



CITY OF ATASCADERO CITY COUNCIL AGENDA

HYBRID MEETING INFORMATION:

In accordance with City Council Resolution No. 2022-006 and the requirements of AB 361, the City Council Meeting will be available via teleconference for those who wish to participate remotely. The City Council meeting will also be held in the City Council Chambers and in-person attendance will be available at that location.

HOW TO OBSERVE THE MEETING REMOTELY:

To participate remotely, residents can livestream the meeting on [Zoom](#), SLO-SPAN.org, on Spectrum cable Channel 20 in Atascadero, and listen live on KPRL Radio 1230AM and 99.3FM. The video recording of the meeting will repeat daily on Channel 20 at 1:00 am, 9:00 am, and 6:00 pm and will be available through the City's website and on the City's YouTube Channel. To participate remotely using the Zoom platform please visit https://us02web.zoom.us/webinar/register/WN_ZwJ7a031S3KXauEym9ehaA.

HOW TO SUBMIT PUBLIC COMMENT:

Individuals who wish to provide public comment in-person may attend the meeting in the City Council Chambers. Individuals who wish to provide public comment remotely may participate in live public comment through the [Zoom](#) platform using the link above.

If you wish to comment but not via a live platform, please email public comments to cityclerk@atascadero.org. Such email **comments must identify the Agenda Item Number in the subject line of the email**. The comments will be forwarded to the City Council and made a part of the administrative record. ***To ensure distribution to the City Council prior to consideration of the agenda, the public is encouraged to submit comments no later than 12:00 p.m. the day of the meeting.*** Those comments, as well as any comments received after that time, but before the close of the item, will be distributed to the City Council, posted on the City's website, and will be made part of the official public record of the meeting. ***Please note, email comments will not be read into the record.***

AMERICAN DISABILITY ACT ACCOMMODATIONS:

Any member of the public who needs accommodations should contact the City Clerk's Office at cityclerk@atascadero.org or by calling 805-470-3400 at least 48 hours prior to the meeting or time when services are needed. The City will use their best efforts to provide reasonable accommodations to afford as much accessibility as possible while also maintaining public safety in accordance with the City procedure for resolving reasonable accommodation requests.

City Council agendas and minutes may be viewed on the City's website: www.atascadero.org.

Copies of the staff reports or other documentation relating to each item of business referred to on the Agenda are on file in the office of the City Clerk and are available for public inspection on our website, www.atascadero.org. Contracts, Resolutions and Ordinances will be allocated a number once they are approved by the City Council. The Minutes of this meeting will reflect these numbers. All documents submitted by the public during Council meetings that are made a part of the record or referred to in their statement will be noted in the Minutes and available for review by contacting the City Clerk's office. All documents will be available for public inspection by appointment during City Hall business hours.



CITY OF ATASCADERO CITY COUNCIL

AGENDA

Tuesday, April 26, 2022

City Hall Council Chambers, 4th floor
6500 Palma Avenue, Atascadero, California

<u>City Council Closed Session:</u>	5:00 P.M.
<u>City Council Regular Session:</u>	6:00 P.M.

COUNCIL CLOSED SESSION – CALL TO ORDER: 5:00 P.M.

1. ROLL CALL

2. CLOSED SESSION -- PUBLIC COMMENT

3. COUNCIL RECESS INTO CLOSED SESSION

4. CLOSED SESSION

a. Conference with Legal – Anticipated Litigation

Significant exposure to litigation pursuant to Government Code
Section 54956.9(d)(2): 1 potential case – California Voting Rights Act

b. Conference with Legal Counsel – Existing Litigation

Government Code Sec. 54956.9(d)(1)

Name of Case: Newton v. City of Atascadero

San Luis Obispo Superior Court Case No. 21CVP-0168

5. CLOSED SESSION – ADJOURNMENT

6. COUNCIL RETURNS

REGULAR SESSION – CALL TO ORDER: 6:00 P.M.

PLEDGE OF ALLEGIANCE: Council Member Dariz

ROLL CALL: Mayor Moreno
Mayor Pro Tem Newsom
Council Member Bourbeau
Council Member Dariz
Council Member Funk

APPROVAL OF AGENDA: Roll Call

Recommendation: Council:

1. Approve this agenda; and
2. Waive the reading in full of all ordinances appearing on this agenda, and the titles of the ordinances will be read aloud by the City Clerk at the first reading, after the motion and before the City Council votes.

CLOSED SESSION – REPORT (IF ANY)

Announcement(s) of any reportable action(s) taken in Closed Session that occur(s) after the adjournment of Regular Session will be made at the beginning of the next Regular City Council meeting as Closed Session is not recorded or videotaped.

PRESENTATIONS:

1. Proclamation declaring April as Sexual Assault Action Month

A. CONSENT CALENDAR: (All items on the consent calendar are considered to be routine and non-controversial by City staff and will be approved by one motion if no member of the Council or public wishes to comment or ask questions. If comment or discussion is desired by anyone, the item will be removed from the Consent Calendar and will be considered in the listed sequence with an opportunity for any member of the public to address the Council concerning the item before action is taken.)

1. City Council Draft Action Minutes – April 12, 2022

- Recommendation: Council approve the April 12, 2022 Draft City Council Regular Meeting Minutes and the Draft Special Closed Session Meeting Minutes. [City Clerk]

2. March 2022 Accounts Payable and Payroll

- Fiscal Impact: \$4,666,915.54
- Recommendation: Council approve certified City accounts payable, payroll and payroll vendor checks for March 2022. [Administrative Services]

3. Radio Repeater Replacement

- Fiscal Impact: \$332,500.00
- Recommendation:
 1. Authorize the City Manager to execute a contract with Applied Technology Group, Inc. in the amount of \$287,529 for the purchase and installation of radio repeater equipment and related hardware for the City's radio communication system.
 2. Authorize the Director of Administrative Services to appropriate up to \$12,500 in Dial-a-Ride funds for the local match. [Information Technology]

4. Revision (or Update) to Deed Restriction Requirements on Affordable Housing Moderate-Income Unit Resale

- Fiscal Impact: No immediate fiscal impact; however, this change in policy could reduce the total number of moderate-income units available within the City's Affordable Housing Program.
- Recommendation: Council adopt Draft Resolution giving the City Manager or designee the authority to waive the requirement to record an affordable housing deed restriction on moderate-income units upon sale to a qualified buyer when the sales price and appraised value are within 2% or below the maximum applicable moderate-income sales price, consistent with the current San Luis Obispo County's Affordable Housing Standard. [Administrative Services]

UPDATES FROM THE CITY MANAGER: (The City Manager will give an oral report on any current issues of concern to the City Council.)

COMMUNITY FORUM: (This portion of the meeting is reserved for persons wanting to address the Council on any matter not on this agenda and over which the Council has jurisdiction. Speakers are limited to three minutes. Please state your name for the record before making your presentation. Comments made during Community Forum will not be a subject of discussion. A maximum of 30 minutes will be allowed for Community Forum, unless changed by the Council. Comments will be allowed for the entire 30-minute period so if the final speaker has finished before the 30 minute period has ended and a member of the public wishes to make a comment after the Council has commenced another item, the member should alert the Clerk within the 30 minute period of their desire to make a comment and the Council will take up that comment upon completion of the item which was commenced. Any members of the public who have questions or need information may contact the City Clerk's Office, between the hours of 8:30 a.m. and 5:00 p.m. at (805) 470-3400, or cityclerk@atascadero.org.)

B. PUBLIC HEARINGS:

1. Centennial Plaza Planned Development - Zone Change (ZCH) 22-0022 - 5901 East Mall

- Fiscal Impact: None.
- Recommendation: Council introduce for first reading, by title only, a Draft Ordinance, amending the Atascadero Municipal Code, Title 9 Planning & Zoning, Section 9-3, Article 26, adding Section 9-3.682 to add a new Planned Development Overlay Zone 37 for the five vacant lots surrounding Centennial Plaza and including Centennial Plaza (lots 12-17), based on findings and subject to the future approval of a Master Plan of Development. [Community Development]

C. MANAGEMENT REPORTS:

1. Fiscal Update

- Fiscal Impact: None.
- Recommendations: Council receive and file fiscal update. [Administrative Services]

2. AB 481 – Military Equipment Policy

- Fiscal Impact: None.
- Recommendations: Council review and receive the proposed 2022-2023 Military Equipment Policy in accordance with AB 481. [Police Department]

D. COUNCIL ANNOUNCEMENTS AND COMMITTEE REPORTS: (On their own initiative, Council Members may make a brief announcement or a brief report on their own activities. The following represent standing committees. Informative status reports will be given, as felt necessary):

Mayor Moreno

1. City Selection Committee
2. County Mayors Round Table
3. Regional Economic Action Coalition (REACH)
4. SLO Council of Governments (SLOCOG)
5. SLO Regional Transit Authority (RTA)

Mayor Pro Tem Newsom

1. City / Schools Committee
2. Design Review Committee
3. League of California Cities – Council Liaison
4. Visit SLO CAL Advisory Committee

Council Member Bourbeau

1. City of Atascadero Finance Committee
2. City / Schools Committee
3. Integrated Waste Management Authority (IWMA)
4. SLO County Water Resources Advisory Committee (WRAC)

Council Member Dariz

1. Air Pollution Control District
2. California Joint Powers Insurance Authority (CJPIA) Board
3. City of Atascadero Finance Committee

Council Member Funk

1. Atascadero Basin Ground Water Sustainability Agency (GSA)
2. Design Review Committee
3. Homeless Services Oversight Council

E. INDIVIDUAL DETERMINATION AND / OR ACTION: (Council Members may ask a question for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda. The Council may take action on items listed on the Agenda.)

1. City Council
 - a) Council Member Funk will present information regarding the work of the HSOC Steering Committee developing the Countywide Strategic Plan to Address Homelessness. Council will discuss, receive public comment and provide input/feedback to Councilmember Funk on the San Luis Obispo County Strategic Plan to Address Homelessness for her to share with the Steering Committee.

2. City Clerk
3. City Treasurer
4. City Attorney
5. City Manager

ADJOURN

Please note: Should anyone challenge any proposed development entitlement listed on this Agenda in court, that person may be limited to raising those issues addressed at the public hearing described in this notice, or in written correspondence delivered to the City Council at or prior to this public hearing. Correspondence submitted at this public hearing will be distributed to the Council and available for review in the City Clerk's office.



CITY OF ATASCADERO CITY COUNCIL

DRAFT MINUTES

Tuesday, April 12, 2022

City Hall Council Chambers, 4th floor
6500 Palma Avenue, Atascadero, California

City Council Regular Session:

6:00 P.M.

REGULAR SESSION – CALL TO ORDER: 6:00 P.M.

Mayor Moreno called the meeting to order at 6:02 p.m. and Council Member Bourbeau led the Pledge of Allegiance.

ROLL CALL:

Present: Council Members Bourbeau, Dariz, and Funk and Mayor Moreno

Absent: Mayor Pro Tem Newsom

Others Present: None

Staff Present: City Manager Rachelle Rickard, Administrative Services Director Jeri Rangel, Community Development Director Phil Dunsmore, Police Chief Bob Masterson, Public Works Director Nick DeBar, City Attorney Brian Pierik, Deputy City Manager/City Clerk Lara Christensen, Battalion Chief Matt Miranda, Deputy Community Development Director Loreli Cappel, and IT Manager Luke Knight

APPROVAL OF AGENDA:

MOTION: By Council Member Funk and seconded by Council Member Bourbeau to:

1. Approve this agenda; and,
2. Waive the reading in full of all ordinances appearing on this agenda, and the titles of the ordinances will be read aloud by the City Clerk at the first reading, after the motion and before the City Council votes.

Motion passed 4:0 by a roll-call vote. Newsom absent.

CLOSED SESSION – REPORT (IF ANY)

City Attorney Pierik reported there was no reportable action from March 22, 2022.

PRESENTATIONS:

1. Proclamation proclaiming the last week of April as World War II Commemoration Week

Council presented the Proclamation to Lieutenant Colonel Erik Brun from the Educational Outreach Committee of the History Center of San Luis Obispo County.

A. CONSENT CALENDAR:

1. City Council Draft Action Minutes – March 22, 2022

- Recommendation: Council approve the March 22, 2022 Draft City Council Regular Meeting Minutes. [City Clerk]

2. Weed/Refuse Abatement Program

- Fiscal Impact: The City recovers costs for administering this program. Parcels not abated are charged the contractor fee for abatement, plus a flat fee of \$260 plus a charge equal to 166% of the contractor's fee to abate. The total charge is placed on the San Luis Obispo County Special Tax Assessment for the fiscal year 2022-2023 Tax Roll.
- Recommendation: Council adopt Draft Resolution, declaring vegetative growth and/or refuse a public nuisance, commencing proceedings for the abatement of said nuisances, and placing all abatement fees on the San Luis Obispo County Special Tax Assessment for the fiscal year 2022-2023 Tax Roll. [Fire Department]

3. Virtual Meetings – AB 361 Requirements

- Fiscal Impact: None.
- Recommendation: Council adopt Draft Resolution making findings consistent with the requirements of AB 361 to continue to allow for the conduct of virtual meetings. [City Manager]

4. 2021 Measure F-14 Pavement Resurfacing and Street and Storm Drain Maintenance District No. 2 (Las Lomas) Resurfacing Construction Award

- Fiscal Impact: \$505,297.00
- Recommendation: Council award a construction contract for \$505,297.00 to Souza Construction, Inc. for the 2021 Measure F-14 Pavement Resurfacing and Street and Storm Drain Maintenance District No. 2 (Las Lomas) Pavement Management Project (Project No. C2020R03). [Public Works]

**MOTION: By Council Member Dariz and seconded by Council Member Funk to approve the Consent Calendar. (#A-2: Resolution No. 2022-009) (#A-3: Resolution No. 2022-010)(#A-4: Contract No. 2022-004)
*Motion passed 4:0 by a roll-call vote. Newsom absent.***

UPDATES FROM THE CITY MANAGER:

City Manager Rickard gave an update on projects and events within the City.

COMMUNITY FORUM:

The following persons spoke in-person, by telephone, or through the webinar: Debbie Arnold and Geoff Auslen

Mayor Moreno closed the COMMUNITY FORUM period.

B. PUBLIC HEARINGS:

1. Centennial Plaza Planned Development - Zone Change (ZCH) 22-0022 - 5901 East Mall

- Fiscal Impact: None.
- Recommendation: Council introduce for first reading, by title only, a Draft Ordinance, amending the Atascadero Municipal Code, Title 9 Planning & Zoning, Section 9-3, Article 26, adding Section 9-3.682 to add a new Planned Development Overlay Zone 37 for the five vacant lots surrounding Centennial Plaza and including Centennial Plaza (lots 12-17), based on findings and subject to the future approval of a Master Plan of Development. [Community Development]

Mayor Moreno reported that this item would be continued to the next meeting.

PUBLIC COMMENT:

The following persons spoke on this item: None

Mayor Moreno did not close the Public Comment period.

Mayor Moreno noted that the Public Hearing would be continued to April 26, 2022.

C. MANAGEMENT REPORTS:

1. Approval of North San Luis Obispo County Broadband Strategic Plan Memorandum of Understanding

- Fiscal Impact: The action would formally appropriate \$388,110 in SB 1090 funds previously identified, but not formally appropriated, for broadband projects. Signing the MOU has no fiscal impact since the MOU is non-binding in all respects.
- Recommendations: Council:
 1. Authorize the Mayor to execute a Memorandum of Understanding with the City of Paso Robles to memorialize and express the intent of the City of El Paso de Robles and the City of Atascadero to explore an operational relationship developing a northern San Luis Obispo County Broadband Strategic Plan.

2. Authorize the Director of Administrative Services to appropriate \$388,110 of SB 1090 funds (previously recognized as revenue when received) for the Broadband Enhancement Project. [City Manager]

Deputy Community Development Director Loreli Cappel gave the presentation and answered questions from the Council.

PUBLIC COMMENT:

The following persons spoke on this item: Geoff Auslen and Paul Sloan

Mayor Moreno closed the Public Comment period.

MOTION: By Council Member Bourbeau and seconded by Council Member Funk to:

1. Authorize the Mayor to execute a Memorandum of Understanding (Contract No. 2022-005) with the City of Paso Robles to memorialize and express the intent of the City of El Paso de Robles and the City of Atascadero to explore an operational relationship developing a northern San Luis Obispo County Broadband Strategic Plan.
2. Authorize the Director of Administrative Services to appropriate \$388,110 of SB 1090 funds (previously recognized as revenue when received) for the Broadband Enhancement Project.
Motion passed 4:0 by a roll-call vote. Newsom absent.

Mayor Moreno recessed the meeting at 7:34 p.m.

Mayor Moreno reconvened the meeting with all present at 7:42 p.m.

D. STUDY SESSION:

1. Update on Council Goals and Action Plan

- Fiscal Impact: None.
- Recommendations: Council:
 1. Discuss and provide additional direction regarding performance measures; and
 2. Receive oral report on the progress being made relative to the City Council's goals. [City Manager]

City Manager Rickard introduced the item and provided a brief background on the 2021-2023 Action Plan and all staff present gave updates on the progress being made relative to the City Council goals and answered questions from the Council.

PUBLIC COMMENT:

The following persons spoke on this item: None

The City Council received the oral report on the 2021-2023 Action Plan progress and provided direction to staff regarding performance measures.

E. COUNCIL ANNOUNCEMENTS AND COMMITTEE REPORTS:

The following Council Members gave brief update reports on their committees since their last Council meeting:

Mayor Moreno

1. County Mayors Round Table
2. SLO Council of Governments (SLOCOG)

Council Member Bourbeau

1. City / Schools Committee
2. Integrated Waste Management Authority (IWMA)

Council Member Dariz

1. Community Action Partnership SLO (CAPSLO)

Council Member Funk

1. Design Review Committee
2. Homeless Services Oversight Council

F. INDIVIDUAL DETERMINATION AND / OR ACTION: None

G. ADJOURN

Mayor Moreno adjourned the Regular Meeting at 8:52 p.m. to the Special Closed Session.

MINUTES PREPARED BY:

Lara K. Christensen
City Clerk

APPROVED:

SPECIAL MEETING

ATASCADERO CITY COUNCIL

CLOSED SESSION

Tuesday, April 12, 2022
Immediately following the City Council Regular Session

Atascadero City Hall Council Chambers, 4th Floor
6500 Palma Avenue, Atascadero, California

MINUTES

COUNCIL CLOSED SESSION: Immediately following City Council Regular Session

Mayor Moreno called the meeting to order at 9:28 p.m.

ROLL CALL:

Present: Council Members Bourbeau, Dariz, Funk, and Mayor Moreno

Absent: Mayor Pro Tem Newsom

Others Present: None

Staff Present: City Manager Rachelle Rickard, City Attorney Brian Pierik, Community Development Director Phil Dunsmore, Deputy City Manager/City Clerk Lara Christensen, Deputy Community Development Director Loreli Cappel, and IT Manager Luke Knight

1. CLOSED SESSION -- PUBLIC COMMENT – None

2. COUNCIL LEAVES TO BEGIN CLOSED SESSION

IT Manager Luke Knight did not attend this portion of the meeting.

