § 11501.1 THAT PREVENTS LOCAL GOVERNMENTS FROM REGULATING PESTICIDES

Dear President Garbarino,

I write as one council member of the City of Oxnard regarding the state law that preempts general law cities such as ours from regulating the use of pesticides. Our city is heavily impacted with environmental burdens associated with pesticide use as well as other industrial toxins, which affect the health of the people, wildlife and our environment. Oxnard residents are requesting that the use of pesticides in our public spaces be curtailed and restricted. This would include anticoagulant rodenticides, products that are poisoning 80 to 90% of predator wildlife in California. These poisons cause painful, internal hemorrhaging in non-target animals including pets that ingest the products either directly or from consuming poisoned rodents. In addition, approximately 10,000 children under the age of six are accidentally poisoned each year nationwide.

The California Department of Pesticide Regulation banned the consumer purchase and use of second-generation anticoagulant rodenticides in July 2014. Despite collecting data for almost four years after this ban, the Department of Fish and Wildlife found no evidence supporting a decrease in poisonings by anticoagulant rodenticides due to this partial restriction of the supply.

Currently, State law preempts general law cities from regulating the use of pesticides, including anticoagulant rodenticides. In my official capacity as a city councilmember I support the proposed resolution to repeal the preemptive clause in California Food and Agriculture Code Section 11501.1 to provide cities across the state of California with the authority to regulate pesticides based on the local concerns in their communities. The State of California should provide cities with the authority to regulate the use of pesticides in their own jurisdictions based on their own individual local needs.

Letter to President Garbarino
July 12, 2018
Page two

I concur with the submission of this resolution at the League of California Cities General Assembly at its annual meeting in Long Beach on September 14, 2018. Thank you very much for your attention to this.

Sincerely,

Carmen Ramirez

Richmond CALIFORNIA
OFFICE OF MAYOR TOM BUTT
Bay Front. Home Front. Out Front.

July 6, 2018

The Honorable Rich Garbarino
President, League of California Cities
1400 K Street
Sacramento, California 95814

Re: In Support to Repeal the Preemption in California Food and Agriculture Code § 11501.1 that Prevents Local Governments from regulating pesticides

Dear President Garbarino,

Anticoagulant rodenticides poison 80% to 90% of predator wildlife in California. These poisons cause painful, internal hemorrhaging in non-target animals including pets that ingest the products either directly or from consuming poisoned rodents. In addition, approximately 10,000 children under the age of six are accidentally poisoned each year nationwide.

The California Department of Pesticide Regulation banned the consumer purchase and use of second-generation anticoagulant rodenticides in July 2014. Currently, State law preempts general law cities from regulating the use of pesticides, including anticoagulant rodenticides, which has minimized the impact of the State's ban. Despite collecting data for almost four years, the Department of Fish and Wildlife found no evidence supporting a decrease in poisonings by anticoagulant rodenticides due to the partial restriction of the supply.

As a member of the League of California Cities' Environmental Quality Policy Committee, I support the proposed resolution to repeal the preemptive clause in California Food and Agriculture Code Section 11501.1 to provide cities across the state of California with the authority to regulate pesticides based on the local concerns in their communities. The State of California should provide cities with the authority to regulate the use of pesticides in their own jurisdictions based on their own individual local needs.

I concur with the submission of this resolution at the League of California Cities General Assembly at its annual meeting in Long Beach on September 14, 2018.

Sincerely,

Mayor Tom Butt
Richmond, California

City of West Hollywood
California 1984

CITY OF WEST HOLLYWOOD

CITY HALL
8300 SANTA MONICA BLVD.
WEST HOLLYWOOD, CA
90069-6216
TEL: (323) 848-6460
FAX: (323) 848-6562

TTY: For hearing impaired
(323) 848-6496

CITY COUNCIL

JOHN J. DURAN
Mayor

JOHN D'AMICO
Mayor Pro Tempore

JOHN HEILMAN
Councilmember

LINDSEY P. HORVATH
Councilmember

LAUREN MEISTER
Councilmember

July 13, 2018

The Honorable Rich Garbarino, President
League of California Cities
1400 K Street
Sacramento, CA 95814

RE: A Resolution of the League of California Cities Declaring its Commitment to Support the Repeal of Preemption in California Food and Agriculture Code § 11501.1 that Prevents Local Governments from Regulating Pesticides

Dear President Garbarino,

I am writing to express my support for the above-mentioned resolution to repeal the preemptive clause in California Food and Agriculture Code Section 11501.1 in order to give cities across California the authority to regulate and/or prohibit the use of pesticides in their local communities. I concur with the submission of the proposed resolution to the League of California Cities General Assembly annual meeting on September 14, 2018.

Granting local governments the ability to self-regulate pesticide use better enables cities to protect the health and safety of the public, animals, and the environment. Given that no two cities are identical, local governments must have the power to take a systematic approach to pesticide use and regulation that fits the specific needs of their city. Repealing this section of the code will provide cities the opportunity to act in the best interest of their jurisdiction to set a standard of regulation that offers comprehensive protection, better formulated to protect a community's individual needs.

The City of West Hollywood is in strong support of environmentally-sensitive pest management practices that minimize risk to people, companion and wild animals, resources, and the environment. As the proposed resolution explains, anticoagulant rodenticides have devastating effects on wildlife. The City of West Hollywood has implemented an Integrated Pest Management Program that supports environmentally-sensitive pest management while protecting the health and safety of the public. This policy is in compliance with the State and Federal regulations while catering to and prioritizing the needs of the City of West Hollywood.

Sincerely,

Lindsey Horvath
Councilmember

cc: Meg Desmond, League of CA Cities
Councilmember Laura Z. Rosenthal, City of Malibu
Elizabeth Shavelson, Assistant to the City Manager, City of Malibu
Mary Linden, Executive Assistant, City of Malibu

shop WEST HOLLYWOOD

CITY OF ARVIN
Staff Report

Meeting Date: August 21, 2018

TO:	City Council
FROM:	Jeff Jones, Finance Director Jerry Breckinridge, Interim City Manager
SUBJECT:	Consideration and Acceptance of Annual Financial Audit for the Period Ending June 30, 2017 and Related Single Audit

BACKGROUND:
Frances Kuo of the Pun Group will be presenting the results of the Fiscal Year 2016-17 Basic Financial Statements and the Federal Single Audit.

STAFF RECOMMENDATION:
Staff recommends to accept and file the following reports:

1. Independent Auditors' Report and Basic Financial Statements for the Year Ended June 30, 2017

2. 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 for the Year Ended June 30, 2017 (Federal Single Audit)

3. City of Arvin's Corrective Action Plan to item (2) above

4. Auditors' Communication on Engagement dated July 31, 2018.

THE PUN GROUP
ACCOUNTANTS & ADVISORS

A MEMBER OF
Allinial GLOBAL

CITY OF ARVIN

Presentation to the City Council
For the Fiscal Year Ended June 30, 2017

August 21, 2018

Contents

- Scope of Work
- Audit Responsibilities
- Approach to the Audit
- Overview of Financial Statements
- Financial Indicators and Key Pension Information
- Audit Results
- Findings
- New GASB Pronouncements

Scope of Work

Scope of Work

- **Financial Statements Audit**
  - City of Arvin Basic Financial Statements
- **Compliance Audit**
  - Audit of Federal Program (Single Audit)
- **Agreed Upon Procedures**
  - GANN Limit

Audit Responsibilities

Management Responsibilities

- Responsible for the Financial Statements
- Present the Financial Statements in accordance with Accounting Principles Generally Accepted in the United States of America
- Adopt sound accounting policies
- Establish and maintain internal controls over financial reporting and compliance
- Provide evidence supporting the amounts and disclosures in the financial statements
- Prevent and detect fraud

Auditors' Responsibilities

- Perform the 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,* and Uniform Guidance
- Communicate with "Those Charged with Governance"
- Assess audit risk of internal control over financial reporting and compliance
- Determine fairness presentation of the financial statements and material compliance
- Render opinions
- Issue recommendations to management, if any

Approach to the Audit

Approach to the Audit

- Phase I – Detailed Planning
- Phase II – Risk Based Review of Internal Controls Over Systems and Compliance
  - Financial Reporting
  - Revenue – Billings and Cash Receipts
  - Expenditures – Purchasing and Cash Disbursements
  - Payroll and Related Liabilities
  - General IT Controls
  - Internal Control Over Compliance
- Phase III – Validation of Account Balances and Compliance Testing
- Phase IV – Prepared Financial Statements, Single Audit Report, and Issued Audit Opinion

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Overview of the Financial Statements

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City of Arvin

Government-Wide Summary
Statement of Net Position
June 30, 2017 and 2016

Governmental Activities

	2017	2016	Change
Assets	$ 29,097,000	$ 25,763,000	$ 3,334,000
Deferred Outflows of Resources	719,000	280,000	439,000
Liabilities	10,285,000	8,862,000	1,423,000
Deferred Inflows of Resources	220,000	459,000	(239,000)
Net Position:			
Net investments in capital assets	18,775,000	14,993,000	3,782,000
Restricted	2,173,000	526,000	1,647,000
Unrestricted	(1,637,000)	1,203,000	(2,840,000)
Total Net Position	$ 19,311,000	$ 16,722,000	$ 2,589,000

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City of Arvin

Government-Wide Summary
Statement of Net Position
June 30, 2017 and 2016

Business-Type Activities

	2017	2016	Change
Assets	$ 9,252,000	$ 10,099,000	$ (847,000)
Deferred Outflows of Resources	56,000	24,000	32,000
Liabilities	4,942,000	4,874,000	68,000
Deferred Inflows of Resources	17,000	43,000	(26,000)
Net Position:			
Net investments in capital assets	2,599,000	2,705,000	(106,000)
Restricted	994,000	952,000	42,000
Unrestricted	756,000	1,549,000	(793,000)
Total Net Position	$ 4,349,000	$ 5,206,000	$ (857,000)

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City of Arvin

Government-Wide Summary
Statement of Activities
For the Years Ended June 30, 2017 and 2016

Governmental Activities

	2017	2016	Change
Program Revenues			
Charges for services	$ 1,061,000	$ 897,000	$ 164,000
Operating grants and contributions	1,429,000	923,000	506,000
Capital grants and contributions	3,763,000	2,045,000	1,718,000
Total program revenues	6,253,000	3,865,000	2,388,000
Expenses	$ 9,277,000	$ 7,164,000	$ 2,113,000
Net Cost of Services	(3,024,000)	(3,299,000)	275,000
General Revenues (includes transfers)	5,613,000	4,614,000	999,000
Change in Net Position	$ 2,589,000	$ 1,315,000	$ 1,274,000

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City of Arvin

Government-Wide Summary
Statement of Activities
For the Years Ended June 30, 2017 and 2016

Business-Type Activities

	2017	2016	Change
Program Revenues			
Charges for services	$ 2,686,000	$ 2,715,000	$ (29,000)
Operating grants and contributions	720,000	643,000	77,000
Capital grants and contributions	-	34,000	(34,000)
Total program revenues	3,406,000	3,392,000	14,000
Expenses	$ 3,236,000	$ 2,952,000	$ 284,000
Net Cost of Services	170,000	440,000	(270,000)
General Revenues (includes transfers)	(1,027,000)	11,000	(1,038,000)
Change in Net Position	$ (857,000)	$ 451,000	$ (1,308,000)

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City of Arvin

General Fund Summary
Balance Sheet
June 30, 2017 and 2016

	2017	2016	Change
Assets	$ 3,583,000	$ 1,898,000	$ 1,685,000
Liabilities	$ 3,277,000	$ 1,499,000	$ 1,778,000
Fund Balance			
Nonspendable	644,000	655,000	(11,000)
Assigned	-	116,000	(116,000)
Unassigned	(338,000)	(372,000)	34,000
Total Fund Balance	306,000	399,000	(93,000)
Total Liabilities and Fund Balance	$ 3,583,000	$ 1,898,000	$ 1,685,000

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City of Arvin

General Fund Summary

Statement of Revenues, Expenditures and Changes in Fund Balance

For the Years Ended June 30, 2017 and 2016

	2017	2016	Change
Revenues	$ 5,728,000	$ 5,387,000	$ 341,000
Expenditures	(7,393,000)	(6,293,000)	(1,100,000)
Revenues over Expenditures	(1,665,000)	(906,000)	(759,000)
Other Financing Sources and Uses			-
Issuance of capital lease	191,000	-	191,000
Transfers (Net)	1,381,000	16,000	1,365,000
Change in Net Position	$ (93,000)	$ (890,000)	$ 797,000

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Financial Indicators and Key Pension Information

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City of Arvin

Governmental Activities
Cost of Services to Tax Revenues
For the Years Ended June 30, 2017 and 2016

	2017	2016	Change
Cost of Services	$ 3,025,000	$ 3,299,000	$ (274,000)
Tax Revenues	4,480,000	4,418,000	62,000
Ratio	68%	75%	-7%

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City of Arvin

General Fund

Unassigned Fund Balance to Annual Expenditures

For the Years Ended June 30, 2017 and 2016

	2017	2016	Change
Unassigned Fund Balance	$ (338,000)	$ (372,000)	$ 34,000
Annual Expenditures	7,393,000	6,293,000	1,100,000
Ratio	-5%	-6%	1%

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City of Arvin

General Fund

General Fund Fund Balances

5-Year Trend

June30,	Balance	Changes
2013	$ 7,096,000	$ 470,000
2014	2,703,000	(4,393,000)
2015	1,289,000	(1,414,000)
2016	399,000	(890,000)
2017	306,000	(93,000)

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City of Arvin

GASB 68 – The Pension Standards
CalPERS Misc. Cost Sharing Plan

	2017	2016
Deferred Outflows of Resources	$ 195,000	$ 6,000
Net Pension Liablity @ 7.65% Discount Rate	$ 1,084,000	$ 743,000
Deferred Inflows of Resources	$ 104,000	$ 203,000

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City of Arvin

GASB 68 – The Pension Standards
CalPERS Safety Cost Sharing Plan

	2017	2016
Deferred Outflows of Resources	$ 263,000	$ 34,000
Net Pension Liablity @ 7.65% Discount Rate	$ 950,000	$ 609,000
Deferred Inflows of Resources	$ 133,000	$ 299,000

Audit Result

Audit Result

- **Unmodified Opinion**
  - Financial Statements are fairly presented in all material respect
  - Significant accounting policies have been consistently applied
  - Estimates are reasonable
  - Disclosures are properly reflected in the financial statements
  - Compliance with compliance requirements for Highway Planning and Construction Program in all material respect

Other Results

- **Emphasis of Matter**
  - Financial Condition
- Material weaknesses and significant deficiencies were identified

Audit Findings

- **Financial Statement Findings:**
  - **Material Weaknesses:**
    - Finding 2017-001 City's Finance Organization
    - Finding 2017-002 Cash Shortfalls
    - Finding 2017-003 Internal Control Over Financial Reporting/Accounting Close and Accuracy in Financial Reporting
  - **Significant Deficiencies:**
    - Finding 2017-004 Internal Control over Capital Assets

- **Federal Awards Findings:**
  - **Significant Deficiencies:**
    - Finding 2017-005 Accurate Preparation of the Schedule of Expenditures of Federal Awards
    - Finding 2017-006 Procurement and Suspension, and Debarment – Internal Control over Verification Against the System for Award Management (“SAM”)
    - Finding 2017-007 Internal Control and Compliance over Reporting
    - Finding 2017-008 Special Tests and Provision – Internal Controls and Compliance over Quality Assurance Program

New GASB Pronouncements

Upcoming New Standards

- GASB 75 – “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions” effective June 15, 2017 (Fiscal Year 2018)
- GASB 81 – “Irrevocable Split-Interest Agreements” effective December 15, 2016 (Fiscal Year 2018)
- GASB 83, Certain Asset Retirement Obligations effective June 15, 2018 (Fiscal Year 2019)
- GASB 84, Fiduciary Activities effective December 15, 2018 (Fiscal Year 2020)
- GASB 85, Omnibus 2017 effective June 15, 2017 (Fiscal Year 2018)
- GASB 86, Certain Debt Extinguishment Issues effective June 15, 2017 (Fiscal Year 2018)
- GASB 87, Leases effective December 15, 2019 (Fiscal Year 2021)

Upcoming New Standards (Continued)

- GASB 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements effective June 15, 2018 (Fiscal Year 2019)
- GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period" effective December 15, 2019 (Fiscal Year 2021)

For more information, contact:

Presenter:

Frances Kuo, CPA, CGMA
Direct +1 949 777 8805
Frances.Kuo@PunGroup.com

City of Arvin

Arvin, California

Independent Auditors' Report and Basic Financial Statements

For the Year Ended June 30, 2017

Prepared By
Finance Department
of the City of Arvin

THE PUN GROUP
ACCOUNTANTS & ADVISORS

City of Arvin
Basic Financial Statements
For the Year Ended June 30, 2017

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City of Arvin
Basic Financial Statements
For the Year Ended June 30, 2017

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THE PUN GROUP
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and the Members of the City Council
of the City of Arvin
Arvin, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Arvin, California (the "City"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 activities, each major fund, and the aggregate remaining fund information of the City 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.

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Emphasis of Matter

Financial Condition

As discussed in Note 10, the City's Governmental Activities unrestricted net position was in the amount of $(1,637,267) as of June 30, 2017. It is mainly due to the net pension liability in the amount of $1,854,015. In addition, the City's General Fund has suffered significant reductions in fund balances from its operations and is experiencing cash shortfall. As of June 30, 2017, the City's general fund had a negative cash balance in the amount of $2,171,713 and unassigned deficit balance in the amount of $(338,038). Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules – General Fund and All Major Special Revenue Funds, Schedules of the City's Proportionate Share of Net Pension Liabilities and Related Ratios, and Schedules of Contributions on pages 83 through 89 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Accounting principles generally accepted in the United State of America require that the Management's Discussion and Analysis ("MD&A") on pages 5 to 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. Although our opinion on the basic financial statements is not affected, the following material departures from the Government Accounting Standard Board Statement No. 34 exist. A brief discussion of the basic financial statements, condensed financial information derived from government-wide financial statements comparing the current year to the prior year, an analysis of significant variations between original and final budget amounts and between final budget amounts and actual budget results for the general fund (or its equivalent), and a description of significant capital asset and long-term debt activity during the year are not included in the MD&A. We do not express an opinion or provide any assurance on the information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining and Individual Nonmajor Fund Financial Statements and the Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual 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 the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Nonmajor Fund Financial Statements and the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2018 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.

The Pun Group, LLP

Santa Ana, California
July 31, 2018

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As management of the City of Arvin (City), we offer readers of the City's basic financial statements this overview and analysis of the financial activities of the City for the year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the basic financial statements.

FINANCIAL CONDITION

The Government-Wide Financial Statements describe the City's financial condition as though it were a single entity instead of a group of separate funds (the Fund Financial Statements describe the various funds' individual and separate financial conditions). These two financial statement viewpoints are described more fully in Note 1B.

Government-Wide Financial Condition

One measure of financial condition is an entity's net working capital (defined as the excess of current assets over liabilities). The City's net working capital for fiscal year 2016/17 is compared with fiscal year 2015/16 below:

	Fiscal Year 2016/17		Fiscal Year 2015/16	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
Current assets	$ 4,716,053	$ 2,261,510	$ 9,852,660	$ 2,957,499
Current liabilities	(3,426,776)	(522,759)	(2,643,313)	(406,970)
Working capital	$ 1,289,277	$ 1,738,751	$ 7,209,347	$ 2,550,529

The City received a $4.9 million loan relating to the Jewett Square project towards the end of the fiscal year so that most of the loan proceeds were unspent in cash at June 30, 2016. The loan is a long-term obligation so this significantly increased governmental activities working capital. Most of these proceeds are were spent on the capital project during fiscal year 2016/17.

Net position for the Governmental and Business-Type Activities changed during the fiscal year by $2,588,346 and ($856,298), respectively. Much of this differential in Governmental activities is the result of increased legal, professional services, and labor costs. Management has taken a very proactive approach in the months subsequent to year-end in addressing costs. In November 2017, the Community Development Director and Management Analyst positions were eliminated. General fund capital outlay projects in the amount of $600,000 were either cancelled or postponed to future years. Business-Type Activities operating expenses decreased primarily due to reduced costs in operating the waste water treatment plant and the sewer collection system.

Select Individual Funds' Financial Condition

The City Council has discretion to set service levels which then drives the expenditure levels needed to achieve those service levels. Employee salary and benefits constitute the largest operating cost related to providing traditional government services such as public safety, infrastructure maintenance and operation, community development, and general government administration. The City Council has significant discretion over these costs, but their discretion is limited during periods covered by consummated labor agreements. Typically, the City periodically renegotiates its labor agreements which is when changes can be made to the terms and conditions (including salary and benefit packages). To the extent necessary, the City Council can adjust future budgets to deal with any temporary or structural financial issues.