3. CLOSED SESSION -- CALL TO ORDER

- a. **Conference with Real Property Negotiators** (Govt. Code 54956.8)
Real Property: 5970 El Camino Real (APN 030181031)
Agency Negotiator: Rachelle Rickard, City Manager
Negotiating Parties: Fred C. Pflum Revocable Trust
Subject of Negotiations: Purchase price and/or terms of payment.

4. CLOSED SESSION – ADJOURNMENT

5. COUNCIL RETURNS

6. CLOSED SESSION – REPORT

The City Attorney will announce any reportable action(s) taken in Closed Session at the next Regular City Council meeting on April 26, 2022, as Closed Session is not recorded or videotaped.

ADJOURNMENT:

Mayor Moreno adjourned the Special Meeting at 10:11p.m. to the next Regular Session on April 26, 2022.

MINUTES PREPARED BY:

Lara K. Christensen
Deputy City Manager / City Clerk

APPROVED:



Atascadero City Council
Staff Report - Administrative Services Department

March 2022 Accounts Payable and Payroll

RECOMMENDATION:

Council approve certified City accounts payable, payroll and payroll vendor checks for March 2022.

DISCUSSION:

Attached for City Council review and approval are the following:

Payroll

Dated	3/3/22	Checks # 35382-35394	\$ 12,757.96
		Direct Deposits	315,273.03
Dated	3/17/22	Checks # 35395-35406	11,970.52
		Direct Deposits	321,829.53
Dated	3/31/22	Checks # 35407-35416	13,628.50
		Direct Deposits	324,945.09

Accounts Payable

Dated 3/1/22-3/31/22	Checks # 170328-170632 & EFTs 4330-4357	3,666,510.91
	TOTAL AMOUNT	\$ 4,666,915.54

FISCAL IMPACT:

Total expenditures for all funds is \$ 4,666,915.54

CERTIFICATION:

The undersigned certifies that the attached demands have been released for payment and that funds are available for these demands.



 Jeri Rangel
 Director of Administrative Services

ATTACHMENT:

March 2022 Eden Warrant Register in the amount of \$ 3,666,510.91

City of Atascadero
Disbursement Listing

For the Month of March 2022

ITEM NUMBER: A-2
DATE: 04/26/22
ATTACHMENT: 1

Check Number	Check Date	Vendor	Description	Amount
170328	03/01/2022	ANTHEM BLUE CROSS HEALTH	Payroll Vendor Payment	216,299.57
170329	03/01/2022	LINCOLN NATIONAL LIFE INS CO	Payroll Vendor Payment	2,058.55
170330	03/01/2022	MEDICAL EYE SERVICES	Payroll Vendor Payment	1,841.31
170331	03/01/2022	VOID	Payroll Vendor Payment	0.00
170332	03/01/2022	SELF INSURED SERVICE COMP BENEFIT COORDI	Payroll Vendor Payment	9,350.80
4330	03/03/2022	ANTHEM BLUE CROSS HSA	Payroll Vendor Payment	10,610.29
170333	03/03/2022	ATASCADERO MID MGRS ORG UNION	Payroll Vendor Payment	60.00
170334	03/03/2022	ATASCADERO POLICE OFFICERS	Payroll Vendor Payment	1,799.75
170335	03/03/2022	ATASCADERO PROF. FIREFIGHTERS	Payroll Vendor Payment	1,096.80
170336	03/03/2022	MASS MUTUAL WORKPLACE SOLUTION	Payroll Vendor Payment	7,133.13
170337	03/03/2022	NATIONWIDE RETIREMENT SOLUTION	Payroll Vendor Payment	681.67
170338	03/03/2022	NAVIA BENEFIT SOLUTIONS	Payroll Vendor Payment	1,674.10
170339	03/03/2022	SEIU LOCAL 620	Payroll Vendor Payment	815.54
170340	03/03/2022	VANTAGEPOINT TRNSFR AGT 106099	Payroll Vendor Payment	416.88
170341	03/03/2022	VANTAGEPOINT TRNSFR AGT 304633	Payroll Vendor Payment	7,138.15
170342	03/03/2022	VANTAGEPOINT TRNSFR AGT 706276	Payroll Vendor Payment	585.00
4331	03/04/2022	STATE DISBURSEMENT UNIT	Payroll Vendor Payment	467.07
4332	03/04/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEM	Payroll Vendor Payment	21,932.50
4333	03/04/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEM	Payroll Vendor Payment	32,754.77
4334	03/04/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEM	Payroll Vendor Payment	2,145.94
4335	03/04/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEM	Payroll Vendor Payment	2,650.48
4336	03/04/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEM	Payroll Vendor Payment	6,709.33
4337	03/04/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEM	Payroll Vendor Payment	8,341.11
4338	03/04/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEM	Payroll Vendor Payment	9,537.26
4339	03/04/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEM	Payroll Vendor Payment	16,579.03
4340	03/08/2022	RABOBANK, N.A.	Payroll Vendor Payment	54,452.82
4341	03/08/2022	EMPLOYMENT DEV DEPARTMENT	Payroll Vendor Payment	16,862.57
4342	03/08/2022	EMPLOYMENT DEV. DEPARTMENT	Payroll Vendor Payment	2,742.57
170343	03/08/2022	WEX BANK - 76 UNIVERSL	Accounts Payable Check	11,996.87
170344	03/08/2022	WEX BANK - WEX FLEET UNIVERSAL	Accounts Payable Check	8,198.81
170345	03/11/2022	13 STARS MEDIA	Accounts Payable Check	541.08
170346	03/11/2022	2 MEXICANS, LLC	Accounts Payable Check	6,495.50
170347	03/11/2022	ADAMSKI,MOROSKI,MADDEN,	Accounts Payable Check	1,019.50
170348	03/11/2022	AIRGAS USA, LLC	Accounts Payable Check	380.70
170349	03/11/2022	ALLIANT INSURANCE SERVICES INC	Accounts Payable Check	296.00
170350	03/11/2022	ALTHOUSE & MEADE, INC.	Accounts Payable Check	1,536.25
170351	03/11/2022	AMERICAN WEST TIRE & AUTO INC	Accounts Payable Check	57.50
170352	03/11/2022	DREW T. ARDOUIN	Accounts Payable Check	90.00
170353	03/11/2022	AT&T	Accounts Payable Check	253.98
170354	03/11/2022	AT&T	Accounts Payable Check	33.98
170356	03/11/2022	ATASCADERO MUTUAL WATER CO.	Accounts Payable Check	8,814.14
170357	03/11/2022	AURORA WORLD, INC.	Accounts Payable Check	2,107.48
170358	03/11/2022	BAUER COMPRESSORS	Accounts Payable Check	490.46

City of Atascadero
Disbursement Listing

For the Month of March 2022

ITEM NUMBER: A-2
 DATE: 04/26/22
 ATTACHMENT: 1

Check Number	Check Date	Vendor	Description	Amount
170359	03/11/2022	BAY AREA DRIVING SCHOOL, INC.	Accounts Payable Check	55.99
170360	03/11/2022	KEITH R. BERGHER	Accounts Payable Check	168.75
170361	03/11/2022	BERRY MAN, INC.	Accounts Payable Check	406.35
170362	03/11/2022	ETHAN T. BLAIS	Accounts Payable Check	48.00
170363	03/11/2022	KABELO E. BLAIS	Accounts Payable Check	96.00
170364	03/11/2022	BOUND TREE MEDICAL, LLC	Accounts Payable Check	2,965.16
170365	03/11/2022	BRANCH SMITH PROPERTIES	Accounts Payable Check	374.00
170366	03/11/2022	BREZDEN PEST CONTROL, INC.	Accounts Payable Check	170.00
170367	03/11/2022	BURKE,WILLIAMS, & SORENSON LLP	Accounts Payable Check	30,147.16
170368	03/11/2022	CARQUEST OF ATASCADERO	Accounts Payable Check	257.46
170369	03/11/2022	CENTRAL COAST BREWERS GUILD	Accounts Payable Check	5,000.00
170370	03/11/2022	CHARTER COMMUNICATIONS	Accounts Payable Check	3,139.47
170371	03/11/2022	KAREN A. CLANIN	Accounts Payable Check	399.00
170372	03/11/2022	CLEVER CONCEPTS, INC.	Accounts Payable Check	47.95
170373	03/11/2022	CO OF SAN LUIS OBISPO SART PRG	Accounts Payable Check	3,810.00
170374	03/11/2022	COASTAL COPY, INC.	Accounts Payable Check	275.19
170375	03/11/2022	BETHANY D. COLLINS	Accounts Payable Check	350.00
170376	03/11/2022	COUNTY OF SAN LUIS OBISPO	Accounts Payable Check	63.00
170377	03/11/2022	CRYSTAL CREAMERY, INC.	Accounts Payable Check	1,180.40
170378	03/11/2022	CRYSTAL SPRINGS WATER	Accounts Payable Check	20.00
170379	03/11/2022	CULLIGAN/CENTRAL COAST WTR TRT	Accounts Payable Check	70.00
170380	03/11/2022	JAROM M. DAMERY	Accounts Payable Check	136.00
170381	03/11/2022	SHARON J. DAVIS	Accounts Payable Check	409.50
170382	03/11/2022	NICHOLAS DEBAR	Accounts Payable Check	300.00
170383	03/11/2022	JOE DEBRUIN, PH.D.	Accounts Payable Check	360.00
170384	03/11/2022	DELTA LIQUID ENERGY	Accounts Payable Check	1,287.88
170385	03/11/2022	DESTINATION TRAVEL NETWORK	Accounts Payable Check	75.00
170386	03/11/2022	PHILIP DUNSMORE	Accounts Payable Check	300.00
170387	03/11/2022	EARTH SYSTEMS PACIFIC	Accounts Payable Check	3,167.50
170388	03/11/2022	EIKHOF DESIGN GROUP, INC.	Accounts Payable Check	2,987.00
170389	03/11/2022	ALI ELMASRI	Accounts Payable Check	119.00
170390	03/11/2022	EN FUEGO EVENTS	Accounts Payable Check	10,000.00
170391	03/11/2022	ENTENMANN-ROVIN CO.	Accounts Payable Check	540.20
170392	03/11/2022	STEVEN J. ERNST	Accounts Payable Check	96.00
170393	03/11/2022	ETHAN J. FANNING	Accounts Payable Check	144.00
170394	03/11/2022	FGL ENVIRONMENTAL	Accounts Payable Check	243.00
170395	03/11/2022	FIESTA MAHAR MANUFACTURNG CORP	Accounts Payable Check	856.86
170396	03/11/2022	FILIPPIN ENGINEERING, INC.	Accounts Payable Check	42,498.38
170397	03/11/2022	FIRE CHIEFS ASSC OF SLO CO	Accounts Payable Check	3,022.00
170398	03/11/2022	GAS COMPANY	Accounts Payable Check	1,606.45
170399	03/11/2022	ELIAS E. GONZALES	Accounts Payable Check	255.00
170400	03/11/2022	DANIEL J. GRASSESCHI	Accounts Payable Check	450.00
170401	03/11/2022	TRISTAN M. GUILLORY	Accounts Payable Check	170.00

City of Atascadero
Disbursement Listing

For the Month of March 2022

ITEM NUMBER: A-2
DATE: 04/26/22
ATTACHMENT: 1

Check Number	Check Date	Vendor	Description	Amount
170402	03/11/2022	HANSEN BRO'S CUSTOM FARMING	Accounts Payable Check	3,740.00
170403	03/11/2022	HART IMPRESSIONS PRINTING	Accounts Payable Check	1,485.23
170405	03/11/2022	HOME DEPOT CREDIT SERVICES	Accounts Payable Check	3,483.30
170406	03/11/2022	SETH W HUGHES	Accounts Payable Check	249.02
170407	03/11/2022	IRON MOUNTAIN RECORDS MGMNT	Accounts Payable Check	125.53
170408	03/11/2022	JK'S UNLIMITED, INC.	Accounts Payable Check	1,079.35
170409	03/11/2022	JOE A. GONSALVES & SON	Accounts Payable Check	3,000.00
170410	03/11/2022	KID TEES	Accounts Payable Check	498.60
170411	03/11/2022	LAKE TECH, INC.	Accounts Payable Check	10,593.69
170412	03/11/2022	LIFE ASSIST, INC.	Accounts Payable Check	1,154.54
170413	03/11/2022	REBECCA N. LILLEY	Accounts Payable Check	27.00
170414	03/11/2022	LINDE GAS & EQUIPMENT INC.	Accounts Payable Check	63.04
170415	03/11/2022	MADRONE LANDSCAPES, INC.	Accounts Payable Check	413.00
170416	03/11/2022	MAILSTREAM, INC.	Accounts Payable Check	2,131.71
170417	03/11/2022	MANZANITA NURSERY	Accounts Payable Check	274.19
170418	03/11/2022	LINDA K. MARTIN	Accounts Payable Check	350.00
170419	03/11/2022	CRAIG MARTINEAU	Accounts Payable Check	1,600.00
170420	03/11/2022	MCCLATCHY SHARED SERVICES, LLC	Accounts Payable Check	107.00
170421	03/11/2022	WADE MCKINNEY	Accounts Payable Check	486.51
170422	03/11/2022	MEYER TREE CONSULTING	Accounts Payable Check	1,125.00
170423	03/11/2022	MICHAEL K. NUNLEY & ASSC, INC.	Accounts Payable Check	16,118.73
170424	03/11/2022	MID-COAST MOWER & SAW, INC.	Accounts Payable Check	131.54
170425	03/11/2022	MIG	Accounts Payable Check	14,116.14
170426	03/11/2022	MINER'S ACE HARDWARE	Accounts Payable Check	305.50
170427	03/11/2022	MISSION UNIFORM SERVICE	Accounts Payable Check	313.96
170428	03/11/2022	MP ANNEX, LLC	Accounts Payable Check	49,160.62
170429	03/11/2022	DAVE MUEHLHAUSEN	Accounts Payable Check	85.00
170430	03/11/2022	MV TRANSPORTATION, INC.	Accounts Payable Check	15,463.66
170431	03/11/2022	KELLYE R. NETZ	Accounts Payable Check	510.00
170432	03/11/2022	NIELSEN,MERKSAMER,PARRINELLO,	Accounts Payable Check	3,365.50
170433	03/11/2022	NORTH COUNTY CARPET CLEANERS	Accounts Payable Check	400.00
170434	03/11/2022	OFFICE DEPOT INC.	Accounts Payable Check	1,575.40
170437	03/11/2022	PACIFIC GAS AND ELECTRIC	Accounts Payable Check	38,685.37
170438	03/11/2022	PASO ROBLES ICE COMPANY	Accounts Payable Check	824.75
170439	03/11/2022	PEAKWIFI, LLC	Accounts Payable Check	650.00
170440	03/11/2022	PENGUIN RANDOM HOUSE, LLC	Accounts Payable Check	659.22
170441	03/11/2022	PERRY'S PARCEL & GIFT	Accounts Payable Check	50.00
170442	03/11/2022	PETERSON U-CART	Accounts Payable Check	190.93
170443	03/11/2022	PIERRE RADEMAKER DESIGN	Accounts Payable Check	3,327.29
170444	03/11/2022	PORTER CONSTRUCTION, INC.	Accounts Payable Check	25,540.00
170445	03/11/2022	PROCARE JANITORIAL SUPPLY,INC.	Accounts Payable Check	165.58
170446	03/11/2022	GERALD D. PURIFY JR.	Accounts Payable Check	600.00
170447	03/11/2022	QUINCY ENGINEERING, INC.	Accounts Payable Check	15,822.80

City of Atascadero
Disbursement Listing

For the Month of March 2022

ITEM NUMBER: A-2
 DATE: 04/26/22
 ATTACHMENT: 1

Check Number	Check Date	Vendor	Description	Amount
170448	03/11/2022	RADAR SHOP, INC.	Accounts Payable Check	796.00
170449	03/11/2022	RAINSCAPE, A LANDSCAPE SVC CO.	Accounts Payable Check	27,043.04
170450	03/11/2022	RAMINHA CONSTRUCTION, INC.	Accounts Payable Check	6,056.25
170451	03/11/2022	JERI RANGEL	Accounts Payable Check	300.00
170452	03/11/2022	READYREFRESH BY NESTLE	Accounts Payable Check	172.20
170453	03/11/2022	RECOGNITION WORKS	Accounts Payable Check	16.69
170454	03/11/2022	RHODE ISLAND NOVELTY	Accounts Payable Check	1,840.08
170455	03/11/2022	RACHELLE RICKARD	Accounts Payable Check	300.00
170456	03/11/2022	BRIAN S. RICKS	Accounts Payable Check	96.00
170457	03/11/2022	ISAIAH D. RODRIGUEZ	Accounts Payable Check	336.00
170458	03/11/2022	MARCELES RODRIGUEZ	Accounts Payable Check	600.00
170459	03/11/2022	ROLSON MUSIC & SOUND	Accounts Payable Check	3,550.00
170460	03/11/2022	THE SHERWIN-WILLIAMS COMPANY	Accounts Payable Check	56.02
170461	03/11/2022	SITEONE LANDSCAPE SUPPLY, LLC	Accounts Payable Check	516.88
170462	03/11/2022	SOUZA CONSTRUCTION, INC.	Accounts Payable Check	68,889.54
170463	03/11/2022	SPEAKWRITE, LLC.	Accounts Payable Check	722.22
170464	03/11/2022	SPECIALIZED EQUIPMENT REPAIR	Accounts Payable Check	1,800.07
170465	03/11/2022	STAPLES CREDIT PLAN	Accounts Payable Check	34.02
170466	03/11/2022	SUNLIGHT JANITORIAL, INC.	Accounts Payable Check	2,661.00
170467	03/11/2022	RONALD R. TARICA	Accounts Payable Check	108.00
170468	03/11/2022	TERRA VERDE ENVIRONMENTAL CONS	Accounts Payable Check	387.39
170469	03/11/2022	TESCO CONTROLS, INC.	Accounts Payable Check	5,808.00
170470	03/11/2022	THOMSON REUTERS - WEST	Accounts Payable Check	175.10
170471	03/11/2022	KARL O. TOERGE	Accounts Payable Check	123.00
170472	03/11/2022	TRIMOTION MEDIA	Accounts Payable Check	600.00
170473	03/11/2022	U.S. POSTAL SERVICE	Accounts Payable Check	3,000.00
170474	03/11/2022	RENE VASQUEZ	Accounts Payable Check	67.00
170475	03/11/2022	MICHAEL I. VENIA	Accounts Payable Check	500.00
170476	03/11/2022	VERIZON WIRELESS	Accounts Payable Check	2,237.56
170477	03/11/2022	VILLAGE ORIGINALS, INC.	Accounts Payable Check	652.62
170478	03/11/2022	VINO VICE, INC.	Accounts Payable Check	527.25
170479	03/11/2022	WCJ PROPERTY SERVICES	Accounts Payable Check	1,928.19
170480	03/11/2022	WECK LABRATORIES, INC.	Accounts Payable Check	930.00
170481	03/11/2022	WHITLOCK & WEINBERGER TRANS.	Accounts Payable Check	2,021.25
170482	03/11/2022	WILKINS ACTION GRAPHICS	Accounts Payable Check	320.70
170483	03/11/2022	KAREN B. WYKE	Accounts Payable Check	343.80
170484	03/11/2022	YOUTH EVOLUTION SOCCER	Accounts Payable Check	3,330.00
170485	03/11/2022	ZEE MEDICAL SERVICES CO.	Accounts Payable Check	707.92
4343	03/14/2022	BANK OF NEW YORK MELLON	Accounts Payable Check	348,306.25
4344	03/17/2022	ANTHEM BLUE CROSS HSA	Payroll Vendor Payment	9,235.29
170486	03/17/2022	ATASCADERO MID MGRS ORG UNION	Payroll Vendor Payment	60.00
170487	03/17/2022	ATASCADERO POLICE OFFICERS	Payroll Vendor Payment	1,799.75
170488	03/17/2022	ATASCADERO PROF. FIREFIGHTERS	Payroll Vendor Payment	1,096.80

City of Atascadero
Disbursement Listing

For the Month of March 2022

ITEM NUMBER: A-2
DATE: 04/26/22
ATTACHMENT: 1

Check Number	Check Date	Vendor	Description	Amount
170489	03/17/2022	MASS MUTUAL WORKPLACE SOLUTION	Payroll Vendor Payment	7,146.96
170490	03/17/2022	NATIONWIDE RETIREMENT SOLUTION	Payroll Vendor Payment	647.16
170491	03/17/2022	NAVIA BENEFIT SOLUTIONS	Payroll Vendor Payment	1,674.10
170492	03/17/2022	SEIU LOCAL 620	Payroll Vendor Payment	816.62
170493	03/17/2022	VANTAGEPOINT TRNSFR AGT 106099	Payroll Vendor Payment	416.88
170494	03/17/2022	VANTAGEPOINT TRNSFR AGT 304633	Payroll Vendor Payment	7,261.29
170495	03/17/2022	VANTAGEPOINT TRNSFR AGT 706276	Payroll Vendor Payment	285.00
4345	03/18/2022	STATE DISBURSEMENT UNIT	Payroll Vendor Payment	467.07
4346	03/18/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEM	Payroll Vendor Payment	21,932.50
4347	03/18/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEM	Payroll Vendor Payment	33,643.80
4348	03/18/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEM	Payroll Vendor Payment	2,184.23
4349	03/18/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEM	Payroll Vendor Payment	2,650.48
4350	03/18/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEM	Payroll Vendor Payment	6,709.33
4351	03/18/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEM	Payroll Vendor Payment	8,354.72
4352	03/18/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEM	Payroll Vendor Payment	9,764.85
4353	03/18/2022	CALIF PUBLIC EMPLOYEES RETIREMENT SYSTEM	Payroll Vendor Payment	16,962.74
4354	03/22/2022	RABOBANK, N.A.	Payroll Vendor Payment	57,014.32
4355	03/22/2022	EMPLOYMENT DEV DEPARTMENT	Payroll Vendor Payment	17,662.60
4356	03/22/2022	EMPLOYMENT DEV. DEPARTMENT	Payroll Vendor Payment	2,775.03
170496	03/25/2022	13 STARS MEDIA	Accounts Payable Check	409.03
170497	03/25/2022	2 MEXICANS, LLC	Accounts Payable Check	2,817.50
170498	03/25/2022	A.M. SUN SOLAR	Accounts Payable Check	149.14
170499	03/25/2022	ACCESS PUBLISHING	Accounts Payable Check	200.00
170500	03/25/2022	ADDICTION MEDICINE CONSULTANTS	Accounts Payable Check	600.00
170501	03/25/2022	AGP VIDEO, INC.	Accounts Payable Check	2,610.00
170502	03/25/2022	AIR-RITE HEATING & COOLING	Accounts Payable Check	416.40
170503	03/25/2022	AK & COMPANY	Accounts Payable Check	1,750.00
170504	03/25/2022	ALLIANT INSURANCE SERVICES INC	Accounts Payable Check	330.00
170505	03/25/2022	ALTHOUSE & MEADE, INC.	Accounts Payable Check	1,002.50
170506	03/25/2022	AMERICAN WEST TIRE & AUTO INC	Accounts Payable Check	2,330.40
170507	03/25/2022	ANTECH DIAGNOSTICS	Accounts Payable Check	557.02
170508	03/25/2022	KELLY AREBALO	Accounts Payable Check	97.00
170510	03/25/2022	AT&T	Accounts Payable Check	1,256.38
170511	03/25/2022	AT&T	Accounts Payable Check	1,194.71
170512	03/25/2022	ATASCADERO HAY & FEED	Accounts Payable Check	2,421.46
170513	03/25/2022	TERRIE BANISH	Accounts Payable Check	63.18
170514	03/25/2022	BASSETT'S CRICKET RANCH, INC.	Accounts Payable Check	881.38
170515	03/25/2022	BERRY MAN, INC.	Accounts Payable Check	1,515.30
170516	03/25/2022	ETHAN T. BLAIS	Accounts Payable Check	80.00
170517	03/25/2022	BURT INDUSTRIAL SUPPLY	Accounts Payable Check	395.31
170518	03/25/2022	CALIFORNIA BUILDING OFFICIALS	Accounts Payable Check	70.00
170519	03/25/2022	CALPORTLAND COMPANY	Accounts Payable Check	427.19
170520	03/25/2022	CAPITAL ONE TRADE CREDIT	Accounts Payable Check	342.55

City of Atascadero
Disbursement Listing

For the Month of March 2022

ITEM NUMBER: A-2
 DATE: 04/26/22
 ATTACHMENT: 1

Check Number	Check Date	Vendor	Description	Amount
170521	03/25/2022	CARQUEST OF ATASCADERO	Accounts Payable Check	182.29
170522	03/25/2022	CASEY PRINTING, INC.	Accounts Payable Check	1,905.30
170523	03/25/2022	CHARTER COMMUNICATIONS	Accounts Payable Check	4,586.69
170524	03/25/2022	CIRCLE GRAPHICS, INC.	Accounts Payable Check	452.66
170525	03/25/2022	CRYSTAL CREAMERY, INC.	Accounts Payable Check	356.28
170526	03/25/2022	DESTINY CUELLAR	Accounts Payable Check	600.00
170527	03/25/2022	JAROM M. DAMERY	Accounts Payable Check	85.00
170528	03/25/2022	DEPARTMENT OF JUSTICE	Accounts Payable Check	154.00
170529	03/25/2022	DEPT. OF INDUSTRIAL RELATIONS	Accounts Payable Check	225.00
170530	03/25/2022	DOGGIE WALK BAGS COMPANY	Accounts Payable Check	295.14
170531	03/25/2022	ECONOMIC & PLANNING SYSTEM INC	Accounts Payable Check	2,500.00
170532	03/25/2022	ALI ELMASRI	Accounts Payable Check	85.00
170533	03/25/2022	STEVEN J. ERNST	Accounts Payable Check	48.00
170534	03/25/2022	ESCUELA DEL RIO	Accounts Payable Check	660.00
170535	03/25/2022	JENNIFER FANNING	Accounts Payable Check	138.00
170536	03/25/2022	FENCE FACTORY ATASCADERO	Accounts Payable Check	250.00
170537	03/25/2022	FGL ENVIRONMENTAL	Accounts Payable Check	162.00
170538	03/25/2022	FIRE CHIEFS ASSC OF SLO CO	Accounts Payable Check	60.00
170539	03/25/2022	FORT WAYNE CHILDRENS ZOO	Accounts Payable Check	399.04
170540	03/25/2022	GAS COMPANY	Accounts Payable Check	2,355.79
170541	03/25/2022	ALEX GENTILLY	Accounts Payable Check	180.00
170542	03/25/2022	ELIAS E. GONZALES	Accounts Payable Check	119.00
170543	03/25/2022	TRISTAN M. GUILLORY	Accounts Payable Check	85.00
170544	03/25/2022	HAMNER, JEWELL & ASSOCIATES	Accounts Payable Check	551.37
170545	03/25/2022	HANSEN BRO'S CUSTOM FARMING	Accounts Payable Check	13,090.00
170546	03/25/2022	REBECCA HEREDIA	Accounts Payable Check	115.94
170547	03/25/2022	HINDERLITER, DE LLAMAS	Accounts Payable Check	2,274.88
170548	03/25/2022	RACHEL HUNTER	Accounts Payable Check	1,600.00
170549	03/25/2022	INFINITY CABLE PRODUCTS	Accounts Payable Check	302.98
170550	03/25/2022	J. CARROLL CORPORATION	Accounts Payable Check	273.43
170551	03/25/2022	EMILY F. JENNINGS	Accounts Payable Check	30.00
170552	03/25/2022	JK'S UNLIMITED, INC.	Accounts Payable Check	1,644.45
170553	03/25/2022	JOE A. GONSALVES & SON	Accounts Payable Check	3,000.00
170554	03/25/2022	DAREN KENNETT	Accounts Payable Check	250.00
170555	03/25/2022	DUSTIN KING	Accounts Payable Check	250.00
170556	03/25/2022	KNECHT'S PLUMBING & HEATING	Accounts Payable Check	2,344.03
170557	03/25/2022	KPRL 1230 AM	Accounts Payable Check	320.00
170558	03/25/2022	KTU+A	Accounts Payable Check	131.00
170559	03/25/2022	L.N. CURTIS & SONS	Accounts Payable Check	83,876.70
170560	03/25/2022	LEE WILSON ELECTRIC CO. INC	Accounts Payable Check	2,365.56
170561	03/25/2022	LIFE ASSIST, INC.	Accounts Payable Check	734.52
170562	03/25/2022	JACKSON LIGHT	Accounts Payable Check	180.00
170563	03/25/2022	LARISSE LOPEZ	Accounts Payable Check	138.00

City of Atascadero
Disbursement Listing

For the Month of March 2022

ITEM NUMBER: A-2
 DATE: 04/26/22
 ATTACHMENT: 1

Check Number	Check Date	Vendor	Description	Amount
170564	03/25/2022	MAINLINE UTILITY CO.	Accounts Payable Check	1,000.00
170565	03/25/2022	MARBORG INDUSTRIES	Accounts Payable Check	62.28
170566	03/25/2022	MARK'S TIRE SERVICE	Accounts Payable Check	123.70
170567	03/25/2022	MBS LAND SURVEYS	Accounts Payable Check	3,500.00
170568	03/25/2022	MCMASTER-CARR SUPPLY CO.	Accounts Payable Check	202.68
170569	03/25/2022	MEYER TREE CONSULTING	Accounts Payable Check	225.00
170570	03/25/2022	MIG	Accounts Payable Check	507.50
170571	03/25/2022	MINER'S ACE HARDWARE	Accounts Payable Check	649.56
170572	03/25/2022	MATTHEW J. MIRANDA	Accounts Payable Check	206.00
170573	03/25/2022	MISSION UNIFORM SERVICE	Accounts Payable Check	428.91
170574	03/25/2022	MOBILE SMALL ENGINE REPAIR	Accounts Payable Check	400.00
170575	03/25/2022	KENNA R. MONTGOMERY	Accounts Payable Check	30.00
170576	03/25/2022	MORRO BAY BUG COMPANY	Accounts Payable Check	547.64
170577	03/25/2022	NIELSEN,MERKSAMER,PARRINELLO,	Accounts Payable Check	2,015.50
170578	03/25/2022	NORTH COAST ENGINEERING INC.	Accounts Payable Check	802.00
170579	03/25/2022	O.C. TANNER	Accounts Payable Check	659.39
170580	03/25/2022	OFFICE DEPOT INC.	Accounts Payable Check	238.59
170581	03/25/2022	PACIFIC GAS AND ELECTRIC	Accounts Payable Check	31,547.60
170582	03/25/2022	PAPICH CONSTRUCTION CO., INC.	Accounts Payable Check	971,088.86
170583	03/25/2022	DEAN PERICIC	Accounts Payable Check	816.00
170584	03/25/2022	PERRY'S PARCEL & GIFT	Accounts Payable Check	125.00
170585	03/25/2022	PHILADELPHIA ZOO	Accounts Payable Check	375.36
170586	03/25/2022	GEOFFREY PHILLIPS	Accounts Payable Check	32.00
170587	03/25/2022	PROCARE JANITORIAL SUPPLY,INC.	Accounts Payable Check	1,506.26
170588	03/25/2022	PWS, INC.	Accounts Payable Check	930.32
170589	03/25/2022	READYREFRESH BY NESTLE	Accounts Payable Check	737.15
170590	03/25/2022	SHANENE M. REEVES	Accounts Payable Check	30.00
170591	03/25/2022	RICK ENGINEERING COMPANY	Accounts Payable Check	15,325.00
170592	03/25/2022	BRIAN S. RICKS	Accounts Payable Check	80.00
170593	03/25/2022	BRANDON ROBERTS	Accounts Payable Check	180.00
170594	03/25/2022	ISAIAH D. RODRIGUEZ	Accounts Payable Check	96.00
170595	03/25/2022	SAN DIEGO POLICE EQUIPMENT CO	Accounts Payable Check	6,006.27
170596	03/25/2022	SAN LUIS POWERHOUSE, INC.	Accounts Payable Check	2,025.47
170597	03/25/2022	JAMES SCOOOLIS	Accounts Payable Check	750.00
170598	03/25/2022	SERVICE SYSTEMS ASSC, INC.	Accounts Payable Check	5,000.00
170599	03/25/2022	SIGTRONICS CORP.	Accounts Payable Check	186.94
170600	03/25/2022	TRINITY J. SILVA	Accounts Payable Check	30.00
170601	03/25/2022	SITONE LANDSCAPE SUPPLY, LLC	Accounts Payable Check	534.31
170602	03/25/2022	SLO COUNTY HEALTH AGENCY	Accounts Payable Check	150,945.00
170603	03/25/2022	SLO COUNTY HEALTH AGENCY	Accounts Payable Check	89,260.00
170604	03/25/2022	SLO COUNTY SHERIFF'S OFFICE	Accounts Payable Check	1,510.29
170605	03/25/2022	SPEAKWRITE, LLC.	Accounts Payable Check	35.72
170606	03/25/2022	SPECIALTY CONSTRUCTION, INC.	Accounts Payable Check	549,967.46

City of Atascadero
Disbursement Listing

For the Month of March 2022

ITEM NUMBER: A-2
 DATE: 04/26/22
 ATTACHMENT: 1

Check Number	Check Date	Vendor	Description	Amount
170607	03/25/2022	TARGET SOLUTIONS LEARNING, LLC	Accounts Payable Check	93.36
170608	03/25/2022	THOMSON REUTERS - WEST	Accounts Payable Check	175.10
170609	03/25/2022	TRI-COUNTY OFFICE FURNITURE	Accounts Payable Check	650.02
170610	03/25/2022	TUOLUMNE COUNTY SHERIFF OFFICE	Accounts Payable Check	25.25
170611	03/25/2022	TURF STAR, INC.	Accounts Payable Check	75,107.61
170615	03/25/2022	U.S. BANK	Accounts Payable Check	31,496.22
170616	03/25/2022	ULTREX BUSINESS PRODUCTS	Accounts Payable Check	33.23
170617	03/25/2022	UNIVAR SOLUTIONS USA, INC.	Accounts Payable Check	5,361.60
170618	03/25/2022	MEGAN L. VAN ALLEN	Accounts Payable Check	30.00
170619	03/25/2022	VICTORIA R. VENABLE	Accounts Payable Check	30.00
170620	03/25/2022	VERDIN	Accounts Payable Check	17,635.72
170621	03/25/2022	VERIZON WIRELESS	Accounts Payable Check	746.44
170622	03/25/2022	VINO VICE, INC.	Accounts Payable Check	490.25
170623	03/25/2022	VITAL RECORDS CONTROL	Accounts Payable Check	184.09
170624	03/25/2022	WILKINS ACTION GRAPHICS	Accounts Payable Check	320.25
170625	03/25/2022	WOODLAND PARK ZOOLOGICAL SOCIE	Accounts Payable Check	204.06
4357	03/31/2022	ANTHEM BLUE CROSS HSA	Payroll Vendor Payment	9,235.29
170626	03/31/2022	ATASCADERO PROF. FIREFIGHTERS	Payroll Vendor Payment	1,096.80
170627	03/31/2022	MASS MUTUAL WORKPLACE SOLUTION	Payroll Vendor Payment	7,152.28
170628	03/31/2022	NATIONWIDE RETIREMENT SOLUTION	Payroll Vendor Payment	659.28
170629	03/31/2022	SEIU LOCAL 620	Payroll Vendor Payment	818.28
170630	03/31/2022	VANTAGEPOINT TRNSFR AGT 106099	Payroll Vendor Payment	416.88
170631	03/31/2022	VANTAGEPOINT TRNSFR AGT 304633	Payroll Vendor Payment	6,683.49
170632	03/31/2022	VANTAGEPOINT TRNSFR AGT 706276	Payroll Vendor Payment	285.00
				<u><u>\$3,666,510.91</u></u>



Atascadero City Council

Staff Report – Information Technology Division

Radio Repeater Replacement

RECOMMENDATIONS:

Council:

1. Authorize the City Manager to execute a contract with Applied Technology Group, Inc. in the amount of \$287,529 for the purchase and installation of radio repeater equipment and related hardware for the City's radio communication system.
2. Authorize the Director of Administrative Services to appropriate up to \$12,500 in Dial-a-Ride funds for the local match.

DISCUSSION:

The City's radio system provides a platform for City staff to communicate daily. During an emergency, radio communications become more critical as other communication methods may become unreliable or unavailable. The regular maintenance and lifecycle replacement of radio equipment will increase the reliability of these systems.

The City's radio repeaters are past end-of-life and in need of replacement. As part of the radio system, radio repeaters receive and retransmit radio signals in order to extend the range of mobile and handheld radios to allow them to communicate with other radios past their limited range. The current Kenwood radio repeaters are no longer available for purchase and therefore ongoing maintenance and replacement of these repeaters is not sustainable. Replacement of the Police repeaters with new Tait repeaters has already taken place due to equipment failure as a result of age and lightning damage. Radio repeaters for Fire, Public Works and Dial-a-Ride now need to be replaced as well. This proposal would replace the remaining aging repeaters with new Tait repeaters while also installing new repeaters to expand radio coverage for enhanced communication abilities.

Repeaters for Fire and Public Works will be replaced at the Pine Mountain, Castlerock and Atascadero State Hospital (ASH) communication sites. New repeaters will be installed for Fire and Public Works at the new Templeton communication site to expand coverage on the north side of town.