Select Individual Funds' Financial Condition (Continued)

The most significant perpetual operating funds are the General Fund, Gas Tax Fund, Transportation Development Act (TDA) funds (both transit related and for streets and roads maintenance), various impact fee funds, and the Sanitation (sewer) fund. The financial condition as of June 30, 2017 for each of these will be discussed in turn below.

General Fund:

A majority of the City's Council financial attention is directed towards the General Fund. The City Council and City Manager will implement improved financial projecting methods and will be adjusting the General Fund Budget to bring the spending back into a slight surplus (to accumulate cash). The City Council's goal is for the General Fund to maintain an available reserve of about 25% of operating expenditures and cash. The City Manager has been tasked with restoring reserves to these levels.

The fund ended the year with its expenditures and net transfers exceeding revenues by about $92,800. Revenues were about 8% ($440,000) above budget. Expenditures increased from $6.3 million in fiscal year 2015/16 to $7.4 million in fiscal year 2016/17. Public safety expenses increased by $180k, mostly due to increased health insurance costs and scheduled merit/cost of living increases. General government expense increased by $513k, due to the hiring of two positions (Community Development Director and Management Analyst), along with increased legal services costs. Public works expenses increased by $230k, mostly due to increased parks maintenance and infrastructure repair costs. Planning and community development expenses increased by $132k, mostly because of increased planning / engineering contract support costs.

City management realizes that the increasing costs trend in the General Fund (up by $1.9 million from 2014/15 to 2016/17) is unstainable and has adapted strong budget measures in FY 17/18 to address this situation. FY 17/18 budget adjustments include elimination of two management level positions, reductions in health insurance benefits, suspension of management merit increases, cancelling and/or postponement of capital improvement projects funded via the general fund. Management is also looking at attracting additional businesses into the City as a means to increase revenue.

The General Fund borrowed about $2.2 million from other funds to cover cash shortfalls. Much of the General Fund's cash was used to cover other fund's expenditures while awaiting grant reimbursements. For example, although the City expects to recover about $1.7 million in TDA fund expenses - streets and road funds related to street repairs and transit operations - those amounts are not expected to be received for an extended time so were not available. The reason for the lengthy delay is that the granting agency requires the current year's audit to be completed before being eligible to recover expense from prior years. This means that this cash must be temporarily loaned from other funds (such as the General Fund) to eliminate cash deficits in the TDA funds.

The General Fund has also advanced funds to the Successor Agency (post-RDA dissolution entity) for the former RDA expenditures. The General Fund has requested reimbursement of these resources (about $569,000) through the State of California's Recognized Obligations Payments Schedule (the "ROPS") program and expects to be repaid when tax increments are available to the County of Kern.

Transportation Development Act (both transit and streets and roads) Funds: These funds needed to temporarily borrow cash from other funds because reimbursements for fiscal year 2015/16 were not submitted until after the end of the fiscal year. The total expected reimbursements are about $1,250,000 (transit claim) and $480,000 (streets and roads claim). The reason for the cash borrowing was mentioned in the general fund analysis section.

Impact Fee Funds: The major impact fee funds (traffic, parks, and sewer connections) were all relatively quiet during the fiscal year with none of them making major expenditures. Due to the settlement of litigation in 2016 (these funds are expected to incur costs in the next few years, but those costs are not yet quantified. The Traffic Impact Fee (TIF) fund made a temporary overnight loan at June 30, 2016 of about $1,070,000 to other funds experiencing temporary cash deficits. These temporary interfund loans are reflected in "due from other funds" (see TIF) and "due to other funds" (various).

City management is reviewing its cash projecting techniques regarding capital grant funded projects to reduce periods of cash deficiency. Implementing such improved project management techniques should greatly reduce or eliminate the need for interfund borrowing in the future.

Sanitation Fund: This fund ended the fiscal year with over $1.2 million in cash (about $994,000 restricted to the contract with Veolia, who operates the waste water treatment plant). On June 20, 2017, the City Council formally authorized to reimburse General Fund for prior year expenses related to litigation involved sewer treatment plant capacity in the amount of $1 million. The sanitation fund generated a net increase in cash of about $590,000 from operating activities before transfers of $1.8 million. Operating income was a positive $390,000. City Management and the City Council expect to continue the successful operations of this fund by continuing to monitor the adequacy of fee revenues and to seek and take advantage of opportunities for cost reduction. Unrestricted net position of the fund increased during the year and now is approximately $0.8 million.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Arvin
Statement of Net Position
June 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	$ 2,417,704	$ 259,953	$ 2,677,657
Cash and investments with fiscal agents	-	993,512	993,512
Accounts receivables	873,126	1,228,781	2,101,907
Due from other governments	493,034	-	493,034
Due from Successor Agency	569,076	-	569,076
Prepaid expenses	17,000	125,377	142,377
Internal balances	346,113	(346,113)	-
Total current assets	4,716,053	2,261,510	6,977,563
Noncurrent assets:			
Notes receivable - Successor Agency	627,230	-	627,230
Capital assets:			
Nondepreciable	9,973,312	910,053	10,883,365
Depreciable, net	13,780,109	6,080,572	19,860,681
Total capital assets	23,753,421	6,990,625	30,744,046
Total noncurrent assets	24,380,651	6,990,625	31,371,276
Total assets	29,096,704	9,252,135	38,348,839
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows of resources	718,702	56,350	775,052
Total deferred outflows of resources	718,702	56,350	775,052

See accompanying Notes to the Basic Financial Statements.

City of Arvin
Statement of Net Position (Continued)
June 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	805,626	68,156	873,782
Accrued payroll	530,796	6,013	536,809
Deposits	401,772	-	401,772
Retention payable	323,911	-	323,911
Unearned revenue	1,079,158	242,000	1,321,158
Interest payable	-	26,936	26,936
Compensated absences - due within one year	63,570	5,508	69,078
Long-term debt - due within one year	221,943	174,146	396,089
Total current liabilities	3,426,776	522,759	3,949,535
Noncurrent liabilities:			
Compensated absences - due in more than one year	254,282	22,030	276,312
Long-term debt - due in more than one year	4,750,249	4,217,631	8,967,880
Aggregate net pension liability (Note 8)	1,854,015	179,454	2,033,469
Total noncurrent liabilities	6,858,546	4,419,115	11,277,661
Total liabilities	10,285,322	4,941,874	15,227,196
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows of resources	219,842	17,268	237,110
Total deferred inflows of resources	219,842	17,268	237,110
NET POSITION			
Net investment in capital assets	18,774,612	2,598,848	21,373,460
Restricted:			
Transportation	452,463	-	452,463
Public safety	20,353	-	20,353
Public works	423,728	-	423,728
Planning/community development	1,276,353	-	1,276,353
Debt service	-	993,512	993,512
Total restricted	2,172,897	993,512	3,166,409
Unrestricted	(1,637,267)	756,983	(880,284)
Total net position	$ 19,310,242	$ 4,349,343	$ 23,659,585

See accompanying Notes to the Basic Financial Statements.

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Program Revenues: Total
Primary government:					
Governmental activities:					
General government	$ 2,692,282	$ 500,044	$ 2,000	$ -	$ 502,044
Public safety	3,718,749	120,592	268,379	-	388,971
Public works	1,417,192	-	1,056,836	1,011,858	2,068,694
Community development	1,088,657	439,665	101,841	2,415,740	2,957,246
Interest and fiscal charges	360,274	-	-	-	-
Transit	-	-	-	335,372	335,372
Total governmental activities	9,277,154	1,060,301	1,429,056	3,762,970	6,252,327
Business-type activities:					
Transportation development	817,251	54,160	720,049	-	774,209
Sanitation	2,418,835	2,632,205	-	-	2,632,205
Total business-type activities	3,236,086	2,686,365	720,049	-	3,406,414
Total primary government	$ 12,513,240	$ 3,746,666	$ 2,149,105	$ 3,762,970	$ 9,658,741

See accompanying Notes to the Basic Financial Statements.

City of Arvin
Statement of Activities (Continued)
For the Year Ended June 30, 2017

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Primary government:			
Governmental activities:			
General government	$ (2,190,238)	$ -	$ (2,190,238)
Public safety	(3,329,778)	-	(3,329,778)
Public works	651,502	-	651,502
Community development	1,868,589	-	1,868,589
Interest and fiscal charges	(360,274)	-	(360,274)
Transit	335,372	-	335,372
Total governmental activities	(3,024,827)	-	(3,024,827)
Business-type activities:			
Transportation development	-	(43,042)	(43,042)
Sanitation	-	213,370	213,370
Total business-type activities	-	170,328	170,328
Total primary government	(3,024,827)	170,328	(2,854,499)
General Revenues and Transfers:			
General revenues:			
Taxes:			
Property taxes	243,261	-	243,261
Sales taxes	2,039,328	-	2,039,328
Franchise tax	520,395	-	520,395
Vehicle license fee in lieu tax	1,576,836	-	1,576,836
Other	100,038		100,038
Total taxes	4,479,858	-	4,479,858
Investment earnings	12,936	6,374	19,310
Revenue from use of money and property	55,740	-	55,740
Miscellaneous revenue	31,639	-	31,639
Transfers	1,033,000	(1,033,000)	-
Total general revenues and transfers	5,613,173	(1,026,626)	4,586,547
Change in net position	2,588,346	(856,298)	1,732,048
Net Position:			
Beginning of year	16,721,896	5,205,641	21,927,537
End of year	$ 19,310,242	$ 4,349,343	$ 23,659,585

See accompanying Notes to the Basic Financial Statements.

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund - The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

Transportation Development Act (Non-Transit) Special Revenue Fund - Accounts for sales tax monies received from Kern Council of Governments restricted for street and road improvements.

Traffic Impact Fees Special Revenue Fund - Separates and accounts for the fees received from builders that have been specifically restricted for traffic flow improvements.

Prop 84 Park Fund - Accounts for the grants received that are restricted for use to projects relating to safe drinking water, water quality and supply, flood control, water pollution and contamination control, and state and local park improvements.

Jewett Square Development Capital Projects Fund - Accounts for a private placement loan proceeds, designated for adding new infrastructure for Jewett Square which is a City's vacant property to attract new businesses to the City.

City of Arvin
Balance Sheet
Governmental Funds
June 30, 2017

	Major Funds			
		Special Revenue Fund		
	General	Transportation Development Act (Non-Transit)	Traffic Impact Fees	Prop 84 Park Grant
ASSETS				
Cash and investments	$ -	-	$ -	$ -
Accounts receivables	375,377	-	-	360,669
Prepaid items	17,000	-	-	-
Due from other funds	1,994,487	-	1,158,335	-
Due from other governments	-	480,894	-	-
Due from Successor Agency	569,076	-	-	-
Advances to Successor Agency	627,230	-	-	-
Total assets	$ 3,583,170	$ 480,894	$ 1,158,335	$ 360,669
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 211,476	$ 33,513	$ -	$ 209,144
Accrued payroll and benefits	492,017	35	-	-
Retention payable	-	-	-	130,664
Deposits	401,772	-	-	-
Due to other funds	2,171,713	531,015	-	148,975
Unearned revenue	-	-	238,000	-
Total liabilities	3,276,978	564,563	238,000	488,783
Deferred Inflows of resources:				
Unavailable revenue	-	-	-	360,669
Total deferred inflows of resources	-	-	-	360,669
Fund Balances:				
Nonspendable	644,230	-	-	-
Restricted	-	-	920,335	-
Unassigned (deficit)	(338,038)	(83,669)	-	(488,783)
Total fund balances	306,192	(83,669)	920,335	(488,783)
Total liabilities, deferred inflows of resources, and fund balances	$ 3,583,170	$ 480,894	$ 1,158,335	$ 360,669

See accompanying Notes to the Basic Financial Statements.

City of Arvin
Balance Sheet (Continued)
Governmental Funds
June 30, 2017

	Major Funds		
	Capital Projects Fund		
	Capital Project Jewett Square Development	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	$ 317,294	$ 2,100,410	$ 2,417,704
Accounts receivables	-	137,080	873,126
Prepaid items	-	-	17,000
Due from other funds	289,594	-	3,442,416
Due from other governments	-	12,140	493,034
Due from Successor Agency	-	-	569,076
Advances to Successor Agency	-	-	627,230
Total assets	$ 606,888	$ 2,249,630	$ 8,439,586
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 318,727	$ 32,766	$ 805,626
Accrued payroll and benefits	-	38,744	530,796
Retention payable	193,247	-	323,911
Deposits	-	-	401,772
Due to other funds	-	244,600	3,096,303
Unearned revenue	-	841,158	1,079,158
Total liabilities	511,974	1,157,268	6,237,566
Deferred Inflows of resources:			
Unavailable revenue	-	106,735	467,404
Total deferred inflows of resources	-	106,735	467,404
Fund Balances:			
Nonspendable	-	-	644,230
Restricted	94,914	1,252,562	2,267,811
Unassigned (deficit)	-	(266,935)	(1,177,425)
Total fund balances	94,914	985,627	1,734,616
Total liabilities, deferred inflows of resources, and fund balances	$ 606,888	$ 2,249,630	$ 8,439,586

See accompanying Notes to the Basic Financial Statements.

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

Total Fund Balances - Total Governmental Funds	$	1,734,616
Amounts reported for Governmental Activities in the Statement of Net Position were different		
Capital Assets used in the governmental activities were not financial resources and therefore were not reported in the Governmental Funds Balance Sheet.		
Government-Wide Statement of Net Position		23,753,421
Total capital assets		23,753,421
Long-term liabilities were not due and payable in the current period and therefore were not reported in the Governmental Funds Balance Sheet.		
Amount reported in Government-Wide Statement of Net Position		
Compensated absences - due within one year		(63,570)
Compensated absences - due in more than one year		(254,282)
Long-term debt - due within one year		(221,943)
Long-term debt - due in more than one year		(4,750,249)
Total long-term liabilities		(5,290,044)
Net pension liability is not due and payable in the current period and therefore is not reported in the governmental funds.		(1,854,015)
Pension related deferred outflows of resources are not reported in the governmental funds but are reported in the government-wide financial statements.		718,702
Pension related deferred inflows of resources are not reported in the governmental funds but are reported in government- wild financial statements		(219,842)
Revenues earned but not available to pay for current expenditures for governmental funds are reported as unavailable revenue in governmental funds but recognized as revenue in Government-Wide financial statements.		467,404
Net Position of Governmental Activities	$	19,310,242

See accompanying Notes to the Basic Financial Statements.

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

	Major Funds			
		Special Revenue Funds		
	General	Transportation Development Act (Non-Transit)	Traffic Impact Fees	Prop 84 Park Grant
REVENUES:				
Property taxes and special assessments	$ 243,261	$ -	$ -	$ -
Property tax in lieu of VLF	1,576,836	-	-	-
Sales tax	2,039,328	-	-	-
Franchise tax	520,395	-	-	-
Vehicle license tax	99,592	-	-	-
Other taxes	446	-	-	-
Licenses, permits and fees	496,799	-	37,826	-
Fines, forfeitures and penalties	18,477	-	-	-
Investment income (loss)	(17)	-	5,275	-
Lease revenue	55,740	-	-	-
Intergovernmental	154,896	949,197	-	2,415,740
Charges for current services	268,753	-	-	-
Other	253,297	-	-	-
Total revenues	5,727,803	949,197	43,101	2,415,740
EXPENDITURES:				
Current:				
General government	2,465,288	-	-	-
Public safety	3,377,962	-	-	-
Public works	400,568	39,606	-	-
Planning/community development	650,279	-	19,710	159,481
Debt services:				
Principal retirement	54,443	-	-	-
Interest and fiscal charge	-	-	166,051	-
Capital outlay	443,900	936,091	-	2,613,280
Total expenditures	7,392,440	975,697	185,761	2,772,761
REVENUES OVER (UNDER) EXPENDITURES	(1,664,637)	(26,500)	(142,660)	(357,021)
OTHER FINANCING SOURCES (USES):				
Issuance of capital lease	190,744	-	-	-
Transfers in	1,384,000	-	-	-
Transfers out	(2,907)	-	(132,000)	-
Total other financing sources (uses)	1,571,837	-	(132,000)	-
NET CHANGE IN FUND BALANCES	(92,800)	(26,500)	(274,660)	(357,021)
FUND BALANCES:				
Beginning of year	398,992	(57,169)	1,194,995	(131,762)
End of year	$ 306,192	$ (83,669)	$ 920,335	$ (488,783)

See accompanying Notes to the Basic Financial Statements.

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

	Major Funds		
	Capital Projects Fund		
	Capital Project Jewett Square Development	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:			
Property taxes and special assessments	$ -	$ 114,584	$ 357,845
Property tax in lieu of VLF	-	-	1,576,836
Sales tax	-	-	2,039,328
Franchise tax	-	-	520,395
Vehicle license tax	-	-	99,592
Other taxes	-	-	446
Licenses, permits and fees	-	2,415	537,040
Fines, forfeitures and penalties	-	-	18,477
Investment income	31,772	7,677	44,707
Lease revenue	-	-	55,740
Intergovernmental	-	2,135,942	5,655,775
Charges for current services	-	-	268,753
Other	5,948	8,955	268,200
Total revenues	37,720	2,269,573	11,443,134
EXPENDITURES:			
Current:			
General government	-	12,878	2,478,166
Public safety	-	332,040	3,710,002
Public works	-	694,294	1,134,468
Planning/community development	29,623	213,927	1,073,020
Debt services:			
Principal retirement	165,000	-	219,443
Interest and fiscal charge	194,223	-	360,274
Capital outlay	4,014,422	922,229	8,929,922
Total expenditures	4,403,268	2,175,368	17,905,295
REVENUES OVER (UNDER) EXPENDITURES	(4,365,548)	94,205	(6,462,161)
OTHER FINANCING SOURCES (USES):			
Issuance of capital lease	-	-	190,744
Transfers in	-	2,907	1,386,907
Transfers out	(219,000)	-	(353,907)
Total other financing sources (uses)	(219,000)	2,907	1,223,744
NET CHANGE IN FUND BALANCES	(4,584,548)	97,112	(5,238,417)
FUND BALANCES:			
Beginning of year	4,679,462	888,515	6,973,033
End of year	$ 94,914	$ 985,627	$ 1,734,616

See accompanying Notes to the Basic Financial Statements.

City of Arvin

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		$ (5,238,417)
Amounts reported for governmental activities in the Statement of Activities were different because:		
Governmental funds reported capital outlay as expenditures. Capital outlay expenditures are included in the Statement of Revenues, Expenditures, and Changes in Fund Balances throughout various departments. However, in the Government-Wide Statement of Activities the cost of those assets was allocated over their estimated useful lives as depreciation expenses. This is the amount of capital assets recorded in the current period.		
Capital outlay	$ 8,929,922	
Less: noncapitalized current expenditures	76,101	9,006,023
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources.		(536,839)
Long-term compensated absences expense was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. Therefore, the increase in long-term compensated absences was not reported as an expenditure in the governmental funds.		(78,826)
Pension credit (expense), net of contribution made after measurement date reported as deferred outflows of resources in the Government-Wide Statement of Net Position but reported as pension expense in the governmental fund in the amount of $292,946.		18,340
Proceeds from long-term debt provided current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Repayment of long-term debt was an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.		
Principal retirement	219,443	
Issuance of capital lease	(190,744)	28,699
Unavailable revenue is not recognized as revenue in the governmental funds since the revenue is not available to fund expenditures of the current year.		(610,634)
Change in Net Position of Governmental Activities		$ 2,588,346

See accompanying Notes to the Basic Financial Statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

Transportation Development Enterprise Fund - accounts for financial activity related to the public transit services provided by the City.

Sanitation Enterprise Fund - accounts for the financial activity of the waste water services of the City. These services are provided through contracts with independent contractors.

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

	Major Funds		
	Transportation Development	Sanitation	Total
ASSETS			
Current assets:			
Cash and investments	$ -	$ 259,953	$ 259,953
Cash with fiscal agent	-	993,512	993,512
Accounts receivable	1,218,793	9,988	1,228,781
Due from other funds	-	723,784	723,784
Prepaid items	-	125,377	125,377
Total current assets	1,218,793	2,112,614	3,331,407
Noncurrent assets:			
Capital assets:			
Non-depreciable	-	910,053	910,053
Depreciable, net	54,013	6,026,559	6,080,572
Total capital assets	54,013	6,936,612	6,990,625
Total noncurrent assets	54,013	6,936,612	6,990,625
Total assets	1,272,806	9,049,226	10,322,032
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows of resources	56,350	-	56,350
Total deferred outflows of resources	56,350	-	56,350
LIABILITIES			
Current liabilities:			
Accounts payable	15,579	52,577	68,156
Accrued payroll and benefits	6,013	-	6,013
Unearned revenue	-	242,000	242,000
Interest payable	-	26,936	26,936
Due to other funds	1,069,897	-	1,069,897
Compensated absences - due within one year	5,508	-	5,508
Long-term debt - due within one year	-	174,146	174,146
Total current liabilities	1,096,997	495,659	1,592,656
Noncurrent liabilities:			
Compensated absences - due in more than one year	22,030	-	22,030
Long-term debt - due in more than one year	-	4,217,631	4,217,631
Aggregate net pension liability	179,454	-	179,454
Total noncurrent liabilities	201,484	4,217,631	4,419,115
Total liabilities	1,298,481	4,713,290	6,011,771
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows of resources	17,268	-	17,268
Total deferred inflows of resources	17,268	-	17,268
NET POSITION			
Net investment in capital assets	54,013	2,544,835	2,598,848
Restricted	-	993,512	993,512
Unrestricted (deficit)	(40,606)	797,589	756,983
Total net position	$ 13,407	$ 4,335,936	$ 4,349,343

See accompanying Notes to the Basic Financial Statements.