The single repeater for Dial-a-Ride will be replaced at Castlerock and new repeaters will be installed at Pine Mountain and ASH, which will dramatically increase radio coverage

of all transit operations. The San Luis Obispo Council of Governments (SLOCOG) has authorized \$50,000 in Federal Transportation Act 5307 funds for this project, with a required local match of \$12,500. Other available Transit funding may be used for the match including funding such as Transportation Development Act (TDA) or American Rescue Plan Act allocated for Transit.

Authorizing the expenditure of these budgeted funds will help meet the Fiscal and Infrastructure Efficiency & Sustainability strategic priority set by Council.

The additional funds not represented in the expenditures to Applied Technology will be spent on professional services for system design and programming as well as a contingency for additional hardware and installation.

FISCAL IMPACT:

Adoption of staff recommendations will result in the expenditure of \$332,500 on equipment, installation and professional services to replace the radio systems for Atascadero Fire and Emergency Services, the Public Works Department and Atascadero Transit.

ESTIMATED FUNDING USES	
Hardware	
Fire	\$ 67,106
Public Works	30,270
Dial-a-Ride	23,002
Expansion	
Fire	93,477
Public Works	41,690
Dial-a-Ride	31,984
Total Expenditures for Applied Technology Group	\$ 287,529
Other Contracted Services	10,000
Project Contingency (12%)	34,971
Total Estimated Funding Uses	\$ 332,500

ESTIMATED FUNDING SOURCES	
Budgeted D-20 Funds: Fire Radio Repeater Replacement	\$ 180,000
Budgeted D-20 Funds: Public Works Radio Repeater Replacement	90,000
Dial-a-Ride Funds (\$50,000 SLOCOG and \$12,500 local match)	62,500
Total Funding Sources	\$ 332,500

PROJECT FUNDING SURPLUS/(SHORTFALL)	\$ -
--	-------------

ATTACHMENTS:

None.



Atascadero City Council

Management Report – Administrative Services

Revision (or Update) to Deed Restriction Requirements on Affordable Housing Moderate-Income Unit Resale

RECOMMENDATION:

Council adopt Draft Resolution giving the City Manager or designee the authority to waive the requirement to record an affordable housing deed restriction on moderate-income units upon sale to a qualified buyer when the sales price and appraised value are within 2% or below the maximum applicable moderate-income sales price, consistent with the current San Luis Obispo County's Affordable Housing Standard.

DISCUSSION:

In 2010 the City Council approved Resolution 2010-017 authorizing the City Manager to waive the requirement to record deed restriction documents for moderate-income units upon sale to a qualified buyer when the sales price and appraised value are within 2% or below the maximum applicable moderate-income sales price. The policy change was targeted at moderate-income units that were **unbuilt** or **unsold** at the time the resolution was adopted.

Staff is recommending that the policy change be expanded to include **existing** moderate-income units. In situations where the sales price and appraisal are within 2% or below the maximum moderate-income sales price, the deed restriction and resale requirement can create a disincentive for buyers. Assuming a buyer could purchase a market rate unit for the same cost as a deed restricted affordable unit, there appears to be a disincentive to purchase the affordable unit with a number of deed restrictions and resale requirements recorded on the property.

There are a number of ownership housing units that have been deed restricted over the years as part of the City's inclusionary housing program. The moderate-income deed restrictions call for the home to be sold to moderate-income qualified homebuyers at a price not to exceed the moderate-income price point set by the County. Some of the units with these deed restrictions are coming on the market and are being valued at a market price that is close to the moderate-income restricted price. Similar to new units, the sellers are at a disadvantage as there are the deed restrictions, resale requirements and paperwork associated with the moderate-income unit compared to a similar home at that price point. This could cause the original moderate-income household to have to sell their home at a lower price point (below both market value and the moderate-income restricted price) in order to attract a buyer willing to accept the deed restrictions, resale requirements

and additional paperwork/costs. One of the original goals of the inclusionary program was to provide moderate-income households some of the benefits of home ownership including building equity in their home up to the deed restricted moderate price. The current market conditions, deed restrictions, and City policy are, however, a barrier to allowing the current homeowners to realize the full potential equity allowed under the program.

Because of the disincentive to purchase and because the City has been successfully exceeding its RHNA targets in the moderate-income housing category, staff is recommending that the Council expand the policy adopted in resolution 2010-017 to existing moderate-income units. The attached resolution that authorizes the City Manager or designee to waive the moderate-income affordable housing deed restriction at the close of escrow, when the sales price/appraised value of a unit is within 2% or below the County's Affordable Housing Standard sale price for a moderate-income unit and the unit is sold to an income qualified buyer. The policy would maintain the requirement that the unit must be sold at an affordable moderate-income price and guarantee the buyer had a qualifying income, which is the intent of the affordable housing policy. This update would allow the waiver to apply to new and existing moderate-income units in the Atascadero Affordable Housing Program. This update would not impact low or very low-income units.

CONCLUSION:

The proposed change would be consistent with the intent of the affordable housing program while removing unnecessary barriers to the sale and purchase of affordable housing units.

The proposed policy refinements would:

1. Meet the intent of City's affordable housing policy by requiring the unit to be sold to a moderate-income certified buyer.
2. Eliminate the disincentive to potential purchaser by removing any future restrictions or cloud on the deed once it is sold to a qualified buyer.
3. Protect the City's future interest in affordable housing by not removing the restrictions until the unit is sold to a qualified buyer

FISCAL IMPACT:

No immediate fiscal impact, however this change in policy could reduce the total number of moderate-income units available within the City's Affordable Housing Program.

ATTACHMENT:

Draft Resolution

DRAFT RESOLUTION

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF ATASCADERO, CALIFORNIA,
REVISING THE REQUIREMENTS FOR THE SALE OF DEED
RESTRICTED, MODERATE-INCOME UNITS WHEN THE SALES PRICE
AND APPRAISED VALUE ARE WITHIN 2% OR BELOW THE
MAXIMUM APPLICABLE MODERATE-INCOME SALES PRICE**

WHEREAS, the Atascadero General Plan and Housing Element recognize the importance of providing a range of affordable housing units for the residents and employees of Atascadero; and

WHEREAS, the City of Atascadero has adopted an inclusionary housing policy that requires certain development projects to provide 20% of the dwelling units as deed restricted affordable units; and

WHEREAS, the City created an equity sharing program for moderate-income inclusionary housing units that permit the units to be converted to market rate units; and

WHEREAS, the City's standard deed restrictions and resale restriction for moderate-income units are nonessential when the appraised value of market rate housing units is within 2% or below the maximum sales prices of moderate-income units; and

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Atascadero:

SECTION 1. The City Council hereby finds and determines that all of the recitals are true and correct.

SECTION 2. The City Council does hereby authorize the City Manager or designee to waive the requirement to record the following documents all for moderate-income units upon sale to a qualified buyer when the sales price and appraised value are within 2% or below the maximum applicable moderate-income sales price, as determined by San Luis Obispo County:

1. Deed of trust in favor of City of Atascadero
2. Promissory note (secured by deed of trust)
3. Resale and refinancing restriction agreement
4. Request for Notice of Default for 1st trust deed

SECTION 3. This Resolution shall be effective immediately upon passage and adoption.

PASSED AND ADOPTED at a regular meeting of the City Council held on the _____ day of _____, 2022.

On motion by Council Member ____ and seconded by Council Member ____, the foregoing Resolution is hereby adopted in its entirety on the following roll call vote:

ITEM NUMBER:
DATE:
ATTACHMENT:

A-4
04/26/22
1

AYES:
NOES:
ABSENT:
ABSTAIN:

CITY OF ATASCADERO

Heather Moreno, Mayor

ATTEST:

Lara K. Christensen, City Clerk

APPROVED AS TO FORM:

Brian A. Pierik, City Attorney



Atascadero City Council

Staff Report - Community Development Department

Centennial Plaza Planned Development Zone Change (ZCH) 22-0022 5901 East Mall

RECOMMENDATION:

Council introduce for first reading, by title only, a Draft Ordinance, amending the Atascadero Municipal Code, Title 9 Planning & Zoning, Section 9-3, Article 26, adding Section 9-3.682 to add a new Planned Development Overlay Zone 37 for the five vacant lots surrounding Centennial Plaza and including Centennial Plaza (lots 12-17), based on findings and subject to the future approval of a Master Plan of Development.

DISCUSSION:

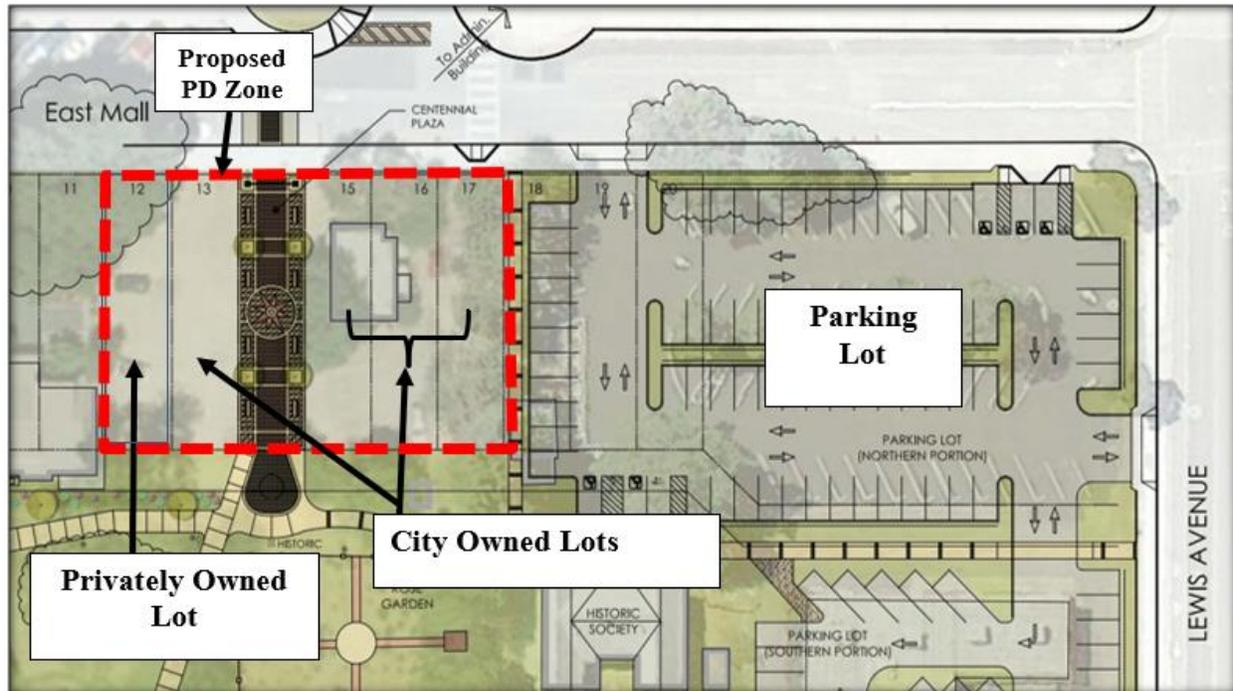
Background

On September 14, 2021, the City Council held a study session to consider the future use and disposition of the vacant lots on each side of Centennial Plaza. At the hearing, the City Council provided direction to staff to prepare a Planned Development Overlay Zone for the parcels to help guide future development with an emphasis on enriching the downtown and providing for quality aesthetics and economic development. At the same time, the City Council determined that the lots should eventually be utilized for private development that supports desired retail, restaurant and related active uses around Sunken Gardens Park. The following process was outlined at the City Council hearing:

1. Remove the abandoned structure from the site (completed December 2021)
2. **Proceed with a Planned Development (PD) Overlay Zone for the sites**
3. Prepare a declaration of surplus land, consistent with the Surplus Land Act (SLA)
4. Develop an RFP/RFQ to invite development proposals for the sites, consistent with the PD Overlay Zone

The City is now ready to move forward with item 2, proceeding with a PD Overlay Zone for the sites. On March 15, 2022, the Planning Commission reviewed the proposed Planned Development Zone and recommended the City Council adopt the PD Zone as proposed. As a result of questions that have arisen over the past few weeks, several clarifications have been made to the PD Zone text. These clarifications do not change the intent of the PD Zone and remain consistent with the Planning Commission approval.

The PD Zone focuses the list of allowed land uses while providing objective design standards for site planning and building architecture. Incentives to guide development may also be added. The PD Zone will apply to all of the vacant parcels between Dr. Pambrum's office and the City public parking lot, including the lot that is privately owned and Centennial Plaza itself.



The vacant lots around Centennial Plaza are extremely important sites that can provide synergy for the future of downtown. The sites are within the Downtown Commercial Zone, and in accordance with the General Plan, are designated for land uses such as retail, food and beverage services, with offices and residential uses on upper floors. Each lot is only 25 feet wide and approximately 100 feet deep. Alone, the lots might be too small to support development; however, when combined, two or more lots could create a logical development site to accommodate active uses. At least one 50-foot wide development site on each side of the Plaza could accommodate restaurant or retail uses with a multi-story development, accommodating offices, housing, or lodging opportunities, or all of the sites could be combined to create a single, cohesive development site that includes, but preserves, the Plaza.

With the appropriate design, the City may wish to allow a development proposal to bridge or encroach onto a portion of Centennial Plaza so long as a public access easement is maintained on the Plaza. The proposed Planned Development property standards allow for a structure that may bridge the Plaza area. Such a design should maintain natural light, pedestrian access, and good visibility. Such an option could create a viable outdoor dining space, or an active storefront location for restaurant and retail uses. The proposed PD includes design parameters that dictate appropriate setbacks for each story and appropriate building height that will not dominate the location.

An important factor to consider with any development proposal on these sites is the primary intent of the bridge and Centennial Plaza. These features were built as a visual and activity

connection between Sunken Gardens/City Hall and Colony Square. Keeping a sense of connectivity and some sense of a visual connection between these areas is critical. The appropriate scale and design of a new development could either enhance or reduce this connection. The proposed PD takes this into consideration by maintaining a 20-foot wide clear space on the plaza, reduced building mass with height, and a front setback of ten feet. Additionally, an existing undeveloped alley space at the rear of these sites will help maintain the visual corridor. New development will also help bridge the gap by introducing new active uses, and hopefully new nightlife and activity that will enhance the feeling of safety and security across a wider part of the day and night. Any new development on these sites would be subject to design review for consideration of these factors and to ensure the goal of preserving these features remains in place.

Trees on Site

The site includes several native and non-native trees. There are five coast live oak trees that appear to be “volunteers” that previously surrounded the vacant building on the site. There is also a large deodar cedar that is near the rear of the site, but is actually not within the parcel. At least two of the native coast live oaks would need to be removed in order to create a logical building pad. The cedar is off-site and would need to be protected and preserved during any site construction. There are no heritage trees on the site; however, the removal of any native tree on this site would require City review and approval as part of a development plan.

Parking

The site is too small to include on-site parking. As many as 2-3 parking spaces and an access driveway would eliminate a large portion of any ground floor building site. Therefore, the PD provides flexibility on parking while restricting any on-site parking. The proposed PD exempts parking for any restaurant or retail use that is consistent with the PD. Also exempt are land uses upstairs, including transient lodging uses or office uses. However, parking is still required for any non-transient residential uses such as an apartment or other permanent dwelling on the second floor. Such parking would need to be arranged off-site.

Land Use

Under the **existing** Downtown Commercial Zoning District (DC), the following land uses are allowed:

- ✓ *Amusement Services*
- ✓ *Artisan Foods and Products⁵*
- ✓ *ATM*
- ✓ *Bar/Tavern*
- ✓ *Business Support Services*
- ✓ *Eating and Drinking Places*
- ✓ *Farmers' Market*
- ✓ *General Retail*
- ✓ *Libraries, Museums*
- ✓ *Microbrewery – Brewpub*
- ✓ *Mobile Eating and Drinking Vendors⁶*
- ✓ *Parks and Playgrounds*
- ✓ *Personal Services*
- ✓ *Residential Care: 6 Residents or Less⁴*
- ✓ *Small Family Day Care⁸*
- ✓ *Tasting Room*
- ✓ *Temporary Events*
- ✓ *Temporary or Seasonal Sales*
- ✓ *Winery – Boutique²*

Live work units or any other dwelling units may be allowed above the ground floor.

The following other uses may be allowed with a conditional use permit:

- | | |
|--|--|
| ✓ <i>Age Restricted Housing</i> | ✓ <i>Public Assembly and Entertainment</i> |
| ✓ <i>Financial Services and Banks</i> | ✓ <i>Research and Development</i> |
| ✓ <i>Government Offices and Facilities⁸</i> | ✓ <i>Schools</i> |
| ✓ <i>Health Care Services⁸</i> | ✓ <i>Schools – Business and Vocational</i> |
| ✓ <i>Hotels, Motels</i> | ✓ <i>Telecommunications Facility</i> |
| ✓ <i>Indoor Recreation Services</i> | ✓ <i>Temporary Events³</i> |
| ✓ <i>Membership Organizations</i> | ✓ <i>Transit Stations</i> |
| | ✓ <i>Utility Facilities</i> |
| | ✓ <i>Utility Infrastructure</i> |
| | ✓ <i>Offices⁹</i> |

The allowed land uses in the zoning ordinance permit a fairly wide variety of retail and visitor serving uses on the ground floor while office and residential may be developed above. However, the zoning by itself is somewhat flexible and does not refine land use, building design, and other factors in great detail. Some of these land uses are clearly not appropriate in the Plaza vicinity. Therefore, the City Council directed staff to proceed with the adoption of a Planned Development Overlay Zone (PD) on these properties in order to dictate building and site design to refine the list of land uses in a fashion that more specifically speaks to General Plan policy, along with current desired development goals for these sites. The underlying zoning district would remain, while the Overlay Zone would be adopted with additional requirements and standards.

The PD would dictate building height, building design and articulation, incorporation of outdoor dining spaces in addition to patios, decks, rooftop features and even signs and lighting, regardless of owner. The PD would also refine the list of allowed land uses to ensure that the ground floor is only utilized for food and beverage services, active retail uses, or related similar land uses. In addition, the PD would also refine what land uses are on upper floors and specify size and design of spaces. However, the PD may not restrict or reduce the allowed residential density for upper floors in a fashion that is inconsistent with City Housing Goals or with the intent of the Surplus Land Act.

Proposed land uses for the ground floor of the new PD include:

- | | |
|--|--|
| ✓ <i>Artisan Foods and Products</i> | ✓ <i>Tasting Room</i> |
| ✓ <i>Bar/Tavern</i> | ✓ <i>Winery – Boutique</i> |
| ✓ <i>Eating and Drinking Places</i> | ✓ <i>Open space areas for passive outdoor use including walking, gathering, public entertainment, seating, and related, dedicated for use to the public.</i> |
| ✓ <i>General Retail* (with additional parameters- see below)</i> | |
| ✓ <i>Microbrewery – Brewpub</i> | |

The PD would further refine the type of General Retail uses. The following parameters are suggested:

- Minimum operating hours (4 days per week, 6 hours per day, and open until at least 7 PM)

- The following retail uses shall not be allowed: Building materials and hardware, medical supplies, office supplies, or other items that do not contribute to the synergy, pedestrian orientation and general plan consistency for the downtown.