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

	Major Funds		
	Transportation Development	Sanitation	Total
OPERATING REVENUES:			
Charges for services	$ 54,160	$ 2,549,705	$ 2,603,865
Other revenue	-	82,500	82,500
Total operating revenues	54,160	2,632,205	2,686,365
OPERATING EXPENSES:			
Salaries and benefits	448,703	1,737	450,440
Vehicle operations	157,924	-	157,924
Sanitation operations	-	1,551,519	1,551,519
General and administrative	129,232	384,032	513,264
Depreciation	69,612	282,613	352,225
Miscellaneous expense	11,780	22,029	33,809
Total operating expenses	817,251	2,241,930	3,059,181
OPERATING INCOME (LOSS)	(763,091)	390,275	(372,816)
NONOPERATING REVENUES (EXPENSES):			
Interest income	-	6,374	6,374
Interest expense	-	(176,905)	(176,905)
Intergovernmental	720,049	-	720,049
Total nonoperating revenues (expenses)	720,049	(170,531)	549,518
INCOME (LOSS) BEFORE TRANSFERS	(43,042)	219,744	176,702
TRANSFERS:			
Transfers out	-	(1,033,000)	(1,033,000)
Total transfers	-	(1,033,000)	(1,033,000)
Change in net position	(43,042)	(813,256)	(856,298)
NET POSITION:			
Beginning of year	56,449	5,149,192	5,205,641
End of year	$ 13,407	$ 4,335,936	$ 4,349,343

See accompanying Notes to the Basic Financial Statements.

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

	Major Funds		
	Transportation Development	Sanitation	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 44,349	$ 2,622,217	$ 2,666,566
Cash payments to suppliers for goods and services	(264,810)	(2,030,566)	(2,295,376)
Cash payments to employees for services	(486,513)	(1,737)	(488,250)
Net cash provided by (used in) operating activities	(706,974)	589,914	(117,060)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Subsidy from Local Transportation Fund	75,689	-	75,689
Transfer from other funds	631,285	-	631,285
Transfer to other funds	-	(1,756,784)	(1,756,784)
Net cash provided by (used in) noncapital financing activities	706,974	(1,756,784)	(1,049,810)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	-	(201,671)	(201,671)
Issuance of debt	-	4,472,712	4,472,712
Principal payment	-	(4,517,302)	(4,517,302)
Interest expense	-	(149,969)	(149,969)
Net cash (used in) capital and related financing activities	-	(396,230)	(396,230)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	-	6,374	6,374
Net cash provided by investing activities	-	6,374	6,374
Net decrease in cash and cash equivalents	-	(1,556,726)	(1,556,726)
CASH AND CASH EQUIVALENTS:			
Beginning of year	-	2,810,191	2,810,191
End of year	$ -	$ 1,253,465	$ 1,253,465
RECONCILIATION TO STATEMENT OF NET POSITION:			
Cash and investments	$ -	$ 259,953	$ 259,953
Cash and investments with fiscal agents	-	993,512	993,512
Total cash and cash equivalents	$ -	$ 1,253,465	$ 1,253,465

See accompanying Notes to the Basic Financial Statements.

City of Arvin
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2017

	Major Funds		
	Transportation Development	Sanitation	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	$ (763,091)	$ 390,275	$ (372,816)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	69,612	282,613	352,225
Changes in operating assets and liabilities:			
Accounts receivable	(9,811)	(9,988)	(19,799)
Prepaid items	21,298	(125,377)	(104,079)
Deferred outflows of resources related to pension	(32,614)	-	(32,614)
Accounts payable	12,828	52,391	65,219
Accrued payroll	(7,764)	-	(7,764)
Accrued compensated absences	6,329	-	6,329
Aggregate net pension liability	21,975	-	21,975
Deferred inflows of resources related to pension	(25,736)	-	(25,736)
Total adjustments	56,117	199,639	255,756
Net cash provided by (used in) operating activities	$ (706,974)	$ 589,914	$ (117,060)

See accompanying Notes to the Basic Financial Statements.

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FIDUCIARY FUND FINANCIAL STATEMENTS

Successor Agency to the Arvin Community Redevelopment Agency Private-Purpose Trust Fund – This fund is used to account for monies received from the Kern County Auditor Controller for the repayment of the enforceable obligations of the former Arvin Community Redevelopment Agency. These funds are restricted for the sole purpose of payment of items on an approved Recognized Payment Obligation Schedule ("ROPS").

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

	Successor Agency to the Arvin Community Redevelopment Agency Private-Purpose Trust Fund
ASSETS	
Cash and investments	$ 787,983
Cash and investments with fiscal agent	755,407
Land held for development	3,429,581
Capital assets:	
Nondepreciable	378,863
Depreciable, net	988,691
Total assets	6,340,525
LIABILITIES	
Accounts payable	379
Interest payable	151,863
Due to City of Arvin	569,076
Advances from City of Arvin	627,230
Long-term debt:	
Due within one year	192,788
Due in more than one year	7,702,457
Total liabilities	9,243,793
NET POSITION (DEFICIT)	
Unrestricted (deficit)	(2,903,268)
Total net position (deficit)	$ (2,903,268)

See accompanying Notes to the Basic Financial Statements.

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

	Successor Agency to the Arvin Community Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS:	
Redevelopment Property Tax Trust Fund	$ 805,424
Revenue from use of money and property	20,853
Total additions	826,277
DEDUCTIONS:	
Program expenses for redevelopment	4,000
Administrative expenses	46,522
Interest and fiscal agent expenses	470,725
Depreciation expense	32,084
Total deductions	553,331
Change in net position	272,946
NET POSITION (DEFICIT):	
Beginning of year	(3,176,214)
End of year	$ (2,903,268)

See accompanying Notes to the Basic Financial Statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Arvin
Index to the Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

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Note 1 – Reporting Entity and Summary of Significant Accounting Policies

A. Reporting Entity

The City of Arvin, California (the "City") was incorporated December 21, 1960, as a general law city and as such draws its authority from the Constitution and laws of the State of California. The City has a council/manager form of government and is governed by a five-member elected council. The City Manager is appointed by the City Council. The City provides the following services: police, community services, street construction and maintenance, planning and zoning, street cleaning, transit, sanitation, and general administrative services.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The primary criteria for including a potential component unit within the reporting entity are the governing body's financial accountability and a financial benefit or burden relationship and whether it is misleading to exclude. A primary government is financially accountable and shares a financial benefit or burden relationship, if it appoints a voting majority of an organization's governing body and it is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

Arvin Joint Powers Financing Authority - The Arvin Joint Powers Financing Authority ("Authority") was organized by the City and the Agency on October 6, 2005, under the laws of the State of California and operates pursuant to the Joint Exercise of Powers Act (Article 1, commencing with Section 6500, of Chapter 5, Division 7, Title 1 of the Government Code of the State).

B. Basis of Accounting and Measurement Focus

The basic financial statements of the City have been prepared in accordance with accounting principles generally accepted of the United States of America ("U.S. GAAP") as applied to governmental agencies. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. 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.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These financial statements are presented on an *"economic resources"* measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities and Changes in Net Position, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due from and to other funds
- Transfers in and out

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and aggregated non-major funds. An accompanying statement presented to reconcile and explain the differences in Net Position as presented in these statements to the Net Position presented in the Government-Wide Financial Statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or *"current financial resources"* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

Revenues are recorded when received in cash, except for that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Revenues from grants and other contributions are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Unavailable revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unavailable and unearned revenues are removed from the Balance Sheet and revenues are recognized.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

The City reports the following major Governmental Funds:

General Fund - The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

Transportation Development Act (Non-Transit) Special Revenue Fund - Accounts for sales tax monies received from Kern Council of Governments restricted for street and road improvements.

Traffic Impact Fees Special Revenue Fund - Separates and accounts for the fees received from builders that have been specifically restricted for traffic flow improvements.

Prop 84 Park Fund- Accounts for the grants received that are restricted for use to projects relating to safe drinking water, water quality and supply, flood control, water pollution and contamination control, and state and local park improvements.

Jewett Square Development Capital Projects Fund – Accounts for a private placement loan. Designated for adding new infrastructure for Jewett Square which is a City's vacant property to attract new businesses to the City.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each major Proprietary Fund.

Proprietary funds are accounted for using the *"economic resources"* measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

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 proprietary funds are charges to customers for sales and services. Operating expenses for the proprietary funds include the costs 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.

The City reports the following major Proprietary Funds:

Transportation Development Enterprise Fund - accounts for financial activity related to the public transit services provided by the City.

Sanitation Enterprise Fund - accounts for the financial activity of the wastewater services of the City. These services are provided through contracts with independent contractors.

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The City's Fiduciary Funds represent the Private Purpose Trust Fund.

The City reports the following Private-Purpose Trust fund:

Successor Agency to the Arvin Community Redevelopment Agency Fund – accounts for monies received from the Kern County Auditor Controller for the repayment of the enforceable obligations of the former Arvin Community Redevelopment Agency. These funds are restricted for the sole purpose of payment of items on an approved Recognized Payment Obligation Schedule ("ROPS").

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

C. Cash, Cash Equivalents and Investments

The City pools its available cash for investment purposes. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. All cash and investments of proprietary funds are held in the City's investment pool. These cash pools have the general characteristics of a demand deposit account, therefore, all cash and investments in the proprietary funds are considered cash and cash equivalents for Statement of Cash Flows purposes.

Investments are reported at fair value (quoted market price or best available estimate thereof).

Certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund ("LAIF"), which has invested a portion of the pool funds in Structured Notes and Asset-backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-backed Securities are subject to market risk as to change in interest rates.

D. Cash and Investments with Fiscal Agents

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt and for acquisition and construction of capital projects.

E. Prepaid Items

Certain payments to vendors applicable to future accounting periods are recorded as prepaid items. Prepaid items do not reflect current appropriable resources and, thus, an equivalent portion of fund balance is nonspendable.

I. Capital Assets

Capital assets, which include land, buildings, improvements, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities in the Government-Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Gifts or contributions of capital assets are recorded at fair market value when received. Donated capital assets are valued at their acquisition costs. City policy has set the capitalization threshold for reporting capital assets at $5,000. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Buildings and improvements	15-40 years
Vehicles	5 years
Machinery and equipment	5-20 years
Infrastructure	35-50 years

Gifts or contributions of capital assets are recorded at acquisition value when received. For all infrastructure systems, the City elected to use the Basic Approach for infrastructure reporting. The City defines infrastructure as capital assets that are stationary and have expected useful lives significantly in excess of most capital assets. The assets include the street system, sewer collection and treatment system, park and recreation improvements, storm water conveyance system, and permanent monuments and signage.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

F. Land Held for Development

The City acquired several parcels of land as part of its primary purpose to develop or redevelop properties. The City recorded these parcels as land held for development. These properties were transferred to the Successor Agency to the Arvin Community Redevelopment Agency (the "Successor Agency") during the year ended June 30, 2014. Pursuant to the State law dissolving all redevelopment agencies, the Successor Agency has created, and the State has approved, a long range plan for the sale and disposition of all property previously held by the Arvin Community Redevelopment Agency. These properties are reported at the lower of cost or estimated net realizable value. At June 30, 2017, the carrying amount for land held for development was $3,429,581.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

J. Deferred Outflows and Inflows of Resources

The statement of net position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as revenue until that time.

K. Unearned Revenue

Unearned revenue is recognized for transactions for which revenue has not yet been earned. Typical transactions recorded as unearned revenues are prepaid charges for services and grants received but not yet earned.

L. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available resources is reported as an expenditure and related fund liability of the governmental fund responsible for payment. Amounts of vested or accumulated vacation leave and benefits that are not expected to be liquidated with expendable available resources are reported in the non-current portion of the obligations reported in the government-wide statement of net assets with corresponding changes in account balances reported as expenses in the statement of activities.

Vested or accumulated enterprise fund vacation leave and benefits are expensed with a corresponding fund liability for these unpaid accrued employee benefits. Vacation pay accruals generally do not exceed the amount earned for one year; however, an employee may accumulate up to a maximum of 320 hours of earned vacation time after which no further vacation accrues to the employee.

M. Pension

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

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Measurement Period	July 1, 2015 to June 30, 2016

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

M. Pension (Continued)

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

N. Long-Term Debt

Government-Wide Financial Statements

Long-term debt and other long-term obligations are reported as liabilities in the appropriate activities.

Fund Financial Statements

The Governmental Fund Financial Statements do not present long-term liabilities. Consequently, long-term debt is shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

Proprietary Fund and Fiduciary Fund Financial Statements use the same principles as those used in the Government-Wide Financial Statements.

O. Net Position

In the Government-Wide Financial Statements and the proprietary fund financial statements, net position is classified as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred outflows and inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

P. Fund Balances

In the governmental fund financial statements, fund balances are classified in the following categories:

Nonspendable – Nonspendable fund balances are items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body, and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City. Adoption of a resolution by the City Council is required to commit resources or to rescind the commitment.

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has authorized the City Manager and the Director of Finance for that purpose.

Unassigned – This amount is for any portion of the fund balances that do not fall into one of the above categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Q. Spending Policy

Government-Wide Financial Statements and the Proprietary Fund Financial Statements

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted component of net position first, then the unrestricted component of net position as needed.

Governmental Fund Financial Statements

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

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

R. Property Taxes

In 1978, a State constitutional amendment (Article XIIIA) provided that the ad valorem real property tax rate be limited to 1% of market value and be levied only by the county and shared with all other jurisdictions. The County of Kern collects the property taxes and distributes them to taxing jurisdictions on the basis of the taxing jurisdictions' assessed valuations, subject to adjustments for voter-approved debt.

Lien Date	January 1
Levy Date	June 30
Due Date	November 1 and February 1
Collection Dates	December 10 and April 10

S. Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amount and disclosures. Accordingly, actual results could differ from those estimates.

T. Reclassification

Business-Type Activities capital assets for machinery and equipment and infrastructure were reclassified from $123,779 and $6,200,284 to $127,090 and $6,196,973, respectively at July 1, 2016.

U. Accounting Changes

GASB Statement No. 82, *Pension Issues* - The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 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. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement did not have a significant impact on the City's financial statements for the year ended June 30, 2017.

Note 2 – Cash and Investments

The following is a summary of pooled cash and investments, including cash and investments with fiscal agents at June 30, 2017.

	Government-Wide Statement of Net Position			Fiduciary Funds Statement of Net Position	
	Governmental Activities	Business-Type Activities	Total		Total
Cash and investments	$ 2,417,704	$ 259,953	$ 2,677,657	$ 787,983	$ 3,465,640
Cash and investments with fiscal agents	-	993,512	993,512	755,407	1,748,919
Total	$ 2,417,704	$ 1,253,465	$ 3,671,169	$ 1,543,390	$ 5,214,559

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

Demand Deposits	$ 1,701,145
Investments	1,764,495
Cash and investments with fiscal agents	1,748,919
Total	$ 5,214,559

A. Demand Deposits

At June 30, 2017, the carrying amount of the City's deposits was $1,701,145 and the bank balances were $1,726,689. The total bank balance was covered by federal depository insurance or by collateral held by the City's agent in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must at all times equal at least 110% of the City's cash deposits, or may alternatively be secured by institutions pledging first trust mortgage notes having a market value equal to or greater than 150% of the City's total cash deposits. During the year ended June 30, 2017, deposits with Morgan Stanley in the amount of $624,874 were not collateralized with pledged securities or first trust mortgage notes meeting these criteria. Although the City may waive collateral requirements for cash deposits, which are fully insured up to $250,000 by the Federal Deposit Insurance Corporation, the City did not waive the collateralization requirements with regard to the Morgan Stanley account.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

Note 2 – Cash and Investments (Continued)

B. Investments

Investments Authorized by the California Government Code and the City's Investment Policy

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
Bankers' Acceptance	180 days	40%	None
Commercial Paper	270 days	25%	None
State Bonds or Notes	None	None	None
Municipal Bonds or Note	None	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securitites	5 years	None	None
Repurchase Agreements	1 year	None	None
Money Market Funds	N/A	20%	None
Local Agency Investment Fund (LAIF)	N/A	None	$50 Million**
Investment Contracts	30 years	None	None
Certificate of Deposits	1 year	None	None
Mortgage Pass-Through Securities	5 years	20%	None
Investment Pool	None	None	None

* Excluding amounts held by bond trustee that are not subject to California Government Code restriction.

** Maximum is $50 million per account.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreement rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Note 2 – Cash and Investments (Continued)

B. Investments (Continued)

Investments Authorized by Debt Agreements (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None
Certificates of Deposit	None	None	None
Repurchase Agreements	None	None	None
Mortgage Pass-Through Securities	None	None	None
State Bonds or Notes	None	None	None
Municipal Bonds or Notes	None	None	None

C. Risks Disclosures

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs. At June 30, 2017, the City's investments had the following maturities:

Investment Type	Fair Value	Investment Maturities (In Years) 1 year or less
Local Agency Investment Fund ("LAIF")	$ 327,788	$ 327,788
Central San Joaquin Valley Risk Management Authority ("CSJVRMA") Investment Pool	1,119,720	1,119,720
Investment Trust of California ("CalTRUST") Investment Pool	316,987	316,987
Total	$ 1,764,495	$ 1,764,495

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. The City's investment policy provides that this risk be mitigated by investing in investment grade securities and by diversifying the investment portfolio. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investments in Local Agency Investment Fund, Central San Joaquin Valley Risk Management Authority, and Investment Trust of California are not rated by nationally recognized statistical rating organization ("NRSRO").

Note 2 – Cash and Investments (Continued)

C. Risks Disclosures (Continued)

Custodial Credit Risk – For deposits, custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the City 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. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer), the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk – The City's investment policy contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent 5% or more of total City's investments are as follows:

Issuer	Type of Investments	Amounts	Percent
Central San Joaquin Valley Risk Management Authority ("CSJVRMA") Investment Pool	External Investment Pool	$ 1,119,720	63.5%
Investment Trust of California ("CalTRUST") Investment Pool	External Investment Pool	316,987	18.0%

D. Investment in Local Agency Investment Fund

The City's investments with LAIF at June 30, 2017, included a small portion of the pooled funds invested in Structured Notes and Asset-Backed Securities. These investments may include the following:

Structured Notes – debt securities (other than asset-back securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities – generally mortgage-backed securities which entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

As of June 30, 2017, the City had $327,778 invested in LAIF, which had invested 2.89% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The City valued its investments in LAIF as of June 30, 2017, by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value. The City's investment in LAIF is reported at net asset value.

E. Investment in Central San Joaquin Valley Risk Management Authority Investment Pool

The City invested in an investment pool account with the Central San Joaquin Valley Risk Management Authority ("CSJVRMA"). At June 30, 2017, this account was valued at $1,119,720. The City received an average yield of 1.02% for the fiscal year ended June 30, 2017 on this investment. The City's investment in CSJVRMA is reported at net asset value.

Note 2 – Cash and Investments (Continued)

F. Investment in Investment Trust of California Investment Pool

The City invested in an investment pool account with Investment Trust of California ("CalTrust"). At June 30, 2017, this account was valued at $316,987 The City received an average yield of 1.28% and 1.10% for investment in medium term and short term funds respectively for the fiscal year ended June 30, 2017. The City's investment in CalTrust is reported at net asset value.

G. Cash and Investment with Fiscal Agents

At June 30, 2017, cash and investments with fiscal agents were as follows:

		Funds Held By
Business-Type Activities:		
Sanitation Fund		
Deposits Veolia Water Operating Account	$ 993,512	Union Bank of California
Fiduciary Fund Financial Statements:		
Successor Agency Fund		
Tax Allocation Bonds 2005 Series	408,626	Wells Fargo Bank
Tax Allocation Bonds 2008 Series	346,781	Wells Fargo Bank
Total cash and investments with fiscal agents	$ 1,748,919	

Note 3 – Interfund Balances and Transactions

Due to/Due from other funds

At June 30, 2017, the City had the following short-term interfund receivables and payables:

	Due from other funds				
	Governmental Funds			Proprietary Fund	
Due to other funds	General Fund	Traffic Impact Fees Special Revenue Fund	Jewett Square Development Capital Project Fund	Sanitation	**Total**
Governmental Funds:					
General Fund	$ -	$ 1,158,335	$ 289,594	$ 723,784	$ 2,171,713
Transportation Development Act (Non-Transit) Special Revenue Fund	531,015	-	-	-	531,015
Prop 84 Park Grant Special Revenue Fund	148,975	-	-	-	148,975
Nonmajor Governmental Funds	244,600	-	-	-	244,600
Proprietary Fund:					
Transportation Development	1,069,897	-	-	-	1,069,897
Total	$ 1,994,487	$ 1,158,335	$ 289,594	$ 723,784	$ 4,166,200

Note 3 – Interfund Balances and Transactions (Continued)

Due to/Due from other funds (Continued)

Current interfund balances arise in the normal course of operations to cover cash shortages and are expected to be repaid shortly after the end of the fiscal year.