Proposed land uses for upper floors (to include all uses allowed on ground floor):

- ✓ *All uses as allowed on ground floor list*
- ✓ *Business Support Services*
- ✓ *Live/Work Unit*
- ✓ *Lodging/hotel/motel/vacation rental*
- ✓ *Multifamily Dwelling*
- ✓ *Personal Services*
- ✓ *Offices*

It will be important to retain residential uses as an allowed use above the ground floor just like other locations in the downtown. This is because AB 1486 (Surplus Land Act) requires that any property owned by the City that is transferred to private ownership must first be declared as surplus land and offered to affordable housing developers, subject to existing zoning, prior to offering the land to the general public. If a developer of affordable housing signals an interest in the sites, then the City would need to enter into a good faith negotiation with that developer. (Given the small site area, low number of units, and requirement to build commercial on the ground floor, these sites may not be conducive to affordable housing development.) A discussion on the Surplus Land Act will be brought to the Council at a later date should the Council direct staff to continue to proceed with the surplus land disposition.

Property Development Standards

The PD overlay will govern site and building design in addition to land use. Currently, the downtown commercial zone prescribes the following development standards:

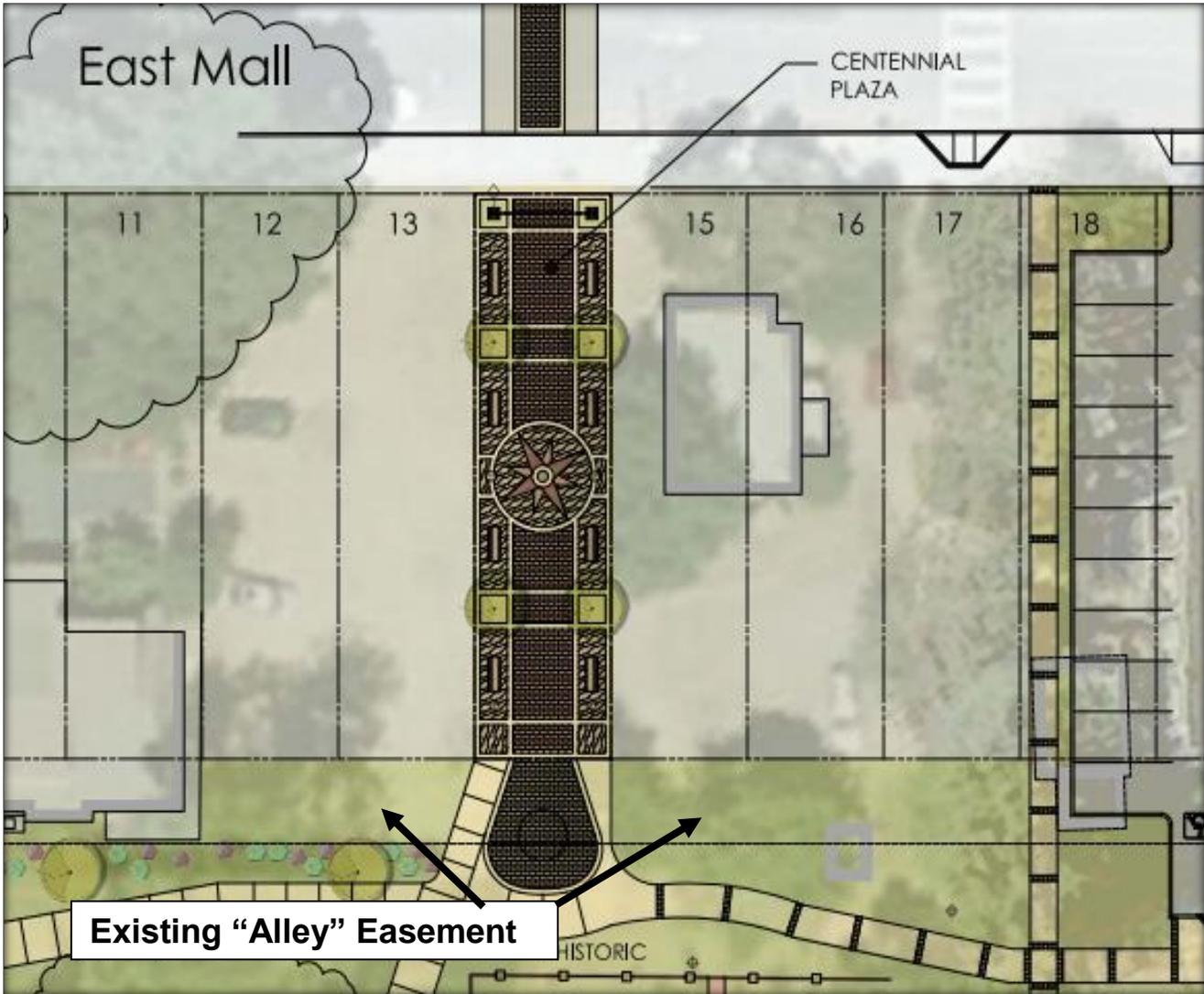
- **Front yard setback:** None allowed, except for building insets designed for outdoor dining.
- **Side and rear setback:** None required
- **Height:** 45 feet
- **Parking:** Only required for lodging, residential and office
- **Density:** 20 dwellings per acre

The intent of the proposed Planned Development is to incentivize and streamline commercial development that can contribute to the synergy of downtown. Staff is proposing the following change to the development standards for this site:

- **Front yard setback:** 10-foot building setback shall be required for ground floor portions of the building; setback may be utilized for outdoor dining, awnings, second or third story building projections such as decks, patios or other floor area, signs and other features designed to enhance the public space.
- **Parking:** No on-site parking shall be allowed. Parking required for residential uses shall be required at the rate of one space per two bedrooms (minimum one space per unit), to be located off-site within 1,000 feet of the property boundary and provided in perpetuity through an off-site parking agreement. No parking required for transient lodging, office uses, and allowed ground floor uses.
- **Height:** 45 feet, maximum of three stories. Each floor above the ground floor is required to have 10% less floor area than the floor below—therefore, upper floors

will be set back from lower floors. Use of roof area permitted for occupancy and outdoor uses. Non-habitable roof projections such as elevator enclosures, parapet walls, roof forms, and other architectural features may extend above the maximum height up to 8 feet.

- **Rear setback:** Although no rear setback is required by the new PD, there is already a built-in setback due to the easement space between the rear of each lot and the existing concrete pathway. This gap is approximately 15-20 feet wide, creating a large view corridor and use area behind any future development.



Site and Building Design

Planned Development Overlay Zones can include specific site and building design parameters. Staff is suggesting the following design standards for future development:

- a) A single development project shall be completed on the north east side of the Plaza (adjacent to City Hall parking lot), or as one cohesive project on all of the lots. The PD requires that these lots be merged prior to conveyance to a private owner.

- b) Building designs may bridge the Plaza space when a minimum vertical clearance of 16 feet is maintained and a minimum Plaza width of 20 feet is maintained. When portions of buildings cover the Plaza, provisions for natural light, ample visibility, and unrestricted public/pedestrian access, shall be maintained.
- c) Building architecture shall complement, but not duplicate, City Hall. Designs that incorporate brick, extensive glazing, tile roofs, balconies, and opportunities to utilize outdoor spaces shall be strongly encouraged.
- d) Recessed building entries with a depth of at least six feet, transom windows, and glazing along East Mall that allows 60% visibility into the ground floor space shall be required. Glazing shall not be blocked by interior walls or panels.
- e) Encroachments that provide for outdoor dining shall be encouraged at Centennial Plaza and the public sidewalk while maintaining a minimum path of travel of 8 feet on the Plaza and 6 feet on public sidewalks. However, the width of the plaza shall remain at 20 feet, to be free from building encroachments, other than temporary outdoor dining installations, awnings, signs, lighting and related features.
- f) Fire Backflow Devices: Fire backflow devices are required to be integrated into the site or building design, are prohibited in any public right-of-way, and must be accessible to Fire Department and Water Company personnel at all times.
- g) Building Coverage: No limit. Each successive floor shall reduce interior floor space by 10%.
- h) Stormwater: No above ground stormwater retention may be allowed on-site in excess of 400 square feet over the entire Planned Development.
- i) Native Trees: Native trees that contribute to the tree canopy of Centennial Plaza, the parking lot, and the creek pathway should be preserved in place and protected during construction. Some native trees may need to be pruned or removed to accommodate appropriate site development.
- j) Public Restrooms: Public restrooms shall be provided to the public during open business hours in a location that is accessible from the ground floor

Conclusion

The purpose of this City-led effort to record a PD Overlay Zone on these sites is to guide and incentivize development that will help activate the Downtown Zoning District, close to the creek, the park and City Hall. The City intends to sell these sites to allow for private development. Following adoption and second reading of the PD ordinance, the City will commence the Surplus Land Act process, then enter a phase to advertise the sites and allow for applicants to submit proposals for purchase and development. Staff will provide an update to the City Council following the completion of the Surplus Land Act process.

Findings to Support Approval

To recommend approval of the proposed project, the City Council must make the following findings. These findings and the facts to support these findings are included in the attached Draft Ordinance.

Planned Development Overlay Zone (AMC Section 9-3.644)

- A. Modification of development standards or processing requirements is warranted to promote orderly and harmonious development;

- B. Modification of development standards or processing requirements will enhance the opportunity to best utilize special characteristics of an area and will have a beneficial effect on the area;
- C. Benefits derived from the Overlay Zone cannot be reasonably achieved through existing development standards or processing requirements;
- D. Proposed plans, if any, offer certain redeeming features to compensate for requested modifications.

Standard Zoning Text Amendment Findings:

1. The proposed project or use is consistent with the General Plan;
2. The establishment, and subsequent operation or conduct of the use will not, because of the circumstances and conditions applied in the particular case, be detrimental to the health, safety, or welfare of the general public or persons residing or working in the neighborhood of the use, or be detrimental or injurious to property or improvements in the vicinity of the use;
3. The proposed project or use will not be inconsistent with the character of the immediate neighborhood or contrary to its orderly development;
4. The proposed zone change will not create any new significant and unavoidable impacts to traffic, infrastructure, or public service impacts;
5. The proposed zone change is consistent with the CEQA findings.

ENVIRONMENTAL DETERMINATION:

The California Environmental Quality Act (CEQA), Section 15061(3)(b), exempts activities which are covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. The proposed text amendment will not have any significant adverse environmental impacts.

Any future development of the site would be exempt as infill development. The Overlay Zone change is not creating any added development potential other than what exists today and is anticipated by the 2002 General Plan.

FISCAL IMPACT:

None.

ALTERNATIVES:

1. The City Council may modify the Planned Development language and/or any of the conditions of approval for a future project. Any proposed modifications of the PD language, should be clearly re-stated in any vote on any of the attached resolutions.
2. The City Council may determine that more information is needed on some aspect of the project and may refer the item back to Staff to develop the additional information. The Council should clearly state the type of information that is required. A motion, and approval of that motion, is required to continue the item to a future date.
3. The Council may deny the PD zoning amendment. The Council must specify what findings cannot be made, and provide a brief oral statement, based on the Staff Report, oral testimony, site visit, correspondence, or any other rationale introduced and deliberated by the City Council.

ATTACHMENT:

Draft Ordinance

DRAFT ORDINANCE

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ATASCADERO, CALIFORNIA, AMENDING TITLE 9 PLANNING & ZONING, SECTION 9-3, ARTICLE 26, ADDING SECTION 9-3.682 TO ADD A NEW PLANNED DEVELOPMENT OVERLAY ZONE NO. 37 FOR THE FIVE VACANT LOTS SURROUNDING CENTENNIAL PLAZA (LOTS 12-17), AND DETERMINING THIS ORDINANCE IS EXEMPT FROM REVIEW UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

(ZCH 22-0022)

WHEREAS, the City of Atascadero is the applicant pursuing a zone change text amendment to Title 9 Zoning Ordinance, (ZCH22-0022) to add a new Planned Development Overlay Zone 37 for the five vacant lots surrounding Centennial Plaza and including Centennial Plaza (lots 12-17), based on findings and subject to the future approval of a Master Plan of Development; and

WHEREAS, the Planning Commission has determined that it is in the best interest of the City to enact the planned development zoning amendments to Title 9 Planning and Zoning of the Atascadero Municipal Code for consistency with the General Plan and to maintain a clear and reasonable guidance for future downtown development that is easily interpreted by the public and staff; and

WHEREAS, a timely and properly noticed Public Hearing upon the subject Planning and Zoning text change application was held by the Planning Commission of the City of Atascadero at which hearing evidence, oral and documentary, was admitted on behalf of said Planning and Zoning Text amendments; and

WHEREAS, the Planning Commission of the City of Atascadero, at a Public Hearing held on March 15, 2022, studied and considered said amendments; and

WHEREAS, the Planning Commission of the City of Atascadero has recommended approval of proposed amendments to Title 9 Zoning Ordinance, of the Atascadero Municipal Code as presented to them on March 1, 2022 and March 15, 2022; and

WHEREAS, the laws and regulations relating to the preparation and public notice of environmental documents, as set forth in the State and local guidelines for implementation of the California Environmental Quality Act (CEQA) have been adhered to; and

WHEREAS, a timely and properly noticed Public Hearing upon the subject Zoning Text Change application was held by the City Council of the City of Atascadero at which hearing evidence, oral and documentary, was admitted on behalf of said Zoning Text Amendments; and

WHEREAS, the City Council of the City of Atascadero, at a Public Hearing held on April 26, 2022, studied the Planning Commission’s recommendation and considered the proposed zoning text amendments.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF ATASCADERO HEREBY ORDAINS AS FOLLOWS:

SECTION 1. Recitals: The above recitals are true and correct.

SECTION 2. Public Hearing. The City Council of the City of Atascadero, in a regular session assembled on April 26, 2022, resolved to introduce for first reading, by title only, an Ordinance that would amend the City Zoning Code Text as shown in Exhibit A, attached hereto and incorporated herein by this reference.

SECTION 3. Facts and Findings. The City Council makes the following findings, determinations and approvals with respect to the Zone Text Amendment:

A. Findings for Approval of a Zone Text Change

FINDING: (i) The Planning and Zoning Text Change is consistent with General Plan policies and all other applicable ordinances and policies of the City.

FACT: The proposed zone text amendments align the code requirements with the vision, intent, and policies of the adopted General Plan.

FINDING: (ii) This Amendment of the Zoning Ordinance will provide for the orderly and efficient use of lands where such development standards are applicable.

FACT: The proposed text amendment provides for orderly development within the Downtown Commercial zoning district on lots 12 through 17 (APN 029-347-020) in accordance with the adopted General Plan for the compatible use of the properties based on neighborhood characteristics.

FINDING: (iii) The Text Change will not, in itself, result in significant environmental impacts.

FACT: The proposed text changes are minor and do not trigger any environmental impacts.

SECTION 4. Approval. Atascadero Municipal Code Title 9 Planning & Zoning is amended, establishing Planned Development Overlay Zone No. 37, as detailed in Exhibit A, attached hereto and incorporated herein by this reference.

SECTION 5. CEQA. This Ordinance is exempt from the California Environmental Quality Act (CEQA), Public resources Code Section 21000 et seq., because it can be seen with certainty that there is no possibility that the enactment of this Ordinance would have a significant effect on the environment (Pub. Resources Code § 21065; CEQA Guidelines §§ 15378(b)(4), 15061(b)(3)).

SECTION 6. Interpretation. This Ordinance must be broadly construed in order to achieve the purposes stated in this Ordinance. It is the City Council’s intent that the provisions of this Ordinance be interpreted or implemented by the City and others in a manner that facilitates the purposes set forth in this Ordinance.

SECTION 7. Preservation. Repeal of any provision of the AMC or of any previous Code Sections, does not affect any penalty, forfeiture, or liability incurred before, or preclude prosecution and imposition of penalties for any violation occurring before this Ordinance’s effective date. Any such repealed part will remain in full force and effect for sustaining action or prosecuting violations occurring before the effective date of this Ordinance.

SECTION 8. Effect of Invalidation. If this entire Ordinance or its application is deemed invalid by a court of competent jurisdiction, any repeal or amendment of the AMC or other City Ordinance by this Ordinance will be rendered void and cause such previous AMC provision or other City Ordinance to remain in full force and effect for all purposes.

SECTION 9. Severability. If any part of this Ordinance or its application is deemed invalid by a court of competent jurisdiction, the City Council intends that such invalidity will not affect the effectiveness of the remaining provisions or applications and, to this end, the provisions of this Ordinance are severable.

SECTION 10. Certification. The City Clerk is directed to certify the passage and adoption of this Ordinance, cause it to be entered into the City of Atascadero’s book of original ordinances, make a note of the passage and adoption in the records of this meeting and within fifteen (15) days after the passage and adoption of this Ordinance, cause it to be published or posted in accordance with California law.

SECTION 11. Effective Date. This Ordinance will take effect on the 30th day following its final passage and adoption.

INTRODUCED at a regular meeting of the City Council held on _____, 2022 and **PASSED, APPROVED** and **ADOPTED** by the City Council of the City of Atascadero, State of California, on _____, 2022.

CITY OF ATASCADERO, CA

Heather Moreno, Mayor

ATTEST:

Lara K. Christensen, City Clerk

APPROVED AS TO FORM:

Brian A. Pierik, City Attorney

EXHIBIT A

Zone Text Change – Planned Development Overlay No. 3637 Text

ZCH22-0022

9-3.681 Establishment of Planned Development Overlay No. 3637

Planned Development Overlay Zone No. 3637 is established as shown on the official zoning maps (Section 9-1.102 of this title). A Planned Development Overlay Zone No. 3637 is established on parcels APN's 049-063-003, 004, 049-071-029, 030 (Parcels 1-4 of AT02-278).

(A) All ~~site~~ development ~~or~~ must be consistent with a City approved Master Plan of Development. A Master Plan of Development approved by the City shall be required prior to completion of conveyance of any site from the City to private ownership. All new development shall be consistent with a Master Plan of Development. The Master Plan of Development shall be reviewed by the DRC and shall consider the views and connectivity between City Hall, Sunken Gardens, the Centennial Plaza and bridge and Colony Square. Building and site designs shall preserve a view corridor to the pedestrian bridge as viewed from West Mall. Any significant building modifications, beyond following approval, including ADA or code required changes, to the site or exterior changes of any building, shall require Design Review Committee review.

(B) The following uses are allowed within the PD-3637 overlay zone on the ground floor:

- | | |
|---|--|
| 1. Artisan Foods and Products | 6. Tasting Room |
| 2. Bar/Tavern | <u>7. Winery – Boutique</u> |
| 3. Eating and Drinking Places | <u>8. Open space areas for passive</u> |
| 4. General Retail* (with additional parameters - see below) | <u>outdoor use including walking,</u> |
| 5. Microbrewery – Brewpub | <u>gathering, public entertainment,</u> |
| | <u>seating, and related, dedicated for</u> |
| | <u>use to the public</u> |

**Additional Parameters for General Retail:*

* 1. Minimum operating hours (open to the public) shall be 4 days per week, 6 hours per day, and open until at least 7PM.