Transfers In/Out

For the year ended June 30, 2017, transfers in and out consisted of the followings:

	Transfers in		
	Governmental Funds		
Transfers out	General Fund	Nonmajor Governmental Fund	Total
Governmental Funds:			
General Fund	$ -	$ 2,907	$ 2,907
Traffic Impact Fees Special Revenue Fund	132,000	-	132,000
Jewett Square Development Capital Project Fund	219,000	-	219,000
Nonmajor Governmental Funds	-	-	-
Proprietary Fund:			
Sanitation Fund	1,033,000	-	1,033,000
Total	$ 1,384,000	$ 2,907	$ 1,386,907

With Council approval, resources may be transferred from one City fund to another. The purposes of these transfers are to supplement operating shortfall.

The City approved up to $1,000,000 short-term loans to the General Fund from the Sanitation Enterprise Fund to be forgiven. These loans shall only be made to provide adequate General Fund liquidity or to address short-term cash flow problems pending reimbursement from the state for the following projects. The Advances of the loans are to be used by the General Fund to maintain short term liquidity including temporary funding of Walnut Street expansion project, Garden in the Sun Park project, and Sycamore Flood Reconstruction project.

Note 4 – Interfund Transactions with the Successor Agency

Due from Successor Agency

During the year ended June 30, 2015, the Successor Agency borrowed $569,076 from General Fund to pay its debt service obligations and maintain reserve requirements for 2005 and 2008 Tax Allocation Bonds. It is reported as due from Successor Agency under General Fund and due to the City of Arvin under Successor Agency. The amount will be repaid when the Successor Agency receives ROPS payments.

Note 4 – Interfund Transactions with the Successor Agency (Continued)

Advances to Successor Agency

As of February 1, 2012, the Arvin Community Redevelopment Agency was dissolved as a result of Assembly Bill 1X 26 and the notes payable to the City were transferred to the Successor Agency. The notes are to be repaid to the City as part of the Successor Agency's Required Operating Payments Schedule ("ROPS"). The General Fund has loaned a cumulative amount of $551,675 to the Successor Agency to fund operating expenses. At June 30, 2017, total principal and interest outstanding was $627,230. The portion of fund balance associated with amounts that have been disbursed to other funds in the form of long-term notes receivable have been classified as nonspendable unless the funds associated with repayment of the notes is otherwise restricted for specific purposes.

Note 5 – Capital Assets

A. Government-Wide Financial Statements

Summary of changes in capital assets for governmental activities for the year ended June 30, 2017 are as follows:

	Balance July 1, 2016	Additions	Deletions	Transfers	Balance June 30, 2017
Governmental Activities:					
Capital assets, not being depreciated					
Land	$ 234,035	$ -	$ -	$ -	$ 234,035
Construction in progress	2,625,733	8,714,229	-	(1,600,685)	9,739,277
Total capital assets, not being depreciated	2,859,768	8,714,229	-	(1,600,685)	9,973,312
Capital assets, being depreciated					
Building and improvements	5,151,858	8,633		-	5,160,491
Machinery and equipment	1,599,891	-	-	-	1,599,891
Automotive equipment	1,783,190	260,444	-	-	2,043,634
Infrastructure	9,902,645	22,717	-	1,600,685	11,526,047
Total capital assets, being depreciated	18,437,584	291,794	-	1,600,685	20,330,063
Accumulated depreciation:					
Building and improvements	(2,161,296)	(125,576)	-	-	(2,286,872)
Machinery and equipment	(1,328,245)	(34,632)	-	-	(1,362,877)
Automotive equipment	(1,628,099)	(100,128)	-	-	(1,728,227)
Infrastructure	(895,475)	(276,503)	-	-	(1,171,978)
Total accumulated depreciation	(6,013,115)	(536,839)	-	-	(6,549,954)
Total capital assets, being depreciated, net	12,424,469	(245,045)	-	1,600,685	13,780,109
Total capital assets, net	$ 15,284,237	$ 8,469,184	$ -	$ -	$ 23,753,421

Depreciation expense was charged to functions/programs as follows:

General government	$ 115,289
Public safety	66,090
Public works	339,823
Community development	15,637
Total depreciation expenses	$ 536,839

Note 5 – Capital Assets (Continued)

B. Business-Type Financial Statements

Summary of changes in capital assets for business-type activities for the year ended June 30, 2017 are as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Business-Type Activities:				
Capital assets, not being depreciated				
Land	$ 910,053	$ -	$ -	$ 910,053
Total capital assets, not being depreciated	910,053	-	-	910,053
Capital assets, being depreciated				
Building and improvements	4,216,103	-	-	4,216,103
Machinery and equipment	127,090	-	-	127,090
Automotive equipment	909,156	-	-	909,156
Infrastructure	6,196,973	201,671	-	6,398,644
Total capital assets, being depreciated	11,449,322	201,671	-	11,650,993
Accumulated depreciation:				
Building and improvements	(2,089,309)	(102,984)	-	(2,192,293)
Machinery and equipment	(99,357)	(7,734)	-	(107,091)
Automotive equipment	(813,263)	(61,879)		(875,142)
Infrastructure	(2,216,267)	(179,628)	-	(2,395,895)
Total accumulated depreciation	(5,218,196)	(352,225)	-	(5,570,421)
Total capital assets, being depreciated, net	6,231,126	(150,554)	-	6,080,572
Total capital assets, net	$ 7,141,179	$ (150,554)	$ -	$ 6,990,625

Depreciation expenses for business-type activities for the year ended June 30, 2017 are as follows:

Transportation Development	$ 69,612
Sanitation	282,613
Total depreciation expenses	$ 352,225

Note 5 – Capital Assets (Continued)

C. Fiduciary Fund Financial Statements

Summary of changes in capital assets for fiduciary fund financial statements for the year ended June 30, 2017 are as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Fiduciary-Type Activities:				
Capital assets, not being depreciated				
Infrastructure in progess	$ 378,863	$ -	$ -	$ 378,863
Total capital assets, not being depreciated	378,863	-	-	378,863
Capital assets, being depreciated				
Building and improvements	460,540	-	-	460,540
Infrastructure	805,509	-	-	805,509
Vehicles	226,698	-	-	226,698
Total capital assets, being depreciated	1,492,747	-	-	1,492,747
Accumulated depreciation:				
Building and improvements	(101,547)	(12,380)	-	(113,927)
Infrastructure	(143,726)	(19,704)	-	(163,430)
Vehicles	(226,699)	-	-	(226,699)
Total accumulated depreciation	(471,972)	(32,084)	-	(504,056)
Total capital assets, being depreciated, net	1,020,775	(32,084)	-	988,691
Total capital assets, net	$ 1,399,638	$ (32,084)	$ -	$ 1,367,554

Depreciation expenses for fiduciary activities for the year ended June 30, 2017 was $32,084.

Note 6 – Long-Term Debt

A. Governmental Activities

Summary of changes in governmental activities long-term debt for the year ended June 30, 2017 are as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Amount Due Within One Year	Amount Due In More Than One Year
North Bakersfield Toyota	$ 5,891	$ -	$ (3,072)	$ 2,819	$ 2,819	$ -
Jewett Square Lease Financing Agreement	4,995,000	-	(165,000)	4,830,000	175,000	4,655,000
Ford Motor Credit Company	-	190,744	(51,371)	139,373	44,124	95,249
Total	$ 5,000,891	$ 190,744	$ (219,443)	$ 4,972,192	$ 221,943	$ 4,750,249

North Bakersfield Toyota – Original Loan $15,363

On May 15, 2013 the City entered into a financing agreement with North Bakersfield Toyota for the purchase of a 2013 Toyota Prius Plug-in. Payments are $256 per month for 59 months with 0% interest ending May 30, 2018. The outstanding at June 30, 2017 was $2,819.

The annual debt service requirements on the loan outstanding at June 30, 2017, were as follows:

Year Ending June 30,	Principal	Interest	Total
2018	$ 2,819	$ -	$ 2,819
Total	$ 2,819	$ -	$ 2,819

The cost of the vehicle was $35,363 and the accumulated depreciation at June 30, 2017 was $35,363.

Jewett Square Lease Financing Agreement – Original Loan $4,995,000

On December 9, 2015, the City executed a loan agreement with TPB Investments, Inc., a wholly owned subsidiary of Western Alliance Bank in the amount of $4,995,000 relating to the facility lease for the Jewett Square. The term of the placement is 20 years, commencing on December 9, 2015 through December 1, 2035, at an interest rate of 3.94%.

The annual debt service requirements on the lease financing agreement outstanding at June 30, 2017, were as follows:

Year Ending June 30,	Principal	Interest	Total
2018	$ 175,000	$ 190,302	$ 365,302
2019	180,000	183,407	363,407
2020	190,000	176,315	366,315
2021	195,000	168,829	363,829
2022	205,000	161,146	366,146
2023-2027	1,155,000	677,877	1,832,877
2028-2032	1,400,000	431,430	1,831,430
2033-2036	1,330,000	133,369	1,463,369
Total	$ 4,830,000	$ 2,122,675	$ 6,952,675

Note 6 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Ford Motor Credit Company – Original Loan $190,744

On January 27, 2017, the City entered into a Master Equipment Lease-Purchase Agreement with Ford Motor Credit Company for the lease of four police vehicles. Payments are four consecutive annual in advance payment of $51,371 each (including interest) with 5.20% interest ending January 27, 2020. The outstanding at June 30, 2017 was $139,373.

The assets acquired through capital leases are as follows:

	Governmental Activities
Assets:	
Vehicles	$ 190,744
Less: accumulated depreciation	(15,895)
Total	$ 174,849

The annual debt service requirements outstanding at June 30, 2017, were as follows:

Fiscal Year	Governmental Activities
2018	$ 51,371
2019	51,371
2020	51,371
Subtotal	154,113
Less amount representing interest	14,740
Present Value of Future Minimum Lease Payment	$ 139,373

Note 6 – Long-Term Debt (Continued)

B. Business-Type Activities

Summary of changes in business-type activities long-term debt for the year ended June 30, 2017 are as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Amount Due Within One Year	Amount Due In More Than One Year
Contract Obligations with Veolia Water North American Operating Services, LLC	$ 4,436,367	$ -	$ (4,436,367)	$ -	$ -	$ -
2016 Wasterwater Revenue Refunding Note	-	4,472,712	(80,935)	4,391,777	174,146	4,217,631
Total	$ 4,436,367	$ 4,472,712	$ (4,517,302)	$ 4,391,777	$ 174,146	$ 4,217,631

Veolia Water North American Operating Services, LLC – Original Issue $5,963,560

In 1998, the City entered into an agreement with U.S. Filter Operating Services, Inc., predecessor in interest to Veolia Water North American Operating Services, LLC (collectively, "Veolia"), under which the City granted Veolia an easement to its existing treatment facilities and retained Veolia to operate all treatment plant sanitation services on behalf of the City for 35 years. As part of the agreement Veolia made improvements to the existing sewage plant of approximately $5.1 million dollars and provided cash of $876,400 for the City to advance refund its then outstanding 1992 Sewer Revenue Bonds. Veolia is entitled to recover its equity, initially $5,963,560, in the contract over 35 years. Payments amortizing this equity in the sum of $32,167 per month are made by the City resulting in an implicit interest rate of approximately 5.9% per annum. If the agreement is terminated prematurely, the agreement requires the City to pay decreasing fixed sum (see below), which is higher than the computed balance of the financing when computed using a standard amortization methodology. If the agreement were to terminate prematurely, the City would receive the improvements to the wastewater treatment plant and Veolia's access easement would terminate. The note was refunded by 2016 Wastewater Revenue Refunding Note in December 2016. The saving in debt service payments is $762,132.04.

2016 Wastewater Revenue Refunding Note – Original Issue $4,472,712

On December 8, 2016, the City entered into an agreement with TPB Investments, Inc, a wholly owned subsidiary of Western Alliance Bank, an Arizona Corporation in the amount of $4,472,712 for the purpose of refinancing outstanding obligations of the City relating to the wastewater treatment plant. TPB Investments, Inc is entitled to recover its equity, initially $4,472,712, in the contract over 17 years. Payments amortizing this equity in the sum of $28,612 per month are made by the City resulting in an implicit interest rate of approximately 3.68% per annum. The outstanding at June 30, 2017 was $4,391,777.

Note 6 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

2016 Wastewater Revenue Refunding Note – Original Issue $4,472,712 (Continued)

The annual debt service requirements on the agreement outstanding at June 30, 2017, were as follows:

Year Ending June 30,	Principal	Interest	Total
2018	$ 174,146	$ 160,128	$ 334,274
2019	189,885	153,494	343,379
2020	196,938	146,442	343,380
2021	204,252	139,129	343,381
2022	211,839	131,544	343,383
2023-2027	1,183,224	533,710	1,716,934
2028-2032	1,575,210	297,075	1,872,285
2033-2035	656,283	45,343	701,626
Total	$ 4,391,777	$ 1,606,865	$ 5,998,642

C. Fiduciary Funds

Summary of changes in fiduciary funds long-term debt for the year ended June 30, 2017 are as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Amount Due Within One Year	Amount Due In More Than One Year
2005 Tax Allocation Bonds	$ 5,030,000	$ -	$ (155,000)	$ 4,875,000	$ 160,000	$ 4,715,000
2008 Tax Allocation Bonds	3,295,000	-	(40,000)	3,255,000	45,000	3,210,000
Total Tax Allocation Bonds	8,325,000	-	(195,000)	8,130,000	205,000	7,925,000
Less deferred amounts:						
Bond discounts	(246,967)	-	12,212	(234,755)	(12,212)	(222,543)
Total deferred amounts	(246,967)	-	12,212	(234,755)	(12,212)	(222,543)
Total	$ 8,078,033	$ -	$ (182,788)	$ 7,895,245	$ 192,788	$ 7,702,457

2005 Tax Allocation Bonds – Original Issue $6,250,000

On October 6, 2005, the Redevelopment Agency issued Tax Allocation Bonds with a face value of $6,250,000, at a combined original issue discount and underwriter's discount of $251,088. Issuance costs of $78,360 were incurred. The bond discount and issuance costs will be amortized ratably over the average 30-year life of the bond issue on a straight-line basis. The Bonds bear interest at the net average rate of 5.18% and are payable semi-annually maturing through September 1, 2035. Bonds outstanding at June 30, 2017 were $4,875,000.

Note 6 – Long-Term Debt (Continued)

C. Fiduciary Funds (Continued)

2005 Tax Allocation Bonds – Original Issue $6,250,000 (Continued)

The annual debt service requirements on the loan outstanding at June 30, 2017, were as follows:

Year Ending June 30,	Principal	Interest	Total
2018	$ 160,000	$ 241,735	$ 401,735
2019	170,000	234,103	404,103
2020	175,000	226,038	401,038
2021	185,000	217,531	402,531
2022	195,000	208,263	403,263
2023-2027	1,125,000	881,159	2,006,159
2028-2032	1,430,000	558,113	1,988,113
2033-2036	1,435,000	151,316	1,586,316
Total	$ 4,875,000	$ 2,718,258	$ 7,593,258

2008 Tax Allocation Bonds – Original Issue $3,530,000

On August 7, 2008, the Redevelopment Agency issued Tax Allocation Bonds with a face value of $3,530,000, at a combined original issue discount and underwriter's discount of $115,250. Issuance costs of $92,330 were incurred. The bond discount and issuance costs will be amortized ratably over the average 30-year life of the bond issue on a straight-line basis. The Bonds bear interest ranging 5.00% to 6.5% and are payable semi-annually maturing through September 1, 2038. Bonds outstanding at June 30, 2017 were $3,255,000.

The annual debt service requirements on the loan outstanding at June 30, 2017, were as follows:

Year Ending June 30,	Principal	Interest	Total
2018	$ 45,000	$ 208,938	$ 253,938
2019	45,000	206,463	251,463
2020	50,000	203,850	253,850
2021	50,000	200,850	250,850
2022	55,000	197,438	252,438
2023-2027	330,000	927,225	1,257,225
2028-2032	455,000	800,963	1,255,963
2033-2037	1,030,000	613,600	1,643,600
2038-2039	1,195,000	78,813	1,273,813
Total	$ 3,255,000	$ 3,438,140	$ 6,693,140

Note 6 – Long-Term Debt (Continued)

C. Fiduciary Funds (Continued)

Pledged Revenues

The Successor Agency has pledged tax revenues to the repayment of the RDA's debts transferred to it on February 1, 2012 through the final maturity of the Bonds, or early retirement of the Bonds, whichever comes first.

Tax revenues consist of property tax revenues allocated to the Redevelopment Property Tax Trust Fund (RPTTF) for the Successor Agency that is maintained by the County of Kern Auditor and Controller. The amounts so allocated are those that would have been allocated to the RDA had the RDA not been dissolved. The Auditor and Controller (A&C) then distributes RPTTF revenues to the Successor Agency based on Recognized Obligation Payment Schedules (ROPS) as approved by the California State Department of Finance (DOF) and after deducting amounts for A&C administrative costs and amounts required to be paid under tax-sharing agreements unless the payment of such amounts has been subordinated to payment of debt services on the Bonds. Each ROPS covers a six-month period and includes the applicable debt service payments on the Bonds.

The RPTTF revenue distributed to the Successor Agency in fiscal year 2017 was $805,426. Total debt service of all Tax Allocation Bonds paid was $655,216, 81.4% of the RPTTF revenue received by the Successor Agency. For the next three fiscal years, annual principal and interest payments on the Tax Allocation Bonds are expected to average 100% of the RPTTF revenue available to be distributed to the Successor Agency.

Note 7 – Compensated Absences

Summary of changes in compensated absences for the year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Amount Due Within One Year	Amount Due in More Than One Year
Governmental Activities	$ 239,026	$ 202,143	$ (123,317)	$ 317,852	$ 63,570	$ 254,282
Business-Type Activities	21,209	18,681	(12,352)	27,538	5,508	22,030
Total	$ 260,235	$ 220,824	$ (135,669)	$ 345,390	$ 69,078	$ 276,312

The City's liability for vested and unpaid compensated absences (accrued vacation) has been accrued and totaled to $317,852 for governmental activities and $27,538 for business-type activities at June 30, 2017. Compensated absences are generally liquidated by the General Fund for the governmental activities and by Transportation Development Enterprise Fund for the business-type activities.

Note 8 – Retirement Plans

Governmental Activities	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Pension contribution after measurement date:			
Miscellaneous	$ 121,059	$ 24,020	$ 145,079
Safety	171,887	-	171,887
Total pension contribution after measurement date	292,946	24,020	316,966
Difference between expected and actual experience			
Miscellaneous	2,355	467	2,822
Safety	10,493	-	10,493
Total difference between expected and actual experience	12,848	467	13,315
Difference between City's contribution and proportionate share of contribution:			
Safety	27,824	-	27,824
Difference in projected and actual earnings on pension investments:			
Miscellaneous	150,429	29,848	180,277
Safety	224,499	-	224,499
Total difference in projected and actual earnings on pension investments:	374,928	29,848	404,776
Adjustment due to difference in proportion			
Miscellaneous	10,156	2,015	12,171
Total deferred outflows of resources	$ 718,702	$ 56,350	$ 775,052
Net pension liabilities:			
Miscellaneous	$ 904,422	$ 179,454	$ 1,083,876
Safety	949,593	-	949,593
Total net pension liabilities	$ 1,854,015	$ 179,454	$ 2,033,469
Deferred inflows of Resources:			
Change in assumption			
Miscellaneous	$ 28,902	$ 5,735	$ 34,637
Safety	45,696	-	45,696
Total change in assumption	74,598	5,735	80,333
Difference between City's contribution and proportionate share of contribution:			
Miscellaneous	58,122	11,533	69,655
Adjustment due to difference in proportion			
Safety	87,122	-	87,122
Deferred inflows of Resources:	$ 219,842	$ 17,268	$ 237,110
Pension Expense (Credit)			
Miscellaneous	171,063	(12,356)	158,707
Safety	103,543	-	103,543
Pension Expense	$ 274,606	$ (12,356)	$ 262,250

Note 8 – Retirement Plans (Continued)

General Information about the Pension Plan

Plan Description

The City contributes to CalPERS, a cost-sharing multiple-employer defined benefit pension plan, for its miscellaneous and safety employees. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of CalPERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

Employees Covered by Benefit Terms

At valuation date of June 30, 2015, the following employees were covered by the benefit terms:

	Plans			
	Miscellaneous		Safety	
	Classic	PEPRA	Classic	PEPRA
Active employees	16	11	13	6
Transferred and terminated employees	36	1	32	-
Retired Employees and Beneficiaries	24	-	17	-
Total	76	12	62	6

Benefit Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic CalPERS member becomes eligible for Service Retirement upon attainment of age 55 with at least 5 years of credited service. Public Employee Pension Reform Act (PEPRA) miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 full-time equivalent monthly pay.