2. The following retail uses shall not be allowed: Building materials and hardware, medical supplies, office supplies, or other items that do not contribute to the synergy, pedestrian orientation and general plan consistency for the downtown.

(C) The following uses are allowed within the PD-~~3637~~ overlay zone above the ground floor:

- | | |
|---|-------------------------|
| 1. All uses as allowed on ground floor list | 5. Multifamily Dwelling |
| 2. Business Support Services | 6. Personal Services |
| 3. Live/Work Unit | 7. Offices |
| 4. Lodging/hotel/motel/vacation rental | |

(D) Property Development Standards

1. Front yard setback: at East Mall:
10-foot building setback shall be required for ground floor portions of the building, setback may be utilized for outdoor dining, awnings, second or third story building projections such as decks, patios or other floor area, signs, and other features designed to enhance the public space. No building setback shall be required at the rear side, facing Atascadero Creek.
2. Parking:
No on-site parking shall be allowed. Parking required for residential uses shall be required at the rate of one space per two bedrooms (minimum one space per unit), to be located off-site within 1,000 feet of the property boundary and provided in perpetuity through an off-site parking agreement. No parking shall be required for retail and restaurant uses on the ground floor consistent with this PD. No parking shall be required for office, or transient lodging uses.
3. Height:
45 Feet, maximum of three stories, with each successive story a minimum of 10% reduced floor area from story below. Use of roof area permitted for outdoor uses/occupancy. Non-habitable roof projections such as elevator enclosures, parapet walls, roof forms, and other architectural features may extend above the maximum height up to 8 feet.

(E) Site and Building Design

1. A single development project shall be completed on the north east side of the plaza, or as one cohesive project on all of the lots. North east side lots shall be merged prior to conveyance to private ownership.
2. Building designs may bridge the plaza space when a minimum vertical clearance of 16 feet is maintained and a minimum plaza width of 20 feet is maintained. When portions of buildings cover the plaza, provisions for natural light, ample visibility, and unrestricted public/pedestrian access, shall be maintained.

3. Building architecture shall complement, but not duplicate, City Hall. Designs that incorporate brick, extensive glazing, tile roofs, balconies, and opportunities to utilize outdoor spaces shall be strongly encouraged.
4. Recessed building entries with a depth of at least six feet, transom windows, and glazing along East Mall that allows 60% visibility into the ground floor space shall be required. Glazing shall not be blocked by interior walls or panels.
5. Encroachments that provide for outdoor dining shall be encouraged at Centennial Plaza and the public sidewalk while maintaining a minimum path of travel of 8 feet on the plaza and 6 feet on public sidewalks.
6. Fire Backflow Devices. Fire backflow devices are required to be integrated into the site or building design, are prohibited in any public right-of-way, and must be accessible to Fire Department and Water Company personnel at all times.
7. Building coverage: No limit. Each successive floor shall reduce interior floor space by 10% to enhance building articulation and reduce building massing.
8. Stormwater: No above ground stormwater retention may be allowed on-site in excess of 400 square feet over the entire Planned Development.
9. Native Trees: No Heritage trees shall be impacted or removed by proposed development. Native trees that contribute to the tree canopy of Centennial plaza, the parking lot, and the creek pathway should be preserved in place and protected during construction as feasible. Some native trees may need to be pruned or removed to accommodate appropriate site development. The existing off-site Deodar Cedar shall be preserved and protected. Any tree removals shall be subject to the City's Native Tree ordinance.
10. Public Restrooms: Public restrooms shall be provided to customers in one or more of the ground floor buildings within the PD. Restrooms shall be open to the public during open business hours in a location that is accessible from the ground floor.



Atascadero City Council

Staff Report – Administrative Services Department

Fiscal Update

RECOMMENDATION:

Council receive and file fiscal update.

DISCUSSION:

Background

The City of Atascadero has worked hard to maintain fiscal stability through the ups and downs in the economy that have occurred over the years. It is the City's goal to continue to be responsible and accountable stewards of the City's resources now and into the future by efficiently and effectively investing in modern and reliable infrastructure and equipment and maintaining financial stability regardless of economic conditions.

Analysis

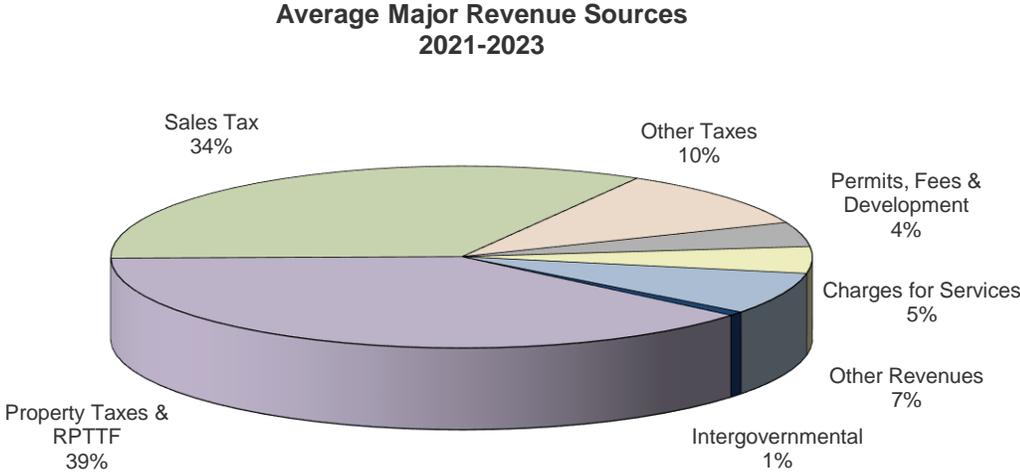
Following is a discussion of key data points that impact the City's bottom line. The City is currently in the middle of a two-year budget cycle. The assumption developed and used for the current budget cycle were derived during the midst of the COVID-19 pandemic. The pandemic shut down the economy in ways that had never been experienced before, and there is no certainty that the forecasts in the budget and Seven-Year Projection are wholly accurate. Monitoring progress is more important than ever.

Staff continues to analyze City revenues and expenditures and compare them with the budgeted assumptions to monitor performance and bring to Council any necessary adjustments. Through this analysis, staff believes the City's finances are currently stable as economic recovery from COVID-19 continues. In addition, the City now has the new Sales Tax Measure D-20 Essential Service Tax revenue programmed in the current budget which is providing for many urgently-needed expenditures.

Property Tax Revenue

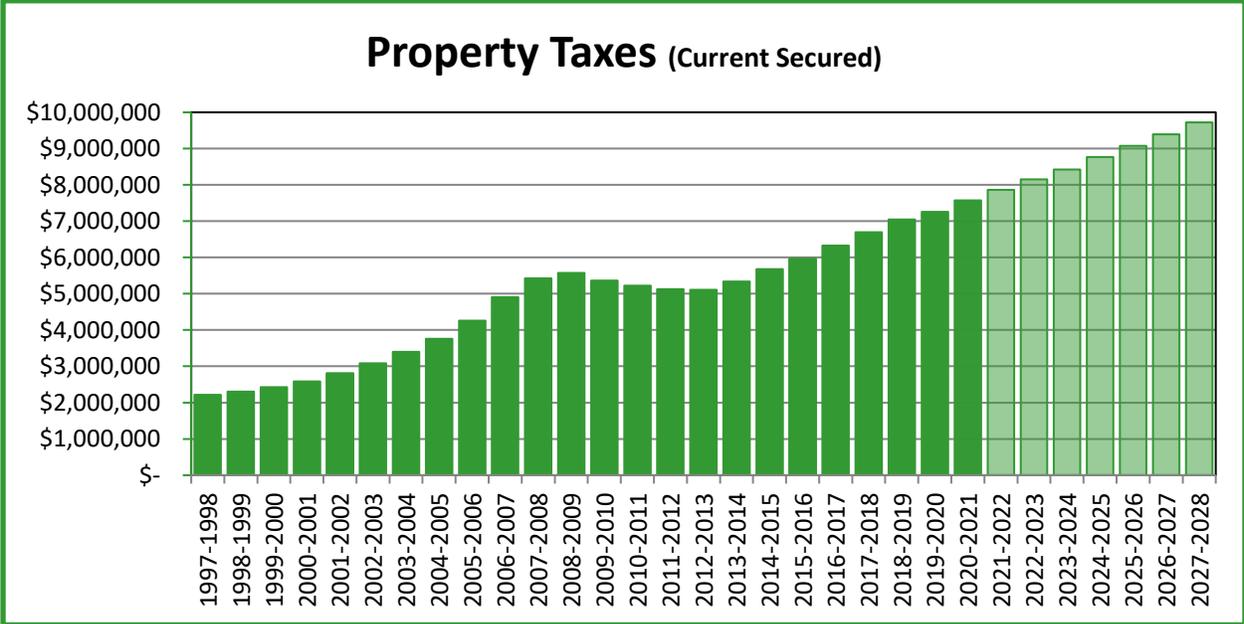
Property Tax revenue is the City's largest single revenue source. The City's 2021-2023 budget estimates that property tax revenue makes up about 39% of total General Fund Revenue (excluding Measure F-14 Funds). The tax is based on the underlying assessed value of the property, rather than on a fixed amount or benefit to the property or person.

The Council’s focus on economic development is helping over time to expand the taxable property base. For every \$1 million that is added in new construction, \$10,000 a year is paid to the County in property tax, and about \$1,600-\$1,800 of that comes back to Atascadero’s General Fund.



The property taxes that are due in fiscal year 2021-22 were calculated based on valuations determined in January 2021. Because property tax revenue is based on the assessed value of property as of the beginning of each calendar year, it is a very stable revenue source and typically doesn’t lend itself to the more drastic fluctuations in the economy as other revenues sources.

In December 2021, the State Board of Equalization announced that the California Consumer Price Index (CCPI) used by Counties to determine the increase in the assessment rate was 5.561%. Accordingly, county assessors used the maximum inflation rate of 2% to increase the base valuation. In addition to inflation increases in the existing property value, construction of new properties add value to the tax roll and thus increase revenues as well. The County Assessor’s projections for fiscal year 2021-22 are fairly consistent with City budgeted revenue projections, as are the Assessor’s projected fiscal year 2022-23 increases of 4% in the Countywide Secured roll. City property tax revenues are projected to increase around 3% - 4% through fiscal year 2027-28.



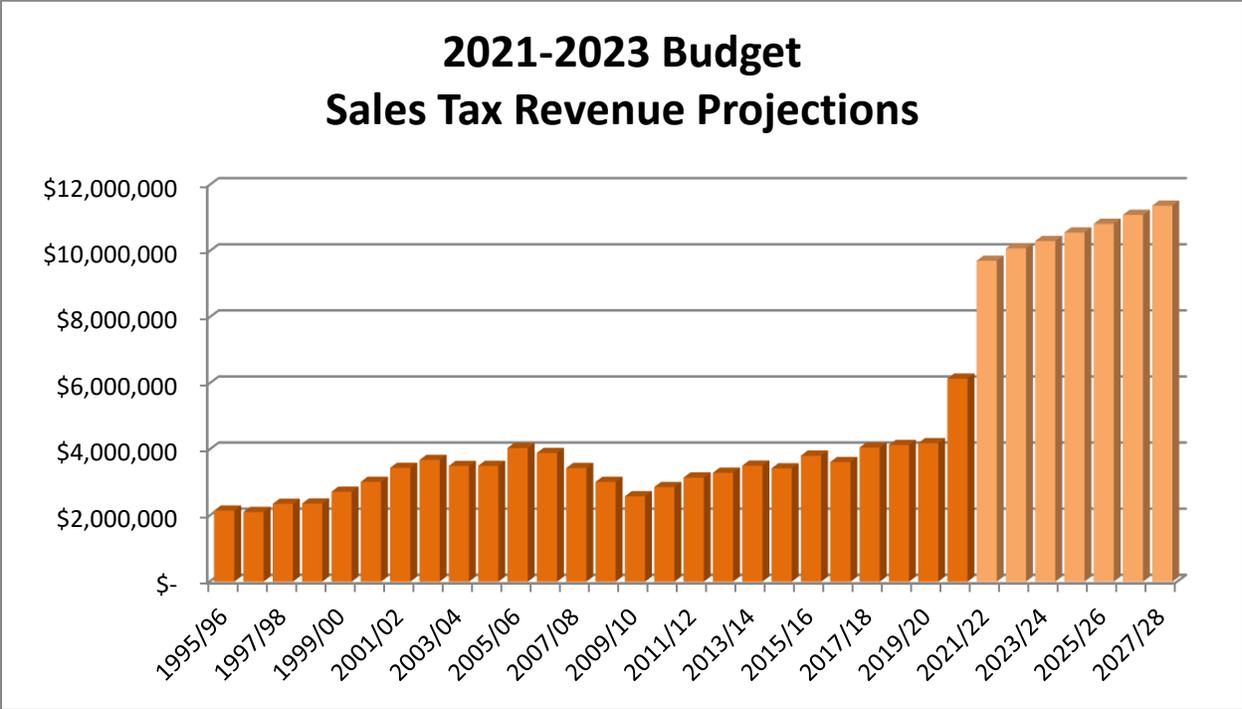
Beacon Economics’ California Outlook Spring 22 forecasts that housing prices in the state will continue to rise throughout the end of the calendar year. The UCLA Anderson Forecast (March 9, 2022) predicts relatively rapid growth in home building in the state. The expectation for California is for 123,000 net new units to be granted permits in 2022, climbing to 151,000 by 2024. However, in their United States Outlook, Beacon Economics suggests that the economy is unsustainably overstimulated and will course-correct at some point. What that looks like is unknown at this time. Fortunately, the amenities of the California Central Coast that are appreciated by local residents are expected to help maintain value in the assessed roll in Atascadero. Additionally, the City is seeing the development of many of the economic “hot spots” that will not only increase the assessed roll, but also bring much needed head-of-household jobs to the community. This in turn is expected to help support the housing market.

Sales Tax Revenue

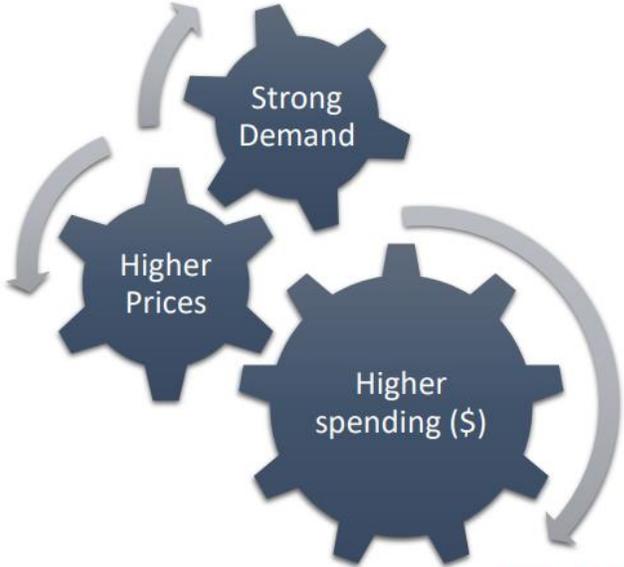
Historically, sales tax revenue averaged about 18% of General Fund revenue. This has changed due to the generosity of Atascadero voters who approved Sales Tax Measure D-20 in November of 2020. Fiscal year 2020-21 was the first year to reflect Sales Tax Measure D-20 revenue. The City’s 2021-23 budget estimates sales tax revenue, including Measure D-20, will average about 34% of total General Fund revenue. Sales tax is arguably the most volatile of the major revenues and is highly reactive to the local, state and national economies.

The City has projected Bradley Burns Sales Tax revenue of about \$4.5 million in 2021-22 and about \$5.2 million of Sales Tax Measure D-20 revenue in the same period. Based on current trends, HdL Companies (HdL), the City’s Sales Tax consultant, is projecting an additional 10% increase in revenue over the City’s seven-year forecasted revenue.

The following graph illustrates sales tax revenue projections as included in the 2021-2023 budget. This graph includes both Bradley Burns Sales Tax revenues, as well as Sales Tax Measure D-20 revenue.



HdL analyzed state-wide sales tax trends and is projecting common economic influences across the difference tax generating groups including ongoing COVID pandemic impacts such as supply chain disruptions, manufacturing slowdowns and employment shortages. Further, their forecast incorporates higher labor and raw material costs, along with higher fuel prices and inflationary pressures that are expected drive taxable goods prices upward now and through the next fiscal year.



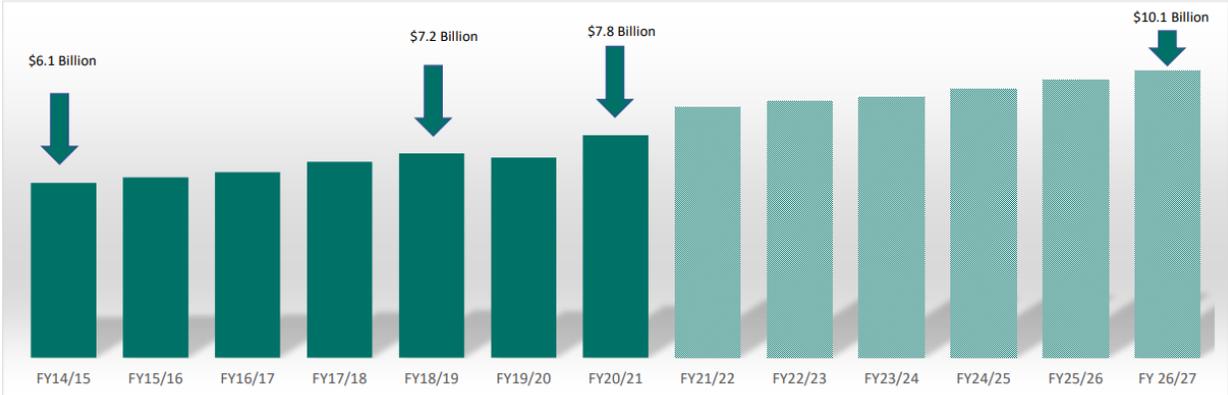
Supply chain bottlenecks and labor shortages along with strong demand put downward pressure on supply, which in turn puts upward pressure on prices, and eventually, upward pressure on spending and sales tax revenue.