Following are the benefit provisions for each plan:

- Miscellaneous Classic: 2.0% (at age 55) of the average final 36 months compensation
- Miscellaneous PEPRA: 2.0% (at age 62) of the average final 36 months compensation
- Safety Classic: 2.0% (at age 55) of the average final 36 months compensation
- Safety PEPRA: 2.0% (at age 62) of the average final 36 months compensation.

A participant is eligible for non-industrial disability retirement if he or she becomes disabled and has at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by service. Industrial disability benefits are not offered to miscellaneous employees.

Note 8 – Retirement Plans (Continued)

General Information about the Pension Plan (Continued)

Benefit Provided (Continued)

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5% per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of $500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2%.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The Public agency cost-sharing plans covered by the miscellaneous risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement periods ended June 30, 2016 (the measurement date), the contribution rates were as follows:

Measurement Period Ended June 30, 2016		
Plans	Active Employee Contribution Rate	Employer Contribution Rate
Miscellaneous Classic	7.000%	8.003%
Miscellaneous PEPRA	6.250%	6.237%
Safety Classic	7.000%	11.530%
Safety PEPRA	9.500%	9.069%

Note 8 – Retirement Plans (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

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. The June 30, 2016 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65% Net of Pension Plan Investment; includes Inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. 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.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

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 CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. 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 at 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 best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

Note 8 – Retirement Plans (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Discount Rate (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund ("PERF") cash flows. Taking into account historical returns of all the PERF's asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C fund), 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 equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2015.

Asset Class	New Strategic Allocation	Real Return Years 1-10[1]	Real Return Years 11+[2]
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	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%
Absolute Return Strategy	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
	100%		

[1]An expected inflation of 2.5% used for Years 1-10

[2]An expected inflation of 3.0% used for Years 11+

Note 8 – Retirement Plans (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

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

The following presents the City's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.65%, 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 (6.65%) or 1 percentage-point higher (8.65%) than the current rate:

	Plan's Net Pension Liability/(Asset)		
Plans	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Miscellaneous	$ 1,688,650	$ 1,083,876	$ 584,060
Safety	$ 1,421,504	$ 949,593	$ 562,202

Pension Plan Fiduciary Net Position

Detail information about the plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan's proportionate share of the risk pool collective net pension liability over the measurement period:

	Increase (Decrease)		
	Plan Total Pension Liability	Plan Fiduciary Net Position	Plan Net Pension Liability/(Asset)
Miscellaneous Plan			
Balance at: 6/30/15 (Valuation date)	$ 4,993,831	$ 4,250,653	$ 743,178
Balance at: 6/30/16 (Measurement date)	$ 5,241,788	$ 4,157,912	$ 1,083,876
Net Changes during 2015-2016	$ 247,957	$ (92,741)	$ 340,698
Safety Plan			
Balance at: 6/30/15 (Valuation date)	$ 4,674,356	$ 4,065,370	$ 608,986
Balance at: 6/30/16 (Measurement date)	$ 5,089,585	$ 4,139,992	$ 949,593
Net Changes during 2015-2016	$ 415,229	$ 74,622	$ 340,607

Note 8 – Retirement Plans (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

(1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2015). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability ("TPL") determines the net pension liability ("NPL") at the valuation date.

(2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2016). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2016 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2015-16).

(3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date. TPL is allocated based on the rate plan's share of the actuarial accrued liability. FNP is allocated based on the rate plan's share of the market value assets.

(4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.

(5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.

(6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

Deferred outflows of resources, deferred inflows of resources, and pension expense are allocated based on the City's share of contribution during the measurement period.

The City's proportionate share of the net pension liability was as follows:

	Plans	
	Miscellaneous	Safety
June 30, 2015	0.010827%	0.008872%
June 30, 2016	0.012526%	0.010974%
Change - Increase (Decrease)	0.001699%	0.002102%

For the year ended June 30, 2017, the City recognized pension expense in the amounts of $158,707 and $103,543 for the miscellaneous and safety plans, respectively.

Note 8 – Retirement Plans (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Deferred Outflows and Deferred Inflows of Resources Related to Pensions

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
Contribution made after measurement date	$ 145,079	$ -
Changes of assumptions	-	(34,637)
Difference between expected and actual experience	2,822	-
Difference between projected and actual earning on pension plan investments	180,277	-
Adjustment due to differences in proportions	12,171	-
Difference between City contributions and proportionate share of contributions	-	(69,655)
Total	$ 195,270	$ (104,292)

Safety

	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after measurement date	$ 171,887	$ -
Changes of assumptions	-	(45,696)
Difference between expected and actual experience	10,493	-
Difference between projected and actual earning on pension plan investments	224,499	-
Adjustment due to differences in proportions	-	(87,122)
Difference between City contributions and proportionate share of contributions	27,824	-
Total	$ 262,816	$ (132,818)

Note 8 – Retirement Plans (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Continued)

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

The expected average remaining service lifetime ("EARSL") is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for risk pool for the 2015-16 measurement period is 3.7 years, which was obtained by dividing the total service years of 475,689 (the sum of remaining service lifetimes of the active employees) by 127,009 (the total number of participants: active, inactive, and retired).

$145,079 and $171,887 reported as deferred outflows of resources related to pensions for miscellaneous plan and safety plan, respectively, resulting from the City's contributions made subsequent to the measurement date. It will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Period	Deferred Outflows/ (Inflows) of Resources	
Year Ended June 30,	Miscellaneous	Safety
2017	$ (28,546)	$ (37,217)
2018	(13,714)	5,272
2019	86,546	103,499
2020	46,692	58,444
	$ 90,978	$ 129,998

CalPERS Discount Rate

On December 16, 2016, the CalPERS Board of Administration (the "Board") approved lowering the CalPERS discount rate assumption, the long-term rate of return, from 7.50 percent over the next three years. This will increase the City's employer contribution costs beginning in fiscal year 2018-19. The phase in of the discount rate change approved by the Board for the next three fiscal year is as follow:

Valuation Date	Required Contribution Rate	Discount Rate
June 30, 2016	2018-19	7.375%
June 30, 2017	2019-20	7.250%
June 30, 2018	2020-21	7.000%

Note 9 – Risk Management and Self-Insurance

The City participates with other public entities in a joint venture under a joint powers agreement which establishes the Central San Joaquin Valley Risk Management Authority ("CSJVRMA"). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes. All funds of the City, including the enterprise funds, are included in the above risk management and self-insurance program.

The City is covered for the first $1,000,000 of each general liability claim and $500,000 of each workers' compensation claim through the CSJVRMA. The City has the right to receive dividends or the obligation to pay assessments based on an estimated claims liabilities formula which, among other expenses, includes reported and incurred but not reported ("IBNR") claims, and charges the City's account for liability losses under $25,000 and workers' compensation losses under $50,000. The CSJVRMA participates in an excess pool which provides general liability coverage from $1,000,000 to $15,000,000 and workers' compensation coverage from $500,000 to the statutory limit. The City has had no settlements which exceeded insurance coverage in the last ten fiscal years, and no changes in insurance coverage from the prior year. The City's deductible amount is included with the premiums.

The CSJVRMA is a consortium of fifty-four (54) cities in San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500 et seq. The CSJVRMA is governed by a Board of Directors, which meets 3 to 4 times per year, consisting of one member appointed by each member city. The day-to-day business is handled by a management group employed by CSJVRMA. At the termination of the joint powers agreement and after all claims has been settled, any excess or deficit will be divided among the cities in accordance with its governing documents. Financial statements for CSJVRMA can be obtained at 1831 K Street, Sacramento, California 95814.

The audited financial position and results of operations for the CSJVRMA as of and for the year ended June 30, 2017, are presented below:

Total assets	$ 100,984,219
Total liabilities	$ 83,009,648
Total equities	$ 17,974,571
Total revenues	$ 46,513,252
Total expenses	$ 43,973,513
Revenues over (under) expenses	$ 2,539,739

Note 10 – Other Required Disclosures

A. Deficit Net Position/Fund Balance

At June 30, 2017, the following funds had deficit net position/fund balance:

Fund Type	Funds	Deficit
Special Revenue Fund	Transportation Development Act (Non-Transit)	(83,669)
Special Revenue Fund	Prop 84 Park Grant Fund	(488,783)
Special Revenue Fund	Community Development Block Grant	(211,355)
Special Revenue Fund	Traffic HSIP Derby Signal Light	(25,763)
Special Revenue Fund	Sycamore Road Flood Reduction	(543)
Special Revenue Fund	State Gas Tax	(29,274)
Fiduciary Fund	Successor Agency Private Purpose Trust Fund	(2,903,268)

The City expects to eliminate the deficit for the special revenue funds through transfers from other funds and/or recognition of unavailable revenues in future years.

The Successor Agency Private Purpose Trust Fund deficit resulted from outstanding tax allocation bonds in excess of the total assets. The City expects the deficit to be repaid via future property tax increment.

At June 30, 2017, the City's Government-Wide Financial Statements had a deficit unrestricted net position for its governmental activities of $(1,637,267) which was mainly due to the net pension liabilities in the amount of $1,854,015 and the City's General fund had a deficit unassigned fund balance in the amount of $338,038 which was mainly due to the grant related expenditures paid through the General Fund.

B. Expenditures in Excess of Appropriations

The following funds had expenditures in excess of appropriations:

Fund	Appropriations	Expenditures	Excess of Expenditures over Appropriations
Major Governmental Funds:			
General Fund			
Current:			
General government	$ 1,831,120	$ 2,465,288	$ (634,168)
Public safety	3,360,010	3,377,962	(17,952)
Public works	307,619	400,568	(92,949)
Planning/community development	438,768	650,279	(211,511)
Debt services:			
Principal retirement	3,078	54,443	(51,365)
Transportation Development Act (Non-Transit) Special Revenue Fund			
Current:			
Public works	24,112	39,606	(15,494)
Capital Outlay	559,058	936,091	(377,033)

Note 10 – Other Required Disclosures (Continued)

B. Expenditures in Excess of Appropriations (Continued)

Fund	Appropriations	Expenditures	Expenditures over Appropriations
Major Governmental Funds:			
Traffic Impact Fees Special Revenue Fund			
Current:			
Planning/community development	-	19,710	(19,710)
Debt services:			
Interest and fiscal charge	-	166,051	(166,051)
Prop 84 Park Grant Fund			
Capital Outlay	2,594,690	2,613,280	(18,590)
Nonmajor Governmental Funds:			
Community Development Block Grant Special Revenue Fund			
Current:			
Planning/community development	26,479	47,102	(20,623)
Capital Outlay	373,988	681,365	(307,377)
COPS Program Special Revenue Fund			
Current:			
Public safety	7,790	101,812	(94,022)
LLMD Special Revenue Fund			
Current:			
Public works	133,246	138,407	(5,161)
Sycamore Road Flood Reduction Special Revenue Fund			
Current:			
Planning/community development	-	49,770	(49,770)
Federal Police Grant Special Revenue Fund			
Current:			
Public safety	-	64,092	(64,092)
AB109 Special Revenue Fund			
Current:			
Public safety	2,700	29,851	(27,151)
State Gas Tax Special Revenue Fund			
Current:			
Public works	520,681	555,887	(35,206)
Capital outlay	3,033	69,710	(66,677)
PTMISEA Fence Grant Special Revenue Fund			
Current:			
General government	5,874	12,878	(7,004)
Planning/community development	-	104,555	(104,555)
Capital outlay	-	45,436	(45,436)

Note 11 – Classification of Fund Balances

At June 30, 2017, fund balances are classified as follows:

	Major Funds						
		Specical Revenue Fund			Capital Project		
	General Fund	Transportation Development Act (Non-Transit)	Traffic Impact Fees	Prop 84 Park Grant	Jewett Square Development Fund	Non-Major Governmental Funds	Total
Nonspendable:							
Prepaid items	$ 17,000	$ -	$ -	$ -	$ -	$ -	$ 17,000
Advances to Succesor Agency	627,230	-	-	-	-	-	627,230
Total nonspendable	644,230	-	-	-	-	-	644,230
Restricted:							
Traffic impact fees	-	-	920,335	-	-	-	920,335
Jewett square development	-	-	-	-	94,914	-	94,914
TEA	-	-	-	-	-	74,077	74,077
COPS program	-	-	-	-	-	474	474
LLMD District	-	-	-	-	-	117,728	117,728
Traffic offenders law enforcement	-	-	-	-	-	8,554	8,554
Prop 1B traffic signal and security	-	-	-	-	-	306,000	306,000
Safe route to school	-	-	-	-	-	5,894	5,894
Park fees	-	-	-	-	-	351,131	351,131
AB109	-	-	-	-	-	11,284	11,284
RSTP	-	-	-	-	-	332,700	332,700
Asset forfeiture	-	-	-	-	-	41	41
PTMISEA Fence Grant	-	-	-	-	-	39,792	39,792
Franklin St. project	-	-	-	-	-	4,887	4,887
Total restricted	-	-	920,335	-	94,914	1,252,562	2,267,811
Unassigned	(338,038)	(83,669)	-	(488,783)	-	(266,935)	(1,177,425)
Total fund balances	$ 306,192	$ (83,669)	$ 920,335	$ (488,783)	$ 94,914	$ 985,627	$ 1,734,616

Note 12 – Commitments and Contingencies

A. Pending Litigations

There are various claims and legal actions pending against the City for which no provision has been made in the accompanying general purpose financial statements. In the opinion of the City attorney and City management, liabilities arising from these claims and legal actions, if any, will not have an adverse material effect on the financial position of the City.

B. Grants

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, and any required reimbursements are not expected to be material.

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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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City of Arvin
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

Budget Comparison Schedule, General Fund

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Property taxes	$ 217,231	$ 358,726	$ 243,261	$ (115,465)
Property taxes in lieu of VLF	1,461,541	1,576,836	1,576,836	-
Sales tax	1,765,504	1,734,706	2,039,328	304,622
Franchise tax	654,000	478,886	520,395	41,509
Vehicle license tax	213,000	27,000	99,592	72,592
Other taxes	420	565	446	(119)
Licenses, permits and fees	571,806	638,792	496,799	(141,993)
Fines, forfeitures and penalties	4,606	15,126	18,477	3,351
Investment income (loss)	2,000	-	(17)	(17)
Lease revenue	51,528	52,083	55,740	3,657
Intergovernmental	371,646	145,443	154,896	9,453
Charges for current services	263,136	244,036	268,753	24,717
Other	142,700	37,711	253,297	215,586
Total revenues	5,719,118	5,309,910	5,727,803	417,893
EXPENDITURES:				
Current:				
General government	1,672,209	1,831,120	2,465,288	(634,168)
Public safety	3,585,727	3,360,010	3,377,962	(17,952)
Public works	249,061	307,619	400,568	(92,949)
Planning/community development	339,127	438,768	650,279	(211,511)
Capital Outlay	906,299	898,181	443,900	454,281
Debt services:				
Principal retirement	2,900	3,078	54,443	(51,365)
Total expenditures	6,755,323	6,838,776	7,392,440	(553,664)
REVENUES OVER (UNDER) EXPENDITURES	(1,036,205)	(1,528,866)	(1,664,637)	(135,771)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital asset	72,007	98,000	-	(98,000)
Issuance of capital lease	-	-	190,744	190,744
Transfers in	998,474	896,262	1,384,000	487,738
Transfers out	(45,028)	-	(2,907)	(2,907)
Total other financing sources (uses)	1,025,453	994,262	1,571,837	577,575
NET CHANGES IN FUND BALANCES	$ (10,752)	$ (534,604)	(92,800)	$ 441,804
FUND BALANCES:				
Beginning of year			398,992	
End of year			$ 306,192	

City of Arvin
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule (Continued)
For the Year Ended June 30, 2017

Budget Comparison Schedule, Transportation Development Act (Non-Transit) Special Revenue Fund

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	$ 559,139	$ 1,153,537	$ 949,197	$ (204,340)
Total revenues	559,139	1,153,537	949,197	(204,340)
EXPENDITURES:				
Current:				
Public works	29,321	24,112	39,606	(15,494)
Capital Outlay	554,981	559,058	936,091	(377,033)
Total expenditures	584,302	583,170	975,697	(392,527)
REVENUES OVER (UNDER) EXPENDITURES	(25,163)	570,367	(26,500)	(596,867)
OTHER FINANCING SOURCES (USES):				
Transfers in	554,981	-	-	-
Transfers out	(529,818)	(529,818)	-	529,818
Total other financing sources (uses)	(529,818)	(529,818)	-	529,818
NET CHANGES IN FUND BALANCES	$ (554,981)	$ 40,549	(26,500)	$ (67,049)
FUND BALANCES:				
Beginning of year			(57,169)	
End of year			$ (83,669)	

City of Arvin
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule (Continued)
For the Year Ended June 30, 2017

Budget Comparison Schedule, Traffic Impact Fees Special Revenue Fund

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Licenses, permits and fees	$ 147,324	$ 18,116	$ 37,826	$ 19,710
Investment income	-	-	5,275	5,275
Total revenues	147,324	18,116	43,101	24,985
EXPENDITURES:				
Current:				
Planning/community development	-	-	19,710	(19,710)
Capital Outlay	209,000	-	-	-
Debt services:				
Interest and fiscal charge	-	-	166,051	(166,051)
Total expenditures	209,000	-	185,761	(185,761)
REVENUES OVER (UNDER) EXPENDITURES	(61,676)	18,116	(142,660)	(160,776)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(132,000)	(132,000)
Total other financing sources (uses)	-	-	(132,000)	(132,000)
NET CHANGES IN FUND BALANCES	$ (61,676)	$ 18,116	(274,660)	$ (292,776)
FUND BALANCES:				
Beginning of year			1,194,995	
End of year			$ 920,335	

City of Arvin
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule (Continued)
For the Year Ended June 30, 2017

Budget Comparison Schedule, Prop 84 Park Grant Special Revenue Fund

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	$ 2,786,190	$ 2,786,190	$ 2,415,740	$ (370,450)
Total revenues	2,786,190	2,786,190	2,415,740	(370,450)
EXPENDITURES:				
Current:				
Planning/community development	-	200,154	159,481	40,673
Capital Outlay	2,786,190	2,594,690	2,613,280	(18,590)
Total expenditures	2,786,190	2,794,844	2,772,761	22,083
NET CHANGES IN FUND BALANCES	$ -	$ (8,654)	(357,021)	$ (348,367)
FUND BALANCES:				
Beginning of year			(131,762)	
End of year			$ (488,783)	

Budgetary Information

The City uses the following procedures annually to establish the budget data reflected in the budgetary comparison schedules. The City Manager submits to the City Council a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. The City Council reviews the proposed budget at specially scheduled sessions, which are open to the public. The Council also conducts a public hearing on the proposed budget to obtain comments from interested persons.

Prior to July 1, the budget is legally adopted through passage of an ordinance. This budget is reported as Original Budget in the budgetary comparison schedules.

During the fiscal year, changes to the adopted budget may be authorized, as follows:

1. Items requiring City Council action - appropriation of fund balance reserves; transfers of appropriations between funds; appropriation of any non-departmental revenue; new interfund loans or advances; and creation of new capital projects or increases to existing capital projects.

2. Items delegated to the City Manager - transfers between departments within funds; appropriation of unbudgeted departmental revenues; and approval of transfers which increase salary and benefit appropriations.

3. Items delegated to department heads - allocation of departmental appropriations to line item level.

Formal budgetary integration is employed as a management tool for all funds. Annual budgets are legally adopted and amended as required for the general, special revenue and enterprise funds. Project length budgets are adopted for the capital projects funds. All budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America ("U.S. GAAP"), and budgetary comparisons for the information. A debt service payment schedule for the debt service funds is also approved as part of the budget process.

Budget amounts are reflected after all authorized amendments and revisions. This budget is reported as the Final Budget in the budgetary comparison schedules.

For each legally adopted operating budget, expenditures may not exceed budgeted appropriations at the activity level. The legal appropriation basis is at the level called "department." A "department" for legal appropriation purposes may be a single organization, or an entire department having multiple organizations within the same fund, or an entire fund.

For the year ended June 30, 2017, there were no adopted operating budgets for TEA Special Revenue Fund, Prop 1B Special Revenue Fund, RSTP Special Revenue Fund, and Franklin St. Project Capital Projects Fund.