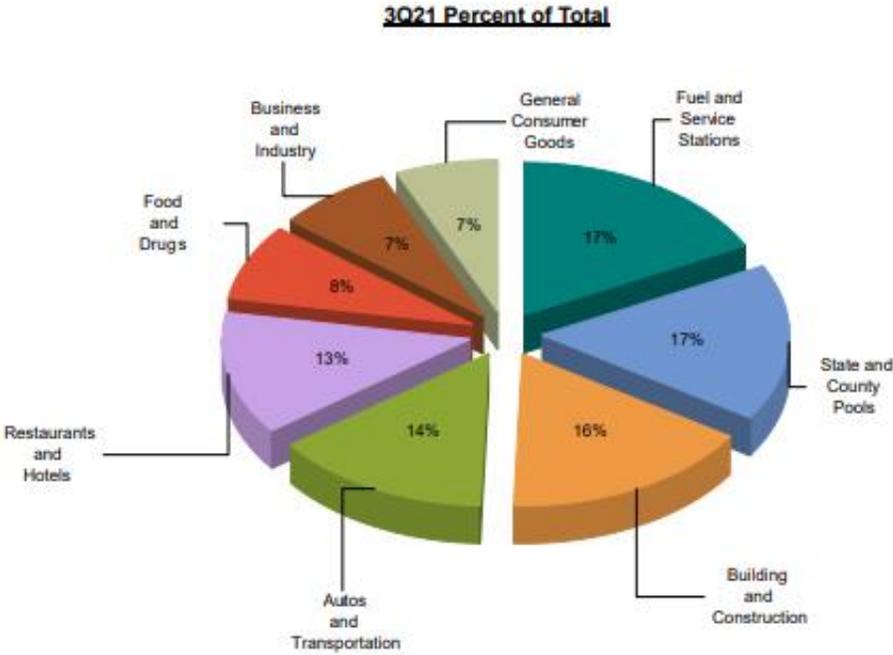
Despite the higher interest rates, inflation and prices, HdL projects statewide trends of above average growth in sales tax revenue in 21/22, with a deceleration in 22/23 and 23/24, before returning to a more typical growth rate beginning in 24/25. Atascadero’s sales tax revenue will not necessarily follow the statewide trend, but it does provide useful information on general trends.

HdL Statewide Trend – Annual Outlook (FY)

% Change YoY	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27
	3.2%	2.7%	5.6%	4.4%	-2.1%	11.2%	12.3%	2.4%	1.8%	3.1%	3.3%	3.4%



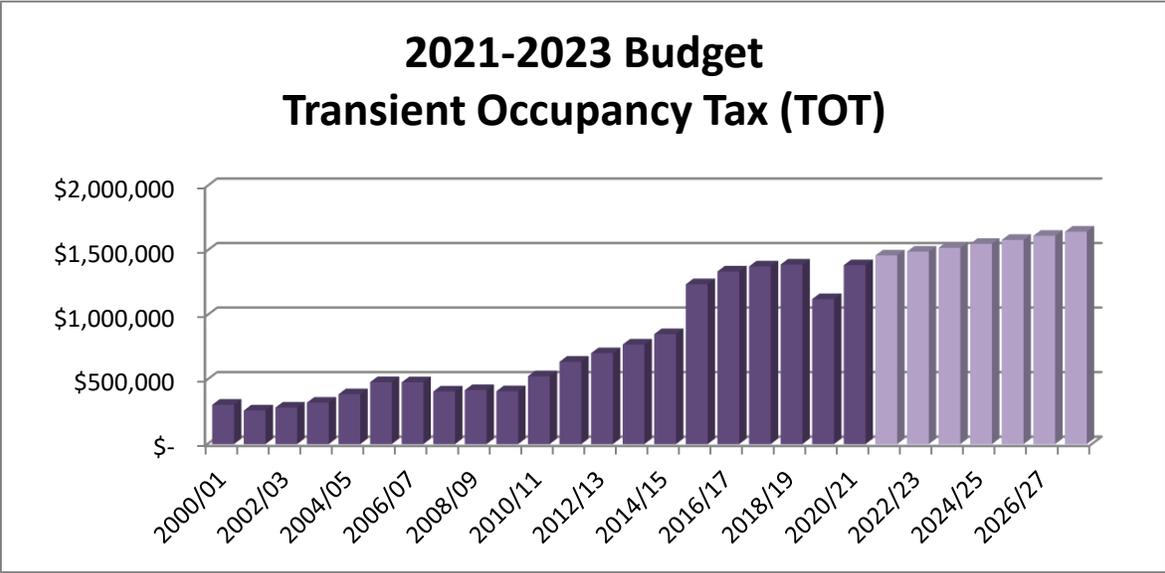
Of Atascadero’s sales tax revenue, around 17% is due to sales from fuel and service stations. Strong, short-term gains are projected for fiscal year 21/22, followed by long-term annual projected growth of 2%.



For the period July – September 2021, the Building and Construction Industry made up about 16% of the City’s sales tax revenue. HdL projected this sector would continue relatively strong growth through March 2022, and will then flatten through March 2023, before it resumes a modest growth rate between 2%-5% out though fiscal year 26/27.

Transient Occupancy Tax (TOT) Revenue

Transient Occupancy Tax (TOT) are revenues collected from guests staying at lodging facilities within the City. This is a local revenue, with which the City has significantly more influence. Prior to COVID-19, the City had seen a sizable increase in TOT revenues with the Council’s emphasis on promotion and economic growth and the efforts of the Atascadero Tourism Business Improvement District. The increase in additional lodging facilities provides the potential for additional TOT revenue.

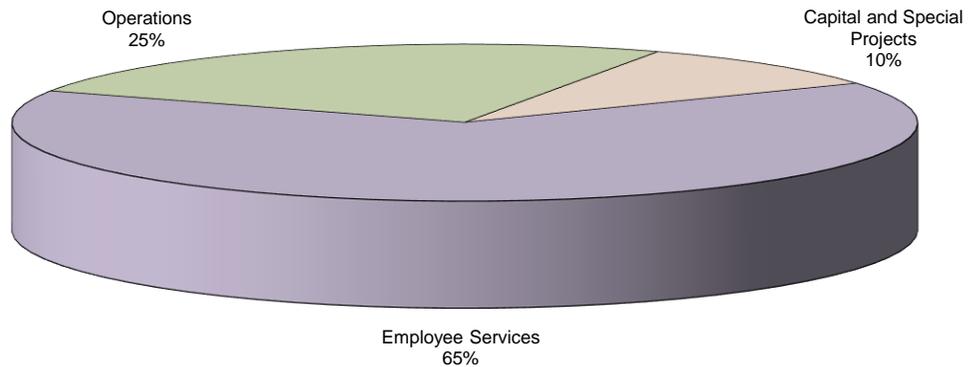


During the 2021-2023 budget cycle, staff estimated that TOT revenues for fiscal year 2020-2021 would increase by 11% from fiscal year 2019-2020. Actual TOT revenues exceeded estimates for fiscal year 2020-2021 and saw an increase of 23.3% over the previous fiscal year. TOT is now the third largest source of General Fund revenue. Revenue for the first two quarters of fiscal year 21-22 is already at 77% of budgeted revenue for the year. TOT is expected to exceed revenue projections in fiscal year 2022. Cities across the state are seeing similar trends. For example, the City of Santa Barbara collected 86% of the budgeted revenue in the first 8 months of the fiscal year. City of Los Angeles is projecting a TOT revenue increase of 97%, and the City of San Diego, 26%.

Expenses

The City is a service organization and employee services are the backbone of the community. The largest portion of General Fund expenditures is dedicated to employee services. An average of 65% of General Fund expenditures for the two-year budget cycle were allocated directly toward the cost of employee services. Employee services includes not just salaries, wages and overtime, but also health insurance, retirement costs, and other expenses such as Medicare, unemployment insurance, workers' compensation, and increases to minimum wage for part-time employees.

**Average Expenditures by Category
2021-2023**



The City has been able to stay within its limited financial constraints with the cooperation of its employees. While there are some differences in benefits packages between jurisdictions, the City has consistently been amongst the lowest total compensation for most positions at the City. While compensation is often not the only reason an employee chooses to work for an employer, when there are significant differences in pay, it is an important consideration. Because the cost of living is high in the area, and neighboring jurisdictions were able to pay more, the City's low wages were often a barrier to attracting, hiring and most importantly, retaining professional employees. The has had a large effect on City operations as vacancies lead to even lower staffing levels, inefficiencies and additional incurred costs as new employees are trained. The Police Department, in particular, was experiencing exceptional difficulty in recruiting Police Officers and Public Safety Dispatchers. The nationwide negative attitude toward law enforcement in combination with Atascadero's salary schedule being one of the lowest in the County made it difficult to recruit and retain Police Department personnel. The passage of Measure D-20 has provided much needed funding to support not only public safety, but citywide staff as well.

New Memorandums of Understanding (MOUs) reflecting the updated salary schedule were negotiated with all labor groups and approved by Council. These MOUs were effective starting July 1, 2021. The portion of Measure D-20 funds allocated in this budget cycle to salary changes has been in an effort to bring those salaries more in line with other comparable agencies. The intention of this citywide salary change is to increase staff efficiencies, provide improved services to the public, and to reduce long-term costs by attracting and retaining qualified professional employees.

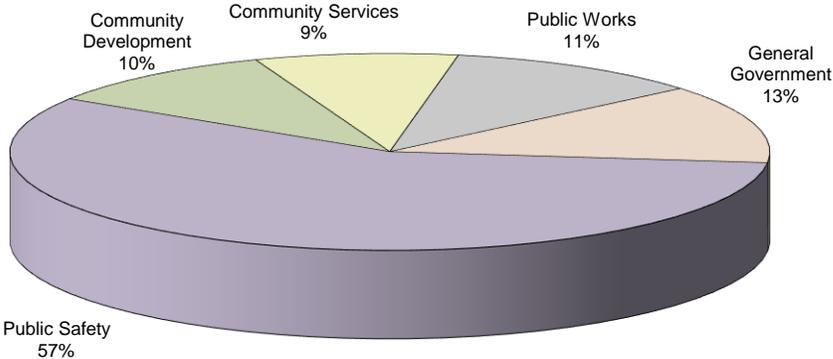
In addition to the salary schedule changes, the 2021-23 budget allocated funds for new positions:

- Five new police officers
- One new public safety dispatcher
- One Website/Social Media Technician
- Confirmation of Battalion Chief from temporary two-year position to permanent, and permanent position for SAFER grant firefighter

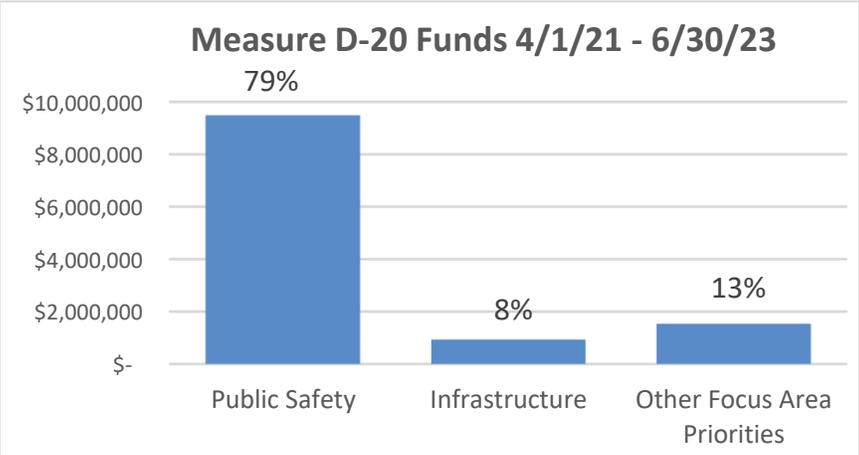
As a result of all the changes, the Police department has been able to fill most of their original eight officer vacancies and public safety dispatch positions.

About 57% of the City's General fund expenditures is devoted specifically to the Police and Fire departments. This includes the costs of each officer and fire fighter, their equipment, supplies, training and other costs.

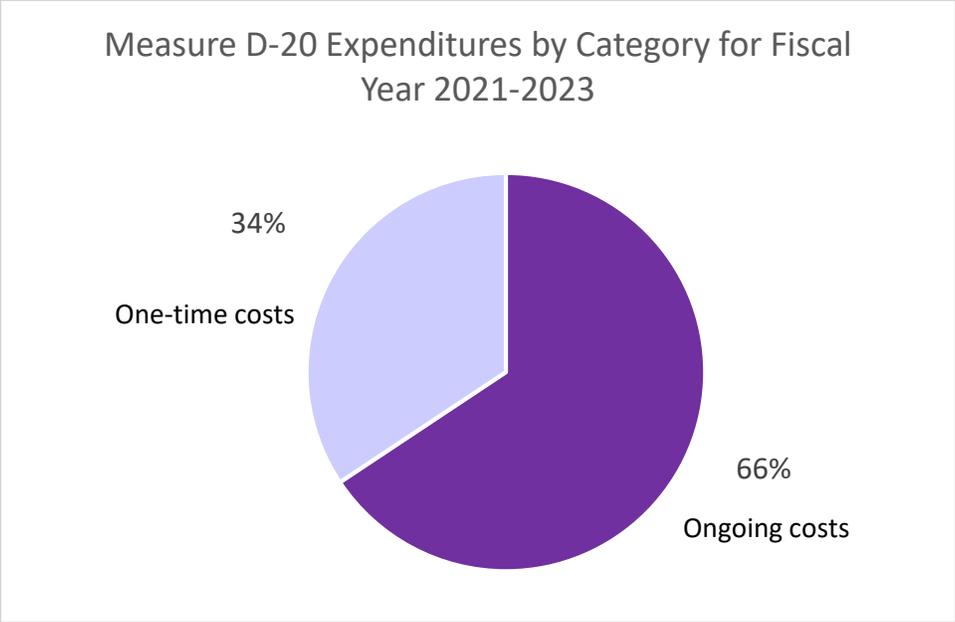
**Average Expenditures by Function
 2021-2023**



Along with increases in Employee Services, Measure D-20 funds allowed for increases in the operating budgets and Special and Capital Projects. Of the total Measure D-20 allocated in the 2021-23 budget, 79% went toward public safety (police, fire, and public works) in categories of employee services, operating budgets, equipment and vehicle purchases, and reserves for future equipment and vehicle purchases.



Council approved a balanced strategy for the use of Measure D-20 funds that balanced operational expenditures with one-time expenditures in order to accommodate future growth for Measure D-20 funds.

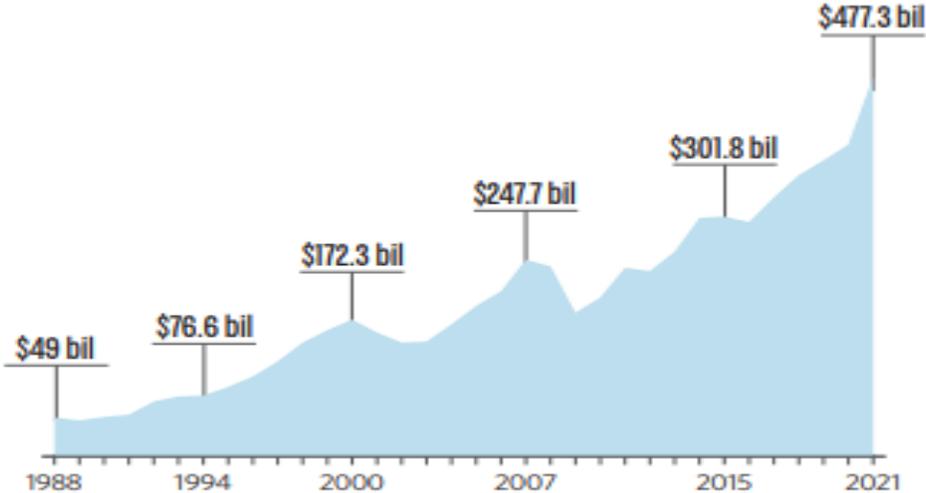


CalPERS

CalPERS retirement costs are another area staff has been closely monitoring. The ongoing “normal” costs of retirement and the CalPERS projected payments for the Unfunded Accrued Liabilities (UAL) are included in the City’s existing Seven-Year Projection, as found on Page B-11 in the 2021-2023 Budget Document.

CalPERS reported a 21.3% return on investments for fiscal year ended June 30, 2021. This prompted a 0.2% reduction of the discount rate to 6.8% (which will affect Atascadero’s rates starting in fiscal year 2023-2024). This is due to Cal PERS’ Funding Risk Mitigation Policy, which states that a double-digit return will trigger a reduction in the discount rate used to calculate employer and PEPRAs member contributions.

CalPERS reported the market value of the total fund was \$477.3 billion as of 06/30/21.



The funded status of the overall PERF was estimated to be 80% under the new discount rate of 6.8%, as of June 30, 2021. CalPERS has taken steps over the last few years to put the fund in a position to better weather a downturn, expecting that a downturn would eventually occur. CalPERS has implemented a plan to take advantage of downturns in the market as investment opportunities.

City staff will continue to monitor CalPERS, the expected investment returns, and other factors that may have an impact on the City’s current and future budgets.

Reserves

The City’s overall financial strategy has consistently been to maintain a conservative outlook by putting aside reserves in good times and then using those reserves during down periods to achieve stable operations. By employing this conservative strategy, the City can avoid the undesirable peaks and valleys in services due to revenue fluctuations and can better maintain its long-term financial vitality.