City of Arvin
Required Supplementary Information (Unaudited)
Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2017

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plans

Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014[1]
City Proportion of the Net Pension Liability/(Asset)	0.012526%	0.010827%	0.010823%
City's Proportionate Share of the net Pension Liability/(Asset)	$ 1,083,876	$ 743,178	$ 673,435
City's Covered Payroll	$ 1,311,081	$ 1,278,371	$ 1,205,541
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Its Covered Payroll	82.67%	58.13%	55.86%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	79.32%	85.12%	84.57%

California Public Employees' Retirement System ("CalPERS") - Safety Plans

Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014[1]
City Proportion of the Net Pension Liability/(Asset)	0.010974%	0.008872%	0.012158%
City's Proportionate Share of the net Pension Liability/(Asset)	$ 949,593	$ 608,986	$ 756,538
City's Covered Payroll	$ 1,259,532	$ 1,148,898	$ 1,170,125
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Its Covered Payroll	75.39%	53.01%	64.65%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	81.34%	86.97%	82.68%

[1] Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years' information will be displayed as it became available.

City of Arvin
Required Supplementary Information (Unaudited)
Schedule of Contributions
For the Year Ended June 30, 2017

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plan

	2016-17	2015-16	2014-15	2013-14[1]
Actuarially determined contribution	$ 126,562	$ 106,497	$ 63,299	$ 80,511
Contributions in relation to the actuarially determined contribution[2]	(145,079)	(106,497)	(63,299)	(80,511)
Contribution deficiency (excess)	$ (18,517.00)	$ -	$ -	$ -
Covered payroll[3]	$ 1,350,413	$ 1,311,081	$ 1,278,371	$ 1,205,541
Contributions as a percentage of covered payroll	9.37%	8.12%	4.95%	6.68%

California Public Employees' Retirement System ("CalPERS") - Safety Plan

	2016-17	2015-16	2014-15	2013-14[1]
Actuarially determined contribution	$ 146,166	$ 158,695	$ 128,424	$ 143,373
Contributions in relation to the actuarially determined contribution[2]	(171,887)	(158,695)	(128,424)	(143,373)
Contribution deficiency (excess)	$ (25,721.00)	$ -	$ -	$ -
Covered payroll[3]	$ 1,297,318	$ 1,259,532	$ 1,148,898	$ 1,170,125
Contributions as a percentage of covered payroll	11.27%	12.60%	11.18%	12.25%

[1] Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years' information will be displayed as it became available.

[2] Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

[3] Payroll from prior year ($1,311,081 for miscellaneous plan and $1,259,532 for safety plan) was assumed to increase by the 3.00% payroll growth assumption.

Notes to Schedule:

Valuation date: June 30, 2015

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2015. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

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SUPPLEMENTARY INFORMATION

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City of Arvin
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Jewett Square Development Capital Projects Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Property tax	$ 261,250	$ -	$ -	$ -
Investment income	-	-	31,772	31,772
Other	-	-	5,948	5,948
Total revenues	261,250	-	37,720	37,720
EXPENDITURES:				
Current:				
Planning/community development	-	69,124	29,623	39,501
Debt services:				
Principal retirement	261,250	261,250	165,000	96,250
Interest and fiscal charges	-	263,402	194,223	69,179
Capital Outlay	4,900,000	4,830,876	4,014,422	816,454
Total expenditures	5,161,250	5,424,652	4,403,268	1,021,384
REVENUES OVER (UNDER) EXPENDITURES	(4,900,000)	(5,424,652)	(4,365,548)	1,059,104
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(219,000)	(219,000)
Total other financing sources (uses)	-	-	(219,000)	(219,000)
NET CHANGES IN FUND BALANCES	$ (4,900,000)	$ (5,424,652)	(4,584,548)	$ 840,104
FUND BALANCES:				
Beginning of year			4,679,462	
End of year			$ 94,914	

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds:

CMAQ Grant Fund - In the effort to improve air quality, this fund is used to build a CNG station in the anticipation that the City would convert its fleet to natural gas during the next few years to reduce the carbon footprint.

TEA Fund - Accounts for the grants received from the Transportation Enhancement Activities ("TEA") program restricted for design and construction of improvements which beautify or enhance the interface between transportation systems and adjacent communities. This funding requires matching City funds.

Community Development Block Grant Fund - Accounts for expenditures restricted for approved projects that have been funded by the U.S. Department of Housing and Urban Development Community Block Grant and passed through the County of Kern.

COPS Program Fund - Accounts for expenditures made with state grant monies authorized by California Assembly Bill 3229 for "front-line" police related activities for the Citizens' Option for Public Safety Program ("COPS").

LLMD Fund - Accounts for assessment money received from district property owners restricted for use for maintenance expenditures in the landscape and lighting maintenance district.

Traffic Offender Fund - Accounts for fees charged to release a vehicle that has been impounded by law enforcement officials and the restricted use of such proceeds by the City to help fund its law enforcement activities.

Prop 1B Fund - Accounts for the grants received which have been restricted to help pay for a new traffic signal and security cameras for new buses.

Traffic HSIP Derby Signal Light Fund - Accounts for the grant received from the California Department of Transportation to be used for improvement of the intersection of Derby and Bear Mountain Road with a Signal Light.

Sycamore Road Flood Reduction Fund- Accounts for the grant received from the State Department of Water Resources to be used for building new infrastructure of sewer pipe to eliminate the flooding.

Federal Police Grant Fund - Separates and accounts for funds restricted for the base salary and fringe benefit costs associated with one officer funded by the U.S. Department of Justice COPS Grant.

Safe Route to School Fund - Accounts for the grant received from the California Department of Transportation to reconstruct and improve infrastructure along school routes.

Park Fees Fund - Separates and accounts for fees received from builders that have been specifically restricted for park improvements.

Special Revenue Funds (Continued):

AB109 Fund - Accounts for the grants received related to the new prisoner redistribution.

State Gas Tax Fund - The State Gas Tax Fund is used to account for the City's share of gasoline taxes that are apportioned under Streets and Highways Code sections 2105, 2016, 2107, and 2107.5 of the State of California. These funds are restricted to activities and purchases that assist in the construction of and maintenance of local roads within the City limits.

RSTP Fund - Accounts for Regional Service Transportation Program ("RSTP") funding, which was created by Congress through the Intermodal Surface Transportation Efficiency Act of 1991 and renewed through the transportation Equity Act for the 21st Century in 1998. RSTP funding is restricted for the City to address specific transportation issues. This funding requires matching City funds.

Asset Forfeiture Fund - This fund is used to account for revenues associated with the sale of assets seized from individuals convicted of drug related crimes. The expenditures of this fund must assist in drug abuse enforcement or education.

PTMISEA Fence Grant Fund - Separates and accounts for funds restricted for use to secure vehicles behind a fenced enclosure with limited access facilitated by electronic means.

Capital Projects Fund:

Franklin St. Project Fund - This fund is used to account for sidewalk and street improvements for Franklin Street.

City of Arvin
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue				
	CMAQ Grant	TEA	Community Development Block Grant	COPS Program	LLMD
ASSETS					
Cash and investments	$ -	$ 74,077	$ -	$ 145,843	$ 124,369
Accounts receivables	-	-	107,352	-	-
Due from other governments	-	-	-	-	-
Total assets	$ -	$ 74,077	$ 107,352	$ 145,843	$ 124,369
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ -	$ -	$ 9,777	$ -	$ 5,972
Accrued payroll and benefits	-	-	-	627	669
Due to other funds	-	-	210,456	-	-
Unearned revenue	-	-	-	144,742	-
Total liabilities	-	-	220,233	145,369	6,641
Deferred Inflows of Resources:					
Unavailable revenue	-	-	98,474	-	-
Total deferred inflows of resources	-	-	98,474	-	-
Fund Balances:					
Restricted	-	74,077	-	474	117,728
Unassigned (deficit)	-	-	(211,355)	-	-
Total fund balances	-	74,077	(211,355)	474	117,728
Total liabilities, deferred inflows of resources, and fund balances	$ -	$ 74,077	$ 107,352	$ 145,843	$ 124,369

City of Arvin
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue				
	Traffic Offender	Prop 1B	Traffic HSIP Derby Signal Light	Sycamore Road Flood Reduction	Federal Police Grant
ASSETS					
Cash and investments	$ 8,554	$ 306,000	$ -	$ 49,462	$ -
Accounts receivables	-	-	15,117	-	-
Due from other governments	-	-	-	-	-
Total assets	$ 8,554	$ 306,000	$ 15,117	$ 49,462	$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ -	$ -	$ 6,532	$ 6,926	$ -
Accrued payroll and benefits	-	-	-	-	-
Due to other funds	-	-	26,087	-	-
Unearned revenue	-	-	-	43,079	-
Total liabilities	-	-	32,619	50,005	-
Deferred Inflows of Resources:					
Unavailable revenue	-	-	8,261	-	-
Total deferred inflows of resources	-	-	8,261	-	-
Fund Balances:					
Restricted	8,554	306,000	-	-	-
Unassigned (deficit)	-	-	(25,763)	(543)	-
Total fund balances	8,554	306,000	(25,763)	(543)	-
Total liabilities, deferred inflows of resources, and fund balances	$ 8,554	$ 306,000	$ 15,117	$ 49,462	$ -

(Continued)

City of Arvin
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue				
	Safe Route to School	Park Fees	AB109	State Gas Tax	RSTP
ASSETS					
Cash and investments	$ 135,068	$ 347,131	$ 54,391	$ -	$ 332,700
Accounts receivables	-	4,000	-	5,724	-
Due from other governments	-	-	12,140	-	-
Total assets	$ 135,068	$ 351,131	$ 66,531	$ 5,724	$ 332,700
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ -	$ -	$ -	$ -	$ -
Accrued payroll and benefits	-	-	10,507	26,941	-
Due to other funds	-	-	-	8,057	-
Unearned revenue	129,174	-	44,740	-	-
Total liabilities	129,174	-	55,247	34,998	-
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Restricted	5,894	351,131	11,284	-	332,700
Unassigned (deficit)	-	-	-	(29,274)	-
Total fund balances	5,894	351,131	11,284	(29,274)	332,700
Total liabilities, deferred inflows of resources, and fund balances	$ 135,068	$ 351,131	$ 66,531	$ 5,724	$ 332,700

(Continued)

City of Arvin
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue		Capital Projects	
	Asset Forfeiture	PTMISEA Fence Grant	Franklin St. Project	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	$ 10,795	$ 512,020	$ -	$ 2,100,410
Accounts receivables	-	-	4,887	137,080
Due from other governments	-	-	-	12,140
Total assets	$ 10,795	$ 512,020	$ 4,887	$ 2,249,630
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ 3,559	$ -	$ 32,766
Accrued payroll and benefits	-	-	-	38,744
Due to other funds	-	-	-	244,600
Unearned revenue	10,754	468,669	-	841,158
Total liabilities	10,754	472,228	-	1,157,268
Deferred Inflows of Resources:				
Unavailable revenue	-	-	-	106,735
Total deferred inflows of resources	-	-	-	106,735
Fund Balances:				
Restricted	41	39,792	4,887	1,252,562
Unassigned (deficit)	-	-	-	(266,935)
Total fund balances	41	39,792	4,887	985,627
Total liabilities, deferred inflows of resources, and fund balances	$ 10,795	$ 512,020	$ 4,887	$ 2,249,630

(Concluded)

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

	Special Revenue				
	CMAQ Grant	TEA	Community Development Block Grant	COPS Program	LLMD
REVENUES:					
Property taxes and special assessments	$ -	$ -	$ -	$ -	$ 114,584
Licenses, permits and fees	-	-	-	-	-
Investment income	-	283	-	474	461
Intergovernmental	-	-	541,782	101,812	-
Other	362	-	-	-	585
Total revenues	362	283	541,782	102,286	115,630
EXPENDITURES:					
Current:					
General government	-		-	-	-
Public safety	-	-	-	101,812	-
Public works	-	-	-	-	138,407
Planning/community development	-	-	47,102	-	-
Capital outlay	-	-	681,365	-	-
Total expenditures	-	-	728,467	101,812	138,407
REVENUES OVER (UNDER) EXPENDITURES	362	283	(186,685)	474	(22,777)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	362	283	(186,685)	474	(22,777)
FUND BALANCES:					
Beginning of year	(362)	73,794	(24,670)	-	140,505
End of year	$ -	$ 74,077	$ (211,355)	$ 474	$ 117,728

City of Arvin
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue				
	Traffic Offenders	Prop 1B	Traffic HSIP Derby Signal Light	Sycamore Road Flood Reduction	Federal Police Grant
REVENUES:					
Property taxes and special assessments	$ -	$ -	$ -	$ -	$ -
Licenses, permits and fees	2,415	-	-	-	-
Investment income	28	922	-	-	-
Intergovernmental	-	-	8,562	77,612	59,491
Other	-	-	-	-	6,028
Total revenues	2,443	922	8,562	77,612	65,519
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	64,092
Public works	-	-	-	-	-
Planning/community development	-	-	-	49,770	-
Capital outlay	-	-	29,611	27,842	-
Total expenditures	-	-	29,611	77,612	64,092
REVENUES OVER (UNDER) EXPENDITURES	2,443	922	(21,049)	-	1,427
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	2,443	922	(21,049)	-	1,427
FUND BALANCES:					
Beginning of year	6,111	305,078	(4,714)	(543)	(1,427)
End of year	$ 8,554	$ 306,000	$ (25,763)	$ (543)	$ -

(Continued)

City of Arvin
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue				
	Safe Route to School	Park Fees	AB109	State Gas Tax	RSTP
REVENUES:					
Property taxes and special assessments	$ -	$ -	$ -	$ -	$ -
Licenses, permits and fees	-	-	-	-	-
Investment income	-	1,176	191	477	1,126
Intergovernmental	428,812	31,590	29,851	400,470	98,374
Other	-	-	-	-	-
Total revenues	428,812	32,766	30,042	400,947	99,500
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	29,851	-	-
Public works	-	-	-	555,887	-
Planning/community development	-	12,500	-	-	-
Capital outlay	25,418	-	-	69,710	22,717
Total expenditures	25,418	12,500	29,851	625,597	22,717
REVENUES OVER (UNDER) EXPENDITURES	403,394	20,266	191	(224,650)	76,783
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	403,394	20,266	191	(224,650)	76,783
FUND BALANCES:					
Beginning of year	(397,500)	330,865	11,093	195,376	255,917
End of year	$ 5,894	$ 351,131	$ 11,284	$ (29,274)	$ 332,700

(Continued)

City of Arvin
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue		Capital Projects	
	Asset Forfeiture	PTMISEA Fence Grant	Franklin St. Project	Total Nonmajor Governmental Funds
REVENUES:				
Property taxes and special assessments	$ -	$ -	$ -	$ 114,584
Licenses, permits and fees	-	-	-	2,415
Investment income	41	2,498	-	7,677
Intergovernmental	-	335,372	22,214	2,135,942
Other	-	-	1,980	8,955
Total revenues	41	337,870	24,194	2,269,573
EXPENDITURES:				
Current:				
General government	-	12,878	-	12,878
Public safety	-	134,201	2,084	332,040
Public works	-	-	-	694,294
Planning/community development	-	104,555	-	213,927
Capital outlay	-	45,436	20,130	922,229
Total expenditures	-	297,070	22,214	2,175,368
REVENUES OVER (UNDER) EXPENDITURES	41	40,800	1,980	94,205
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	2,907	2,907
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	2,907	2,907
NET CHANGE IN FUND BALANCES	41	40,800	4,887	97,112
FUND BALANCES:				
Beginning of year	-	(1,008)	-	888,515
End of year	$ 41	$ 39,792	$ 4,887	$ 985,627

(Concluded)

City of Arvin
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
CMAQ Grant Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	$ 64,000	$ 64,000	$ -	$ (64,000)
Other	-	-	362	362
Total revenues	64,000	64,000	362	(63,638)
EXPENDITURES:				
Current:				
Public works	-	1,330	-	1,330
Capital outlay	22,000	22,000	-	22,000
Total expenditures	22,000	23,330	-	23,330
NET CHANGES IN FUND BALANCES	$ 42,000	$ 40,670	362	$ (40,308)
FUND BALANCES:				
Beginning of year			(362)	
End of year			$ -	

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	$ 2,554,981	$ 495,433	$ 541,782	$ 46,349
Total revenues	2,554,981	495,433	541,782	46,349
EXPENDITURES:				
Current:				
Planning/community development	-	26,479	47,102	(20,623)
Capital Outlay	2,364,978	373,988	681,365	(307,377)
Total expenditures	2,364,978	400,467	728,467	(328,000)
NET CHANGES IN FUND BALANCES	$ 190,003	$ 94,966	(186,685)	$ (281,651)
FUND BALANCES:				
Beginning of year			(24,670)	
End of year			$ (211,355)	

City of Arvin
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
COPS Program Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Investment income	$ -	$ -	$ 474	$ 474
Intergovernmental	100,000	113,211	101,812	(11,399)
Total revenues	100,000	113,211	102,286	(10,925)
EXPENDITURES:				
Current:				
Public safety	184,145	7,790	101,812	(94,022)
Total expenditures	184,145	7,790	101,812	(94,022)
REVENUES OVER (UNDER) EXPENDITURES	(84,145)	105,421	474	(104,947)
OTHER FINANCING SOURCES (USES):				
Transfers in	30,769	-	-	-
Total other financing sources (uses)	30,769	-	-	-
NET CHANGES IN FUND BALANCES	$ (53,376)	$ 105,421	474	$ (104,947)
FUND BALANCES:				
Beginning of year			-	
End of year			$ 474	

City of Arvin
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
LLMD Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Property taxes and special assessments	$ 94,743	$ 94,743	$ 114,584	$ 19,841
Investment income	-	-	461	461
Other	192	1,003	585	(418)
Total revenues	94,935	95,746	115,630	19,884
EXPENDITURES:				
Current:				
Public works	83,987	133,246	138,407	(5,161)
Total expenditures	83,987	133,246	138,407	(5,161)
NET CHANGES IN FUND BALANCES	$ 10,948	$ (37,500)	(22,777)	$ 14,723
FUND BALANCES:				
Beginning of year			140,505	
End of year			$ 117,728	

City of Arvin
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Traffic Offenders Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Licenses, permits and fees	$ 1,218	$ 1,218	$ 2,415	$ 1,197
Investment income	-	-	28	28
Total revenues	1,218	1,218	2,443	1,225
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,218)	(1,218)	-	1,218
Total other financing sources (uses)	(1,218)	(1,218)	-	1,218
NET CHANGES IN FUND BALANCES	$ -	$ -	2,443	$ 2,443
FUND BALANCES:				
Beginning of year			6,111	
End of year			$ 8,554	

City of Arvin
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Traffic HSIP Derby Signal Light Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	$ 4,938	$ 18,000	$ 8,562	$ (9,438)
Total revenues	4,938	18,000	8,562	(9,438)
EXPENDITURES:				
Capital Outlay	3,335	29,933	29,611	322
Total expenditures	3,335	29,933	29,611	322
NET CHANGES IN FUND BALANCES	$ 1,603	$ (11,933)	(21,049)	$ (9,116)
FUND BALANCES:				
Beginning of year			(4,714)	
End of year			$ (25,763)	

City of Arvin
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Sycamore Road Flood Reduction Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	$ 3,701,523	$ 3,701,523	$ 77,612	$ (3,623,911)
Total revenues	3,701,523	3,701,523	77,612	(3,623,911)
EXPENDITURES:				
Current:				
Planning/community development	-	-	49,770	(49,770)
Capital Outlay	3,814,319	3,814,319	27,842	3,786,477
Total expenditures	3,814,319	3,814,319	77,612	3,736,707
REVENUES OVER (UNDER) EXPENDITURES	(112,796)	(112,796)	-	112,796
OTHER FINANCING SOURCES (USES):				
Transfers in	95,000	95,000	-	(95,000)
Total other financing cources (uses)	95,000	95,000	-	(95,000)
NET CHANGES IN FUND BALANCES	$ (17,796)	$ (17,796)	-	$ 17,796
FUND BALANCES:				
Beginning of year			(543)	
End of year			$ (543)	

City of Arvin
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Federal Police Grant Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	$ 100,000	$ 100,000	$ 59,491	$ (40,509)
Other	-	-	6,028	6,028
Total revenues	100,000	100,000	65,519	(34,481)
EXPENDITURES:				
Current:				
General government	5,578	-	-	-
Public safety	114,239	-	64,092	(64,092)
Total expenditures	119,817	-	64,092	(64,092)
REVENUES OVER (UNDER) EXPENDITURES	(19,817)	100,000	1,427	(98,573)
OTHER FINANCING SOURCES (USES):				
Transfers in	14,259	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	14,259	-	-	-
NET CHANGES IN FUND BALANCES	$ (5,558)	$ 100,000	1,427	$ (98,573)
FUND BALANCES:				
Beginning of year			(1,427)	
End of year			$ -	

City of Arvin
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Safe Route to School Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	$ 593,000	$ 559,062	$ 428,812	$ (130,250)
Total revenues	593,000	559,062	428,812	(130,250)
EXPENDITURES:				
Capital Outlay	593,000	590,895	25,418	565,477
Total expenditures	593,000	590,895	25,418	565,477
NET CHANGES IN FUND BALANCES	$ -	$ (31,833)	403,394	$ 435,227
FUND BALANCES:				
Beginning of year			(397,500)	
End of year			$ 5,894	

City of Arvin
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Park Fees Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Investment income	$ -	$ -	$ 1,176	$ 1,176
Intergovernmental	36,920	74,500	31,590	(42,910)
Total revenues	36,920	74,500	32,766	(41,734)
EXPENDITURES:				
Capital Outlay	240,000	74,500	12,500	62,000
Total expenditures	240,000	74,500	12,500	62,000
NET CHANGES IN FUND BALANCES	$ (203,080)	$ -	20,266	$ 20,266
FUND BALANCES:				
Beginning of year			330,865	
End of year			$ 351,131	

City of Arvin
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
AB 109 Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Investment income	$ -	$ -	$ 191	$ 191
Intergovernmental	49,200	20,000	29,851	9,851
Total revenues	49,200	20,000	30,042	10,042
EXPENDITURES:				
Current:				
Public safety	34,376	2,700	29,851	(27,151)
Capital Outlay	46,000	51,371	-	51,371
Total expenditures	80,376	54,071	29,851	24,220
NET CHANGES IN FUND BALANCES	$ (31,176)	$ (34,071)	191	$ 34,262
FUND BALANCES:				
Beginning of year			11,093	
End of year			$ 11,284	

City of Arvin
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
State Gas Tax Special Revenue Fund
For the year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Investment income	$ -	$ -	$ 477	$ 477
Intergovernmental	349,303	351,751	400,470	48,719
Total revenues	349,303	351,751	400,947	49,196
EXPENDITURES:				
Current:				
Public works	420,070	520,681	555,887	(35,206)
Capital outlay	3,033	3,033	69,710	(66,677)
Total expenditures	423,103	523,714	625,597	(101,883)
NET CHANGES IN FUND BALANCES	$ (73,800)	$ (171,963)	(224,650)	$ (52,687)
FUND BALANCES:				
Beginning of year			195,376	
End of year			$ (29,274)	

City of Arvin
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Asset Forfeiture Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Fines and forfeitures and penalties	$ 2,000	$ 4,000	$ -	$ (4,000)
Investment income	-	-	41	41
Total revenues	2,000	4,000	41	(3,959)
EXPENDITURES:				
Capital outlay	2,000	-	-	-
Total expenditures	2,000	-	-	-
NET CHANGES IN FUND BALANCES	$ -	$ 4,000	41	$ (3,959)
FUND BALANCES:				
Beginning of year			-	
End of year			$ 41	

City of Arvin
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
PTMISEA Fence Grant Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Investment income	$ -	$ -	$ 2,498	$ 2,498
Intergovernmental	745,000	745,000	335,372	(409,628)
Total revenues	745,000	745,000	337,870	(407,130)
EXPENDITURES:				
Current:				
General government	-	5,874	12,878	(7,004)
Public safety	756,619	877,174	134,201	742,973
Planning/community development	-	-	104,555	(104,555)
Capital outlay	-	-	45,436	(45,436)
Total expenditures	756,619	883,048	297,070	585,978
NET CHANGES IN FUND BALANCES	$ (11,619)	$ (138,048)	$ 40,800	$ 178,848
FUND BALANCES:				
Beginning of year			(1,008)	
End of year			$ 39,792	

THE
PUN GROUP
ACCOUNTANTS & ADVISORS

July 31, 2018

To the Honorable Mayor and the Members of the City Council
of the City of Arvin
Arvin, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Arvin, California (the "City") for the year ended June 30, 2017, and have issued our report thereon dated July 31, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 3, 2018. Professional standards also require that we communicated to you with the following information related to our audit.

Significant Audit Matters

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 basic financial statements.

New Accounting Standards

GASB has issued Statement No. 82, *Pension – Issues* – The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 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. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement did not have a significant impact on the City's financial statements for the year ended June 30, 2017.

No other new accounting policies were adopted and the application of existing policies was not changed during 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:

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- Management's estimate of the depreciation on capital assets is based on the industry standard and past experience on actual useful life of the asset groups. We evaluated the key factors and assumptions used to develop the depreciation on capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the City's proportionate share of net pension liabilities is based on the actuarial valuation on total pension liability and based on audited financial statements on fiduciary net position for CalPERS plans. We evaluated the key factors and assumptions used to develop the net pension liability in determining that it is 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:

- Note 1 – Reporting Entity and Summary of Significant Accounting Policies
- Note 8 – Retirement Plans
- Note 9 – Risk Management and Self-Insurance
- Note 10 – Other Required Disclosures
- Note 12 – Commitments and Contingencies

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 except for the delay in the year end closing.

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.

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 auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 31, 2018.

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 auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the 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.

We also included the following emphasis of matter paragraphs in our report dated July 31, 2018:

Financial Condition

As of June 30, 2017, the City's Governmental Activities unrestricted net position was in the amount of $(1,637,267). It is mainly due to the net pension liability in the amount of $1,854,015. In addition, the City's General Fund has suffered significant reductions in fund balances from its operations and is experiencing cash shortfall. As of June 30, 2017, the City's general fund had a negative cash balance in the amount of $2,171,713 and unassigned fund deficit in the amount of $(338,038).

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis ("MD&A"), Budgetary Comparison Schedules for General Fund and Major Special Revenue Funds, the Schedules of the City's Proportionate Share of the Net Pension Liability and Related Ratios for CalPERS Miscellaneous and Safety Plans, and the Schedules of Contributions for CalPERS Miscellaneous and Safety Plans, which are Required Supplementary Information ("RSI") that supplement 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 Fund Financial Statements and the Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, 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. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and the use of the City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

The Pun Group, LLP

Santa Ana, California

City of Arvin

Arvin, California

Single Audit Report

For the Year Ended June 30, 2017

THE PUN GROUP
ACCOUNTANTS & ADVISORS

City of Arvin
Single Audit Report
For the Year Ended June 30, 2017

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THE PUN GROUP
ACCOUNTANTS & ADVISORS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS*

Independent Auditors' Report

To the Honorable Mayor and the Members of City Council
of the City of Arvin
Arvin, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Arvin, California (the "City") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 31, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001, 2017-002, and 2017-003 to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2017-004 to be significant deficiencies.

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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 matters that are required to be reported under *Government Auditing Standards.*

The City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The Pun Group, LLP

Santa Ana, California
July 31, 2018

THE PUN GROUP
ACCOUNTANTS & ADVISORS

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditors' Report

To the Honorable Mayor and the Members of City Council
of the City of Arvin
Arvin, California

Report on Compliance for Each Major Federal Program

We have audited the City of Arvin, California's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2017. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statues, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

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Other Matters

The results of our audit procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying Schedule of Findings and Questions Costs as items 2017-007 and 2017-008. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weakness. However, we did identify certain deficiencies in internal control over compliance, described in the accompany Schedule of Findings and Questioned Costs as items 2017-005 to 2017-008, that we consider to be significant deficiencies.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on the Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated July 31, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditure of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Pun Group, LLP

Santa Ana, California
July 31, 2018

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City of Arvin
Single Audit Report
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Grant Award Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Passes through County of Kern, California			
CDBG - Entitlement Grants Cluster			
Community Development Block Grants/Entitlement Grants	14.218	12.13.1	$ 92,915
Community Development Block Grants/Entitlement Grants	14.218	12.14.1	401,981
Total CDBG - Entitlement Grants Cluster			494,896
Total U.S. Department of Housing and Urban Development			494,896
U.S. Department of Justice			
Direct Program			
Public Safety Partnership and Community Policing Grants	16.710	2013UMWX0017	27,303
Total U.S. Department of Justice			27,303
U.S. Department of Transportation			
Passed through California State Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	STPL-5370(024)	20,112
Highway Planning and Construction	20.205	HSIPLN-5370(025)	26,650
Highway Planning and Construction	20.205	STPL-5370(026)	584,680
Highway Planning and Construction	20.205	STPL-5370(028)	19,666
Total Highway Planning and Construction Cluster			651,108
Total U.S. Department of Transportation			651,108
Total Expenditures of Federal Awards			$ 1,173,307

See accompanying Notes to Schedule of Expenditures of Federal Awards.

Note 1 – Reporting Entity

The financial reporting entity consists of the primary government, City of Arvin (the "City"), organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City Council acts as the governing body and is able to impose its will on the following organizations, establishing financial accountability:

- The Arvin Joint Public Financing Authority

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

Funds received under the various grant programs have been recorded within the special revenue funds of the City. The City utilizes the modified accrual basis of accounting for the special revenue funds. The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in, the preparation of City's basic financial statements.

Schedule of Expenditures of Federal Awards

The accompanying Schedule presents the activity of all federal financial assistance programs of the City. Federal financial assistances passed through the State of California Department of transportation and the County of Kern, California are also included in the Schedule. The Schedule was prepared only from the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the City.

Indirect Cost Rate

The City did not elect to use the 10% deminimis indirect cost rate.

City of Arvin
Single Audit Report
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Section I – Summary of Auditor's Results

Financial Statements

Types of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:	**Unmodified**
Internal control over financial reporting:	
• Material weakness(es) identified?	**2017-001 to 2017-003**
• Significant deficiency(ies) identified?	**2017-004**
Noncompliance material to financial statements noted?	**No**

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	**No**
• Significant deficiency(ies) identified?	**2017-005 to 2017-008**
Type of auditor's report issued on compliance for major federal programs	**Unmodified**
Any audit findings disclosed that are required to be reported in accordance with with 2 CFR 200.516(a)?	**Yes**

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster	Expenditures
20.205	Highway Planning and Construction Cluster	$ 651,108
	Total Expenditures of All Major Federal Programs	$ 651,108
	Total Expenditures of Federal Awards	$ 1,173,307
	Percentage of Total Expenditures of Federal Awards	55.49%

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as a low-risk auditee under 2 CFR 500.520?	No

Section II – Financial Statement Findings

A. Current Year Findings

Finding 2017-001 City's Finance Organization

Criteria:
Control environment sets the tone of an organization, influencing the control consciousness of its people. It is the foundation on which an effective system of internal control is built and operated in an organization that strives to:

1. Achieve its strategic objectives,
2. Provide reliable financial reporting to internal and external stakeholders,
3. Operate its business efficiently and effectively,
4. Comply with all applicable laws and regulations, and
5. Safeguard its assets.

Control environment factors include the integrity, ethical values, and competence of the City's personnel, management's philosophy and operating style, the way management assigns authority and responsibility, and organizes and develops its people, and the attention and direction provided by the City Council.

Condition:
The City has operated for many years with limited accounting support staff with insufficient government accounting experience and significant turnover in Finance Department resulting in a lack of segregation of duties, and inadequate thorough review, analysis, and reconciliation of financial transactions.

Cause:
The City's Finance Department was short staffed. The City also experienced in turnover in key management positions. Although the open positions were filled, the Finance Department had to catch up with backlogs and deal with the day to day activities.

Effect:
The turnover created a significant burden to the Finance Director and remaining Finance staff, increased the risk for errors and noncompliance, and resulted in delays in the financial statement closing process. Also, see finding 2017-002 and 2017-003.

Recommendation:
We recommended the City establish a well-defined Finance Department and recruit experienced/competent accounting personnel. We also recommended the City evaluate the breadth of the Finance Department workload and take steps to fill necessary positions and define or redefine the roles and responsibilities of each position in order to strengthen its internal control over financial reporting and compliance.

Views of Responsible Officials:
City management concurs with this recommendation.

Section II – Financial Statement Findings (Continued)

A. Current Year Findings (Continued)

Finding 2017-002 Cash Shortfalls

Criteria:
Sound internal control over cash management prevents cash overdrafts and minimizes subsidies needed from other funds.

Condition:
The City has been paying many of the grant related expenditures through the General Fund which resulted in material cash deficit in the General Fund. Many of the funds had material cash shortfalls and required short-term borrowing from the General Fund, and restricted funds, such as the Traffic Impact Fees Special Revenue Fund and Sanitation Enterprise Fund. Below is the list of the funds with material cash shortfalls as of June 30, 2017:

- General Fund $2,171,693
- State Gas Tax Special Revenue Fund: $383,271
- Transportation Development Act (Non-Transit) Special Revenue Fund $531,015
- Prop 84 Park Special Revenue Fund $148,975
- Transportation Development Proprietary Fund $1,069,897
- Traffic HSIP Derby Signal Light Special Revenue Fund $26,087
- CDBG Special Revenue Fund $210,456
- State Gas Tax Special Revenue Fund $8,057

We also noted that some of the Special Revenue Funds transferred material unbudgeted amounts to subsidize the General Fund cash flow as follow:

- Capital Project Jewett Square Development Capital Project Fund transferred $219,000 to General Fund
- Traffic Impact Fees Special Revenue Fund transferred $132,000 to General Fund

Although a mid-year budget review was conducted, continuing monitoring of the budget did not prevent or detect expenditures exceeding final appropriations in various funds. Refer to Note 10B of the City's Basic Financial Statements for details.

Cause:
The City's risk assessment process is inadequate to timely perform the cash flow analysis. In addition, billings to the grantor agency are not requested frequently to ensure the City's cash needed is fulfilled.

Effect:
The City's General Fund, Traffic Impact Fees Special Revenue Fund and Sanitation Enterprise Fund were used to subsidize the cash needs of other funds.

Section II – Financial Statement Findings (Continued)

A. Current Year Findings (Continued)

Finding 2017-002 Cash Shortfalls (Continued)

Recommendation:
We recommended the City develop policy and procedures to bill the grantor agencies on a regular basis instead of at the end of the project. It is also important to project and analyze the cash needs for each fund more frequently and precisely. We also recommended the City properly separate grant related expenditures from the General Fund expenditures.

We also recommended the City work closely with the departments to ensure expenditures are within the budgets to avoid further burden the General Fund.

Views of Responsible Officials:
City management concurs with this recommendation.

Section II – Financial Statement Findings (Continued)

A. Current Year Findings (Continued)

Finding 2017-003 Internal Control Over Financial Reporting/Accounting Close and Accuracy in Financial Reporting

Criteria:
Management is responsible for designing, implementing, and maintaining appropriate internal control over financial reporting and compliance. Effective internal control over financial reporting provides reasonable assurance for the completeness and accuracy of accounting records and proper year-end closing. Internal control is defined as a process implemented and monitored by the City Council, management, and other personnel that provides reasonable assurance that the objectives of the City will be achieved. Internal control is not one event, but a series of events that occur throughout an entity's operations. The City's internal control system should be designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Reliability of financial reporting for internal and external use;
- Effectiveness and efficiency of operations; and
- Compliance with applicable laws and regulations.

Management is responsible for properly account for the existence/occurrence, completeness, rights or obligations, valuation or allocation, accuracy or classification, and cut-off of the account balances and classes of transactions of the accounting records.

Condition:
During the audit, 37 audit journal entries were recorded to correct the trial balance provided by the City. In addition, we also noted that many of the invoices were not properly accrued in the correct fiscal year during our audit and grant expenditures were not accurately reported in the Schedule of Expenditures of Federal Awards. Also see finding 2017-005.

Cause:
The City experienced turnover of the Finance Director and lacked experienced accounting staff in the Finance Department. The City also did not have internal controls over the financial statement closing process to reduce errors recorded in the City's general ledger. In addition, the City did not a formal policy over recording accounts payable and expenditures.

Effect:
Delays in processing transactions timely and closing accounting periods can create accounting errors from being prevented or detected and may lead the financial statements to be materially misstated and create further delays in the release of audited financial statements.

Lack of procedures over recording accounts payable and expenditures resulted in understatements of accounts payable and expenditures in the amount of $609,989

Section II – Financial Statement Findings (Continued)

A. Current Year Findings (Continued)

Finding 2017-003 Internal Control Over Financial Reporting/Accounting Close and Accuracy in Financial Reporting (Continued)

Recommendation:
We recommended that the City establish effective procedures that reduce the risk of accounting errors. These procedures would include timely review and approval by management of account reconciliations, sub-ledger transactions, existence/occurrence, completeness, rights or obligations, valuation or allocation, accuracy or classification, and cut-off of accounts at fund and overall government-wide level. Revenue and expenditures/expenses should be compared to the prior year or prior year trends and to the budget. We also recommended the City establish a systemic reviewing process over its manual journal entry process to ensure each journal entry is attached with adequate descriptions and supporting documentations.

Views of Responsible Officials:
City management concurs with this recommendation.

Section II – Financial Statement Findings (Continued)

A. Current Year Findings (Continued)

Finding 2017-004 Internal Control over Capital Assets

Criteria:
Management is responsible for establishing sound internal controls over capital assets.

Condition:
During our audit, we noted that the City did not perform a full inventory count over its capital assets. We also noted that the City did not capitalize some of the capital assets and the capital leased assets.

The City uses manual process to keep track of capital assets related expenditures in the Excel files. In addition, the capital assets sub-ledger was not integrated with the City's general ledger.

Cause:
The City did not have a formal policy in place to perform the inventory count periodically. In addition, the City did not have a formal review process over the completeness and accuracy of the accounting records over the City's capital expenditures. Due to the capital expenditures being reported throughout the funds, the reconciliation process became very cumbersome. Also, the City's accounting system does not have the capacity to keep track of capital assets individually.

Effect:
Without a full inventory count over the City's capital assets, the management might not be able to represent the completeness and valuation or allocation of capital assets. Lack of integration of the capital assets with the general ledger system increases the chances of errors.

Recommendation:
We recommend the City adopt a capital assets policy and also perform capital outlay analysis on an annual basis to determine whether the capital related expenditures should be expensed or capitalized. We also recommend the City review historical records of capital assets purchased by the City in order to determine their proper classification. Furthermore, the City should perform an inventory of the capital assets on periodic basis to ensure all the capital related purchases were properly reported.

Views of Responsible Officials:
City management concurs with this recommendation.

Section II – Financial Statement Findings (Continued)

A. Prior Year Findings

Finding 2016-001 City's Finance Organization

Condition:
The City has operated for many years with limited accounting support staff and significant turnover in Finance Department resulting in a lack of segregation of duties, and inadequate thorough review, analysis, and reconciliation of financial transactions.

Recommendation:
We recommended the City establish a well-defined Finance Department and recruit experienced/competent accounting personnel. We also recommended the City evaluate the breadth of the Finance Department workload and take steps to fill necessary positions and define or redefine the roles and responsibilities of each position in order to strengthen its internal control over financial reporting and compliance.

Status:
See current year finding 2017-001.

Finding 2016-002 Internal Control Over Financial Reporting/Accounting Close and Accuracy in Financial Reporting

Condition:
Since the commencement of 2016 the audit, fifty-eight journal entries were provided to correct the trial balance provided by the City. Many of the entries provided were to correct entries previously posted. In addition, many of the journal entries posted did not have adequate description or supporting documentations.

We also noted that many of the invoices were not properly recorded in the correct fiscal year during our audit.

Recommendation:
We recommended that the City establish effective year end closing procedures that reduce the risk that there are accounting errors and the need for correcting journal entries after the year end closing. These procedures would include timely review and approval by management of account reconciliations, sub-ledger transactions, cutoff review for account balances at a fund and overall government-wide level, and revenue and expenditures/expense review. Revenue and expenditures/expenses should be compared to the prior year or prior year trends and to the budget. We also recommended the City establish a systemic reviewing process over its manual journal entry process to ensure each journal entry is attached with adequate descriptions and supporting documentations.

Status:
See current year finding 2017-003.

Section II – Financial Statement Findings (Continued)

B. Prior Year Findings (Continued)

Finding 2016-003 Reconciliation of Interfund Transactions

Condition:
Management has not adopted a methodology for reviewing and reconciling interfund transactions. The manual journal entry form had incorrect default set up to report interfund transactions.

Recommendation:
We recommended that the City establish and implement policies to ensure proper use of interfund accounts, In addition, the reconciliation should be performed timely to ensure the interfund accounts are balanced.

Status:
Finding was resolved during June 30, 2017.

Finding 2016-004 Deficit Cash Balances

Condition:
We noted that the City improperly deposited and reported restricted cash with the General Fund. Also, the General Fund used restricted fund to pay for expenditures incurred. In addition, the City had been paying many of the grant related expenditures through the General Fund which resulted in material cash deficit under the General Fund. Many of the funds had material cash shortfalls and required to short-term borrowing from the General Fund or Traffic Impact Fees Special Revenue Fund. Below is the list of the funds with material cash shortfalls as of June 30, 2016:

- General Fund $487,846
- Transportation Development Proprietary Fund $438,612
- Prop 84 Park Special Revenue Fund $113,959
- Safe Route to School Fund $395,277

During our audit, we also noted significant delaying in requesting reimbursements for grant revenues. The General Fund was used to pay for other funds and resulted in cash deficit under the General Fund. In addition, the City did not maintain reconciliation of program expenditures and reimbursement requests, which further caused the delay.