The Council's Financial Strategy has been effective at building a General Fund Reserve. As of June 30, 2021, the General Fund (excluding Sales Tax Measure F-14 funds) had an available fund balance of \$12.8 million, or 48% of the General Fund

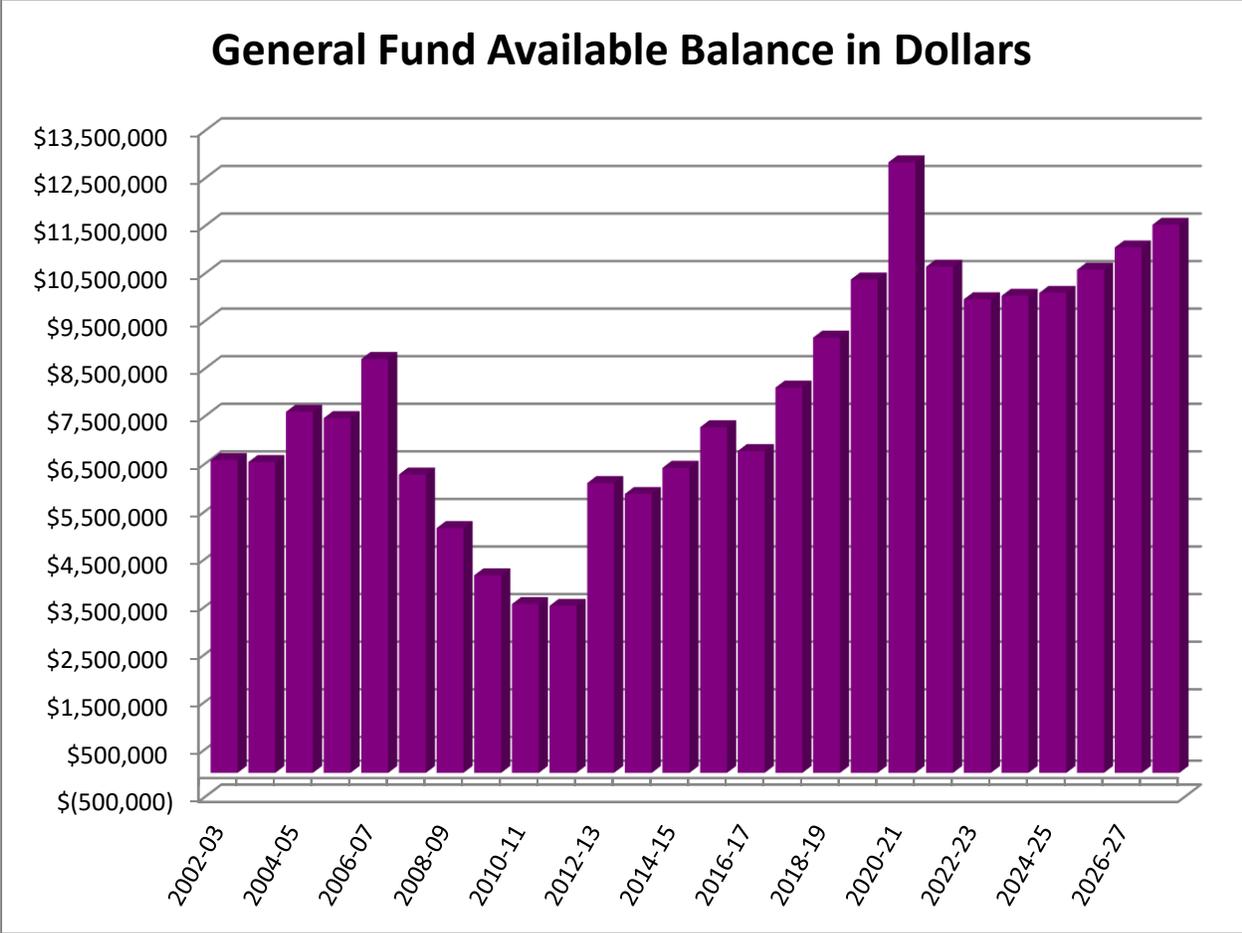
Funded Status Total PERF



* The PERF is the Public Employees' Retirement Fund. This percentage includes the terminated agency pool and the 1959 survivor benefit plan. Percentage based on a 7.0% discount rate.
 ** The 82% estimate is based on the 7% discount rate as of 6/30/2021. On 7/1/2021, the risk mitigation event was triggered due to the 21.3% investment return for FY 2020-21 and the 80% estimate is based on the new 6.8% discount rate.



Expenses. The 2021-2023 budget cycle includes the use of just over \$2.6 million in reserves for the two-year period in order to maintain a consistent level of City services. The Seven-Year Projection in the 2021-2023 budget shows projects that starting in fiscal year 2023-2024, those reserves will begin to rebuild.



Conclusion

COVID-19 and the resulting Great Shutdown upset the economy both locally and throughout the world. The good news is that the City Council Financial Strategy put the City in a good position to be able to maintain consistent services throughout this downturn, and provided a financial cushion to buy some time before making any decisions that could really impact the City. Some sectors of the economy continue to be impacted by COVID-19, as others have improved or even exceeded pre-pandemic levels.

The length of time that the economy will be impacted by COVID-19 is unknown, but the City’s Financial Strategy is designed to insulate the City from such economic instability. The bigger financial picture is the state of the City’s ongoing operations. The City runs a tight budget and does the best possible with the limited resources. Measure D-20 revenue is providing for many critical expenditures that are needed to continue to provide first rate service to the community. Staff continues to look for opportunities for grants and efficiencies, and is monitoring the economic trends and local impacts in order to maintain the upmost financial health for the City.

FISCAL IMPACT:

None.

ATTACHMENTS:

1. The Beacon Outlook- California, Spring 2022
2. The Beacon Outlook- United States, Spring 2022
3. HdL Companies- California Forecast, Sales Tax Trends and Economic Drivers, December 2021
4. UCLA Anderson Forecast- The California Report: Delta, Migration and Relative Affordability, December 2021



THE BEACON OUTLOOK CALIFORNIA

Spring 2022

Taner Osman PhD, Research Manager

HIGHLIGHTS

STATE GDP RETURNS TO PRE-PANDEMIC TREND

California's GDP has effectively returned to its pre-pandemic trend, marking a complete recovery in that metric. In 2022, GDP could push even higher than trend but only in the short term. The state's output should return to its long-run average as the wealth buildup that occurred throughout the pandemic diminishes.

CALIFORNIA JOBS RECOVERY STILL TRAILS

Having regained just 72% of the jobs lost at the onset of the pandemic, California continues to lag the nation in its employment recovery. As of December of last year, there were still 768,600 fewer people employed in the state compared to February 2020. However, in 2021, California added jobs at a faster rate, and because the state has more room to grow, that better performance should continue in 2022 and converge to the national trend.

INLAND RENT SPIKE

In coastal California, rent has increased by approximately 3% since the first quarter of 2021. At the same time, rent in inland communities has surged by 16%. This is likely being driven by the ability of workers to work remotely during the pandemic and, therefore, move to more affordable markets, increasing demand significantly. As people return to their places of work, it will place upward pressure on coastal rents in 2022.

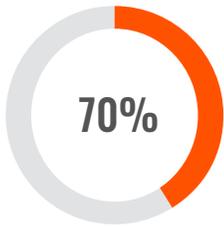
KEY INDICATORS



California Median Home Price

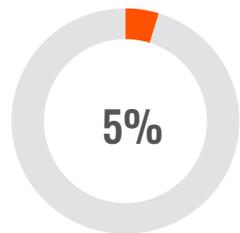
Housing scarcity has pushed median home prices in the state above \$650,000, double the national figure. The specter of higher interest rates will weigh on price appreciation in 2022.

\$650,000+



Share of California Residents Who Are Vaccinated

With high vaccination rates and in the absence of another variant or resurgence, the state's health mandates are beginning to disappear quickly. This, hopefully, is the beginning of the end of a tumultuous two-year period in California's history.



Nominal Wage Increase (well, sort of)

As labor shortages persist, wages have risen in California. Nominal wages grew by 5% in 2021... but there's a twist. Real wages in the state barely increased during the year, offset by record inflation.

CALIFORNIA FORECAST

CALIFORNIA FORECAST - KEY INDICATORS

	Current	Forecast				
	Q4-21	Q1-22F	Q2-22F	Q3-22F	Q4-22F	
Home Prices (\$, SA)	657,460	665,778	673,545	681,091	688,411	
Real GDP (Millions 2012\$, SAAR)	2,916,993	2,931,586	2,969,461	3,000,130	3,024,683	
Nonfarm Payrolls (000s, SA)	16,841	17,112	17,326	17,497	17,654	
Unemployment Rate(% , SA)	6.9	7	7	6	6	
		Q1-23F	Q2-23F	Q3-23F	Q4-23F	Q1-24F
Home Prices (\$, SA)		695,575	702,617	709,575	716,473	723,336
Real GDP (Millions 2012\$, SAAR)		3,052,746	3,076,074	3,100,486	3,124,987	3,149,161
Nonfarm Payrolls (000s, SA)		17,761	17,841	17,898	17,934	17,960
Unemployment Rate(% , SA)		6	6	6	6	6

Source: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, CoreLogic; Forecast by Beacon Economics

THE BEGINNING OF THE END

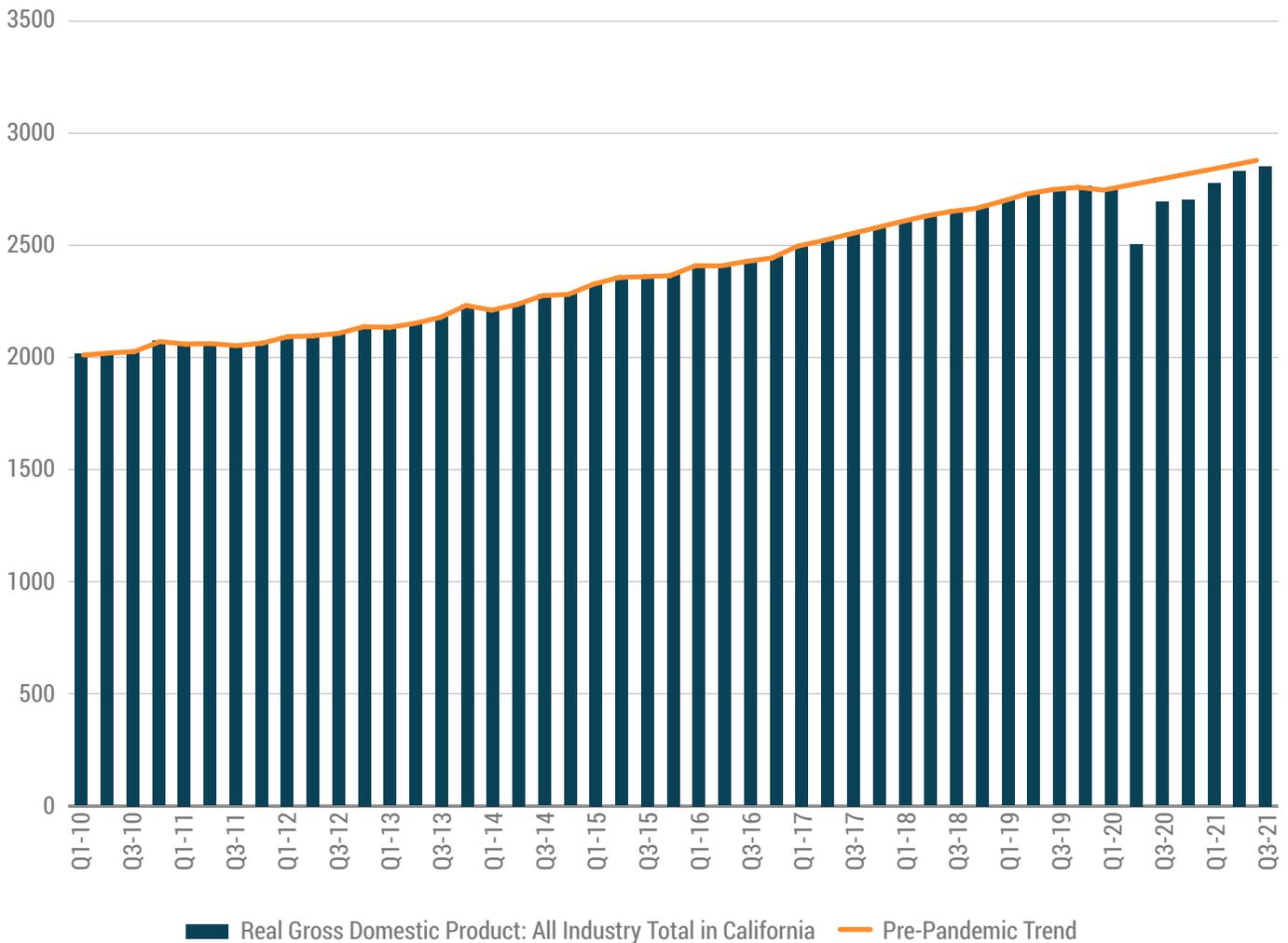
With more than 70% of the state’s residents fully vaccinated, and with COVID-19 hospitalizations having fallen precipitously, on February 16th, California announced plans to lift mask mandates in many indoor venues. In the absence of a resurgence, the public health mandates put in place to halt the spread of the virus are beginning to disappear quickly. This, hopefully, is the beginning of the end of a tumultuous two-year period in California’s history, marked by tens of thousands of virus-related deaths, great strain on the state’s healthcare infrastructure, as well as transformations in venues ranging across education, leisure, and work.

Amidst this turmoil, California’s economy has, in many areas, fully recovered from the sudden and dramatic fallout of the pandemic, and some parts of the economy have even exceeded their pre-pandemic trend. This growth has been fueled in part by unprecedented fiscal and monetary stimulus, as well as the unique attributes of the recession (discussed further in the United States outlook). Today, the challenges facing California’s economy are very much the same as they were prior to the pandemic. In fact, the pandemic has acted as an accelerant to these long-standing issues. Housing scarcity has pushed median home prices in the state above \$650,000, double the national figure, and the contraction of California’s labor force during the pandemic has exacerbated ongoing labor shortages. Interesting questions also surround the extent to which responses to the pandemic – such as the greater tendency for workers to work from home and spikes in non-coastal rental markets – will endure.

RECOVERED: CALIFORNIA'S OUTPUT

While California's output dropped 9% at the outset of the pandemic, as mandates restricting business activity and fear of catching the virus curtailed consumer activity, output in the state was 3% higher in the third quarter of 2021 compared to the first quarter of 2020. California's GDP has effectively returned to its pre-pandemic trend, marking a complete recovery in that metric. In 2022, the state's GDP could push slightly above its pre-pandemic trend, but will soon return to its longer-term average as the excess in savings induced by the pandemic is depleted.

CALIFORNIA GROSS DOMESTIC PRODUCT, 2010-2021



Source: U.S. Bureau of Economic Analysis; Analysis by Beacon Economics

LAGGING: EMPLOYMENT AND UNEMPLOYMENT

California’s recovery in total jobs as well as its unemployment rate continue to lag the nation. As of December 2021, the state had recovered just 72% of the jobs lost in March and April 2020, and there were still 768,600 fewer people employed in California compared to February 2020, the onset of the pandemic. Overall, total nonfarm employment in the state has contracted 4.4% since that time compared to a 2.3% drop nationally. However, during 2021, California added jobs at a faster rate than the national economy. Payrolls in the state expanded 6% from December 2020 to December 2021, well above the 4.5% increase in the nation over the same period. California’s outperformance last year should continue in 2022. Quite simply, there is more room to grow in the state than there is nationally, so employment in California should continue to converge to the national trend.

Remarkably, since February 2020, only two sectors have gained jobs in the state: Transportation, Warehousing, and Utilities and Professional, Scientific, and Technical Services. Two of the biggest laggards, Leisure and Hospitality and Other Services, which includes hair and nail salons, should drive employment growth throughout the remainder of this year, as in-person activity continues its return to normalcy.

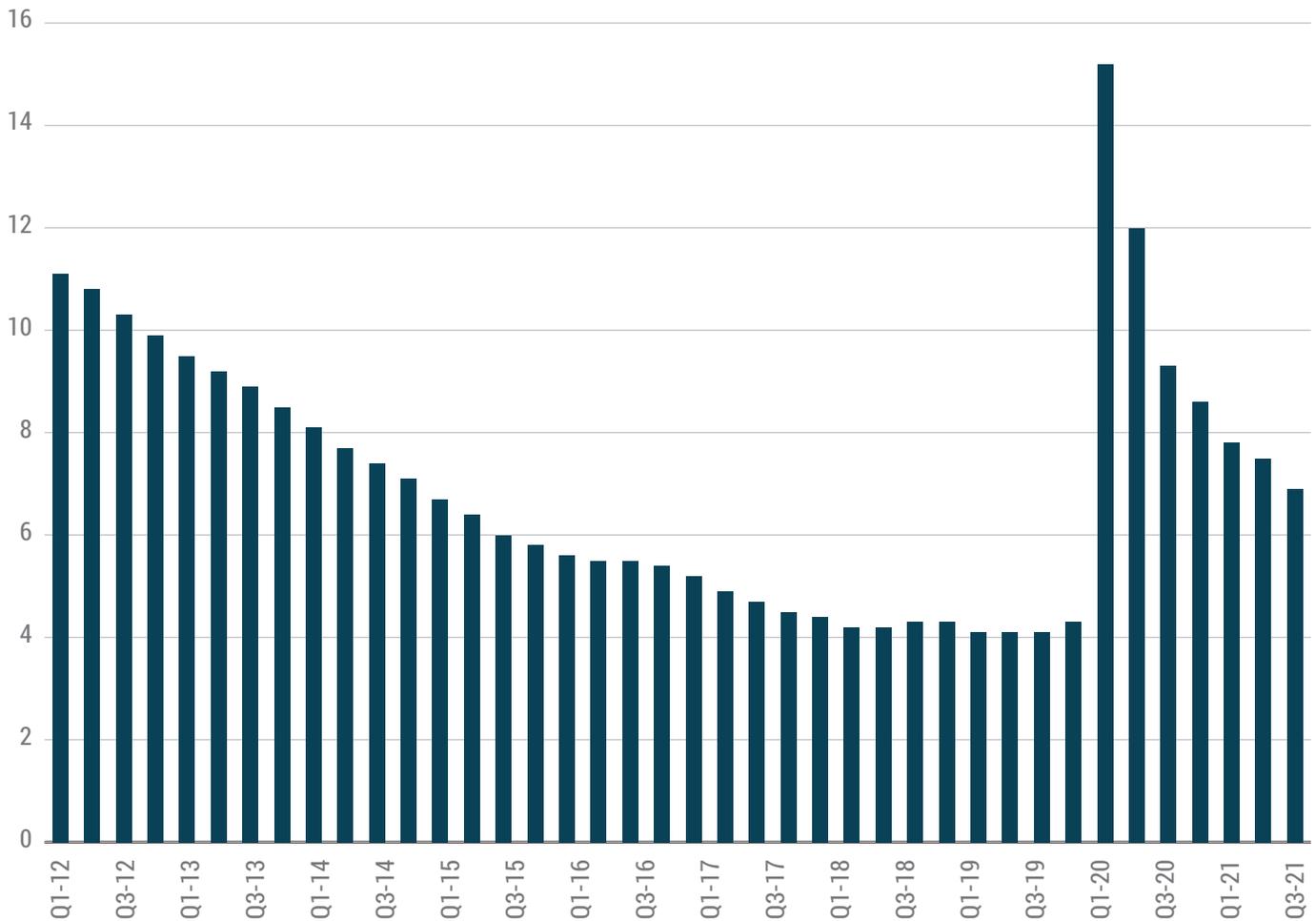
INDUSTRY EMPLOYMENT CHANGE, FEBRUARY 2020 – DECEMBER 2021

Industry	Dec-21	Change Since Feb-20 (#)	Change Since Feb-20 (%)
Total Nonfarm	16,892,300	-768,600	-4.4
Transportation, Warehousing & Utilities	798,400	66,200	9.0
Professional, Scientific & Technical Services	1,410,400	52,300	3.9
Educational & Health Services	2,823,600	-38,900	-1.4
Finance & Insurance	531,200	-11,600	-2.1
Construction	891,000	-22,300	-2.4
Information	563,600	-17,500	-3.0
Administrative & Support & Waste Services	1,123,100	-35,700	-3.1
Manufacturing	1,274,700	-53,100	-4.0
Retail Trade	1,574,400	-74,100	-4.5
Management of Companies & Enterprises	242,400	-12,000	-4.7
Wholesale Trade	651,500	-34,800	-5.1
Government	2,454,200	-161,100	-6.2
Real Estate & Rental & Leasing	283,300	-22,700	-7.4
Other Services	508,800	-84,500	-14.2
Leisure & Hospitality	1,742,900	-315,300	-15.3
Mining and Logging	18,800	-3,500	-15.7

Source: California Employment Development Department; Analysis by Beacon Economics

California’s unemployment rate fell to 6.5% in December, elevated relative to the 3.9% rate in the United States overall. The state’s higher unemployment rate is primarily due to the underperformance of California’s labor market, relative to the national picture