Recommendation:
We recommended the City to develop policy and procedures to bill the grantor agencies on a regular basis instead of at the end of the project. It is also important to project cash needs for each fund more frequently and precisely. We also recommended the City to properly separate grant related expenditures from the General Fund expenditures.

Furthermore, we also recommended the City timely submit reimbursement requests to grantor in order to obtain grant funding to pay for associated expenditures.

Status:
See current year finding 2017-002.

Section II – Financial Statement Findings (Continued)

B. Prior Year Findings (Continued)

2016-005 Budget Process

Condition:
Although a mid-year budget review was conducted, there was no sufficient budget adjustments for many funds. The City had to request City Council's approval subsequently for additional appropriations.

Recommendation:
We recommended the City go through cost analysis for each project and to secure the funding during the design and planning phase of each project.

Status:
Finding was resolved during June 30, 2017.

Finding 2006-006 Capital Assets

Condition:
The City uses manual process to keep track of capital assets related expenditures in the Excel files. In addition, the capital assets sub-ledger was not integrated with the City's general ledger.

Recommendation:
We recommended the City reconcile the City's general ledger to project worksheets on a quarterly basis to ensure all capital related expenditures in the City's general ledger are reconciled to the project worksheets. We also recommended the City record capital expenditures in the appropriate funds instead of across various fund for the same project.

Status:
See current year finding 2017-004.

Section III – Federal Awards Findings

A. Current Year Findings and Questioned Costs – Major Federal Award Program Audit

Finding 2017-005 Accurate Preparation of the Schedule of Expenditures of Federal Awards

Information on the Federal Programs:
Community Development Block Grants / Entitlement Grants (CFDA Number 14.218, U.S. Department of Housing and Urban Development, 12.13.1 and 12.14.2)

Public Safety Partnership and Community Policing Grants (CFDA Number 16.710, U.S. Department of Justice, 2013UMWX0017)

Highway Planning and Construction (CFDA Number 20.205, U.S. Department of Transportation, STPL-5370(026))

Criteria:
According to 2 CFR 200.302 (a), "The state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award."

According to 2 CFR 200.302 (b), "The financial management system of each non-Federal entity must provide for the following:

> (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in § 200.327 Financial reporting and 200.328 Monitoring and reporting program performance.
>
> (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation."

Condition:
During our reviewing of the Schedule of Expenditures of Federal Awards ("Schedule") provided by the City, we noted the following:

> The City reported nonfederal related expenditures for the Community Development Block Grants program in the Schedule provided which resulted in the Schedule was overstated by $233,570.
>
> The City did not include one of the award programs in the Schedule provided for the Community Development Block Grants program.
>
> The City did not consider the matching requirement for Public Safety Partnership and Community Policing Grants which resulted in the overstatement of $30,824.

Section III – Federal Awards Findings (Continued)

A. Current Year Findings and Questioned Costs – Major Federal Award Program Audit (Continued)

Finding 2017-005 Accurate Preparation of the Schedule of Expenditures of Federal Awards (Continued)

Condition (Continued):

The City did not report correct Federal expenditures based on actual expenditures for the Highway Planning and Construction program in the Schedule provided which resulted in understatement of $9,623 in the Schedule.

Questioned Cost:
None

Context:
See Condition above for context of the finding.

Effect:
The federal expenditure amounts, funding agreements number and grantor information provided to federal audit clearinghouse may be inaccurate, leading to potential noncompliance with reporting requirements and incorrect identification of major programs.

Cause:
There was a lack of communication between departments to the Finance to correctly identify the funding sources and the status of the programs.

Identification as a Repeat Finding, If Applicable:
Not applicable

Recommendation:
We recommended the City establish and follow appropriate internal control procedures to ensure that all expenditures of federal awards, grant agreements, grantors for the fiscal year are accurately reported in the Schedule.

Views of Responsible Officials:
City management concurs with this recommendation.

Section III – Federal Awards Findings (Continued)

A. Current Year Findings and Questioned Costs – Major Federal Award Program Audit (Continued)

Finding 2017-006 – Procurement and Suspension, and Debarment – Internal Control over Verification Against the System for Award Management ("SAM")

Information on the Federal Programs:
Highway Planning and Construction (CFDA Number 20.205, U.S. Department of Transportation, STPL-5370(026))

Criteria:
Suspension and Debarment, Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed $25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All nonprocurement transactions entered into by a recipient (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

When a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the System for Award Management (SAM) Exclusions maintained by the General Services Administration (GSA) and available at https://www.sam.gov/portal/public/SAM/ (Note: The OMB guidance at 2 CFR part 180 and agency implementing regulations still refer to the SAM Exclusions as the Excluded Parties List System (EPLS)), (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

Condition:
During our audit, we noted that the City did not have documentation on verifying the vendors against the SAM to ensure that they were not suspended or debarred from federally—funded purchases.

Questioned Cost:
None

Context:
See condition above for context for the finding.

Effect:
Without verifying whether vendors are suspended or debarred from working on federally-funded projects, the City could be contracting with vendors that are prohibited from working on federally-funded projects.

Cause:
The City does not have a formal policy to require departments to perform suspension or debarment over vendors that the City makes contracts with federally-funded projects.

Section III – Federal Awards Findings (Continued)

A. Current Year Findings and Questioned Costs – Major Federal Award Program Audit (Continued)

Finding 2017-006 – Procurement and Suspension, and Debarment – Internal Control over Verification Against the System for Award Management ("SAM") (Continued)

Identification as a Repeat Finding, If Applicable:
Not applicable

Recommendation:
We recommended the City establish proper internal control procedures to monitor compliance requirements to ensure vendors are not suspended or debarred from federally-funded purchases.

Views of Responsible Officials:
City management concurs with this recommendation.

Section III – Federal Awards Findings (Continued)

A. Current Year Findings and Questioned Costs – Major Federal Award Program Audit (Continued)

Finding 2017-007 – Internal Controls and Compliance over Reporting

Information on the Federal Program:
Highway Planning and Construction (CFDA Number 20.205, U.S. Department of Transportation, STPL-5370(026))

Criteria:
Pursuant the Program Supplement to N016 Rev. 1 to Administering Agency-State Agreement for Federal-Aid Projects No. 06-5370R Project Number: STPL-5370(026), "Administering Agency agrees to submit the final report documents that collectively constitutes a "Report of Expenditures" within one hundred eighty (180) days of project completion.

Condition:
During our testing on reporting, we noted that the City did not submit the final invoice/report of expenditures within one hundred eighty (180) days after the project completion. The project was completed on January 1, 2017 and the final invoice/report of expenditures was submitted on October 11, 2017.

Questioned Cost:
None

Context:
See condition above for context of the finding.

Effect:
Delay in submitting the final invoice/report of expenditures resulted in noncompliance with grant requirement and might also result in cash flow issues for the City.

Cause:
The City does not have formal policies and procedures in place to ensure the final invoice/report of expenditures is submitted timely.

Identification as a Repeat Finding, If Applicable:
Not applicable

Recommendation:
We recommended the City establish a comprehensive policies and procedures to specify the deadlines for the required reporting for the City staff to follow.

Views of Responsible Officials:
City management concurs with this recommendation.

Section III – Federal Awards Findings (Continued)

A. Current Year Findings and Questioned Costs – Major Federal Award Program Audit (Continued)

Finding 2017-008 – Special Tests and Provision - Internal Controls and Compliance over Quality Assurance Program

Information on the Federal Program:
Highway Planning and Construction (CFDA Number 20.205, U.S. Department of Transportation, STPL-5370(024), HSIPLN-5370(025), STPL-5370(026), and STPL-5370(028))

Criteria:
Pursuant to the Uniform Guidance April 2017 Compliance Supplement, Highway Planning and Construction Cluster, Quality Assurance Program:

> A State DOT or LPA must have a quality assurance (QA) program, approved by FHWA, for construction projects on the NHS to ensure that materials and workmanship conform to approved plans and specifications. Verification sampling must be performed by qualified testing personnel employed by the State DOT, or by its designated agent, excluding the contractor (23 CFR sections 637.201, 637.205, and 637.207).

Pursuant to the City's QA program, the program should be updated every five years or more frequent if there are changes of the testing frequencies or to the tests themselves.

Condition:
During our audit, we noted that is no proof of approvals on the City's QA programs by FHWA or State DOT. In addition, the QA program was not updated timely. From March 2017 till October 2017, the City did not have a valid QA program. Furthermore, the updated QA program on October 2017 was not signed by the approved personnel.

Questioned Cost:
None

Context:
See condition above for context of the finding.

Effect:
The City was not in compliance with the compliance requirements related to the QA program.

Cause:
The City did not have sufficient monitoring control over the QA program's five year requirement and approval process.

Identification as a Repeat Finding, If Applicable:
Not applicable

Section III – Federal Awards Findings (Continued)

A. Current Year Findings and Questioned Costs – Major Federal Award Program Audit (Continued)

Finding 2017-008 – Special Tests and Provision - Internal Controls and Compliance over Quality Assurance Program (Continued)

Recommendation:
We recommended the City establish a comprehensive policies and procedures to meet the compliance requirements.

Views of Responsible Officials:
City management concurs with this recommendation.

Section III – Federal Awards Findings (Continued)

B. Prior Year Findings and Questioned Costs – Major Federal Award Program Audit

No findings or questioned costs were noted on the City's major program for the year ended June 30, 2016.

CITY OF ARVIN

MAYOR
Jose Gurrola

MAYOR PRO TEM
Jess Ortiz

COUNCIL MEMBERS
Jazmin Robles
Erika Madrigal
Gabriela Martinez

INTERIM CITY MANAGER
Jerry Breckinridge

In relation to the City of Arvin (City) annual financial statement audit and the single audit for the year ended June 30, 2017, the City hereby submits a schedule of prior audit findings, detailed listing of current audit findings, and a corrective action plan, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Section 511 *Audit findings follow-up*.

Section II – Financial Statement Findings

A. Prior Year Findings and Questioned Cost – Financial Statement Findings

Finding 2006-001 City's Finance Organization

Audit Finding:
The City has operated for many years with limited accounting support staff with insufficient government accounting experience and significant turnover in Finance Department resulting in a lack of segregation of duties, and inadequate thorough review, analysis, and reconciliation of financial transactions.

Year in which Finding Initially Occurred: Fiscal Year 2013-14

Status:
Not resolved. See current year finding 2017-001.

Finding 2016-002 Internal Control Over Financial Reporting/Accounting Close and Accuracy in Financial Reporting

Audit Finding:

Since the commencement of 2016 the audit, fifty-eight journal entries were provided to correct the trial balance entries posted did not have adequate description or supporting documentations.

The auditor also noted that many of the invoices were not properly recorded in the correct fiscal year during our audit.

Year in which Finding Initially Occurred: Fiscal Year 2012-2013.

Status:
Not resolved: See current year finding 2017-003.

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Finding 2006-003 Reconciliation of Interfund Transactions

Audit Finding:

Management has not adopted a methodology for reviewing and reconciling interfund transactions. The manual journal entry form had incorrect default set up to report interfund transactions**.**

Year in which Finding Initially Occurred: Fiscal Year 2015-2016.

Status:
Finding was resolved during Fiscal Year ending June 30, 2017.

Finding 2006-004 Deficit Cash Balances

Audit Finding:

The auditor noted that the City improperly deposited and reported restricted cash with the General Fund. Also, the General Fund used restricted fund to pay for expenditures incurred. In addition, the City had been paying many of the grant related expenditures through the General Fund which resulted in material cash deficit under the General Fund. Many of the funds had material cash shortfalls and required to short-term borrowing from the General Fund or Traffic Impact Fees Special Revenue Fund. Below is the list of the funds with material cash shortfalls as of June 30, 2016:

- General Fund $487,846
- Transportation Development Proprietary Fund $438,612
- Prop 84 Park Special Revenue Fund $113,959
- Safe Route to School Fund $395,277

During audit, the auditor also noted significant delaying in requesting reimbursements for grant revenues. The General Fund was used to pay for other funds and resulted in cash deficit under the General Fund. In addition, the City did not maintain reconciliation of program expenditures and reimbursement requests, which further caused the delay.

Year in which Finding Initially Occurred: Fiscal Year 2013-2014.

Status:
Not resolved. See current year finding 2017-002.

Finding 2006-005 Budget Process

Audit Finding:

Although a mid-year budget review was conducted, there was no sufficient budget adjustments for many funds. The City had to request City Council's approval subsequently for additional appropriations.

Year in which Finding Initially Occurred: Fiscal Year 2015-2016.

Status:
Finding was resolved during Fiscal Year ending June 30, 2017.

Finding 2006-006 Capital Assets

Audit Finding:

The City uses manual process to keep track of capital assets related expenditures in the Excel files. In addition, the capital assets sub-ledger was not integrated with the City's general ledger.

Year in which Finding Initially Occurred: Fiscal Year 2015-2016.

Status:
Not resolved. See current year finding 2017-004.

Section II – Financial Statement Findings (continued)

B. Current Year Findings and Questioned Cost – Financial Statement Findings

Finding 2017-001 City's Finance Organization

Views of Responsible Officials and Planned Corrective Actions:

City management concurs with this recommendation. A new Finance Director was hired on October 3, 2018. This person is tasked with redefining roles and responsibilities within the Finance Department, with an ultimate goal of improving internal controls, financial reporting, and compliance. Incremental gains were made during FY17/18, and more are expected during FY18/19.

Responsible Parties for Implementation: R. Jerry Breckinridge - Interim City Manager, and Jeff Jones - Finance Director.

Timeframe for Implementation: July 1, 2017 – June 30, 2020.

Finding 2017-002 Cash Shortfalls

Views of Responsible Officials and Planned Corrective Actions:

City management concurs with this recommendation. Finance staff has been tasked with billing all open grants on a least a quarterly basis; monthly billings will be prepared where cash outflow is high during a particular month. It should be noted that most grantors take anywhere between 90 and 180 days after receiving an invoice from the City. The Finance Director and City Manager will work with the City Council to determine how best to 'phase' capital construction projects in order to better manage cash flow. The City's Grant Writer will be instructed to apply for grants which provide for 'advanced funds' wherever possible.

Responsible Parties for Implementation: Interim City Manager – R. Jerry Breckinridge, Finance Director – Jeff Jones, Staff Accountant – Perla Fikter, Grant Writer – Christine Viterelli

Timeframe for Implementation: July 1, 2017 – June 30, 2020.

Finding 2017-003 Internal Control Over Financial Reporting/Accounting Close and Accuracy in Financial Reporting

Views of Responsible Officials and Planned Corrective Actions:
City management agrees with the recommendation. A new Finance Director was hired on October 3, 2018. Although too late to implement for FY17/18, account reconciliations of major balance sheet accounts will be performed on at least a quarterly basis. The Finance Director currently presents a monthly financial snapshot of revenues and expenses YTD compared to budget to the City Council. This report is used to proactively manage any unexpected trends in revenue and/or expenses.

Responsible Parties for Implantation: Jeff Jones – Finance Director, Perla Fikter – Staff Accountant

Timeframe for Implementation: July 1, 2017 to June 30, 2019.

Finding 2017-004 Internal Control over Capital Assets

Views of Responsible Officials and Planned Corrective Actions:

City management agrees with the recommendation. Although too late to implement for FY17/18, the Finance department will update capital assets on at least a quarterly basis. An inventory count of capital related purchases will be scheduled during FY18/19. City management is also investigating in upgrading its 1990's style accounting system to one of modern times which will integrate fixed assets accounting with general ledger.

Responsible Parties for Implantation: Jeff Jones - Finance Director, Perla Fikter - Staff Accountant

Timeframe for Implementation: July 1, 2017 to June 30, 2020.

Section III – Federal Awards Findings

A. Prior Year Findings and Questioned Costs – Major Award Program Audit

Not applicable – the City was not subject to Single Audit in Fiscal Year 2015-16

B. Current Year Findings and Questioned Costs – Major Federal Award Program Audit

Finding 2017-005 Accurate Preparation of the Schedule of Expenditures of Federal Awards

Views of Responsible Officials and Planned Corrective Actions:

City management agrees with the recommendation. The Finance Director, Staff Accountant, and Grant Writer will work together to ensure that that all expenditures of federal awards, grant agreements, grantors for the fiscal year are accurately reported in the Schedule.

Responsible Parties for Implementation: Jeff Jones - Finance Director, Perla Fikter - Staff Accountant, Christine Viterelli – Grant Writer

Timeframe for Implementation: July 1, 2017 to June 30, 2019.

Finding 2017-006 – Procurement and Suspension, and Debarment – Internal Control over Verification Against the System for Award Management ("SAM")

Views of Responsible Officials and Planned Corrective Actions:

City management agrees with the recommendation. The Finance Director, Staff Accountant, and Grant Writer will work together to ensure that that proper internal control procedures are established to monitor compliance requirements to ensure vendors are not suspended or debarred from federally-funded purchases. This includes not only verifying information of the System for Award Management (SAM), but also placing a screen print of such verification in the appropriate vendor, contract, and grant files.

Responsible Parties for Implementation: Jeff Jones - Finance Director, Perla Fikter – Staff Accountant, Christine Viterelli – Grant Writer

Timeframe for Implementation: July 1, 2017 to June 30, 2019.

Finding 2017-007 – Internal Controls and Compliance over Reporting

Views of Responsible Officials and Planned Corrective Actions:

City management agrees with the recommendation. The Finance Director, Staff Accountant, and Grant Writer will work together in conjunction with City Engineer to ensure that that all deadlines regarding reporting project close-outs are met.

Responsible Parties for Implementation: Jeff Jones - Finance Director, Perla Fikter - Staff Accountant, Christine Viterelli – Grant Writer

Timeframe for Implementation: July 1, 2017 to June 30, 2019.

Finding 2017-008 – Special Tests and Provision - Internal Controls and Compliance over Quality Assurance Program

Views of Responsible Officials and Planned Corrective Actions:

City management agrees with the recommendation. The Finance Director, Staff Accountant, and Grant Writer will work together in conjunction with City Engineer to ensure that that all compliance requirements regarding Quality Assurance are met.

Responsible Parties for Implementation: Jeff Jones - Finance Director, Perla Fikter - Staff Accountant, Christine Viterelli – Grant Writer, TBD – City Engineer

Timeframe for Implementation: July 1, 2017 to June 30, 2019.

City of Arvin - General Fund Revenue Analysis
Fiscal Year 2017-18 as of 06/30/18. % of year = 100
Based on revised budget adopted 11/04/2017

dollars in thousands ($000)

Category	Budget	YTD	Budget %
Administrative Cost Recovery	236	236	100.0%
Franchise Fees	385	397	103.1%
Grants (b)	180	176	97.8%
Planning Department Fees	504	405	80.4%
Police Department Fees	167	83	49.7%
*Property Tax Fees	416	231	55.5%
Rental of Facilities	51	50	98.0%
**Sales Tax - general (as of 3/31)	731	593	81.1%
**Sales Tax - Measure L (as of 3/31)	1,267	1,599	126.2%
***Vehicle License Fees/taxes	1,603	1,894	118.2%
One-Time Revenue	100	105	105.0%
Net revenue received	5,640	5,769	102.3%
Recovery of PY Sewer expense (a)	1,000	1,000	100.0%
Total General Fund Revenue YTD	6,640	6,769	101.9%

* - Property Tax revenue is generally received in December and April/May.
** - General Sales Tax and Measure L Sales Tax revenue are received two months in arrears.
*** - Vehicle license in-lieu of fees are received twice per year - generally in December and in April.
(a) - approved by Council - item 6.C on 11/07/17
(b) $225k in grant revenue not expected in FY 17/18. Budget has also been amended to reduce grant expenses by this same amount

City of Arvin - General Fund Expense Analysis
Fiscal Year 2017-18 as of 06/30/18. % of year = 100

dollars in thousands ($000)

Category	Budget	YTD	Budget %
Salaries and Benefits	4,225	3,979	94.2%
Kern County Contracts	617	617	100.0%
General City Expenses	300	278	92.7%
*Professional Service Contracts	432	577	133.6%
Maintenance	247	229	92.7%
Legal	367	439	119.6%
Information Technology	115	108	93.9%
Utilities	173	208	120.2%
Interest	14	3	21.4%
Grant expenses (note a)	37	-	0.0%
One-time expenses	50	41	82.0%
Total General Fund Expenses	6,577	6,479	98.5%

(a) Budget reduced $225k in grant expenses not expected in FY 17/18. Budget has also been amended to reduce grant revenue by this same amount

*Prof Serv Contracts: ($577k year to date)

Finance:		
Interim Finance Director	22	
BHK - Bank reconciliations	24	
Finance Director Recruit	15	
Pun Group (Audit)	38	
Finance total		99
Planning/Engineering:		
JAS Pacific - Planning	286	
QK - Engineering	26	
DeWalt - Engineering	80	
Planning/Engineering total		392
Police Department:		
RIMS Annual Support	26	
Investigation Services	10	
Police total		36
Other (Housing Element etc.)		50
TOTAL CONTRACT SERVICES YTD		577

Attachment: Monthly Financial Report - June 2018 (Monthly Financial Report - June 2018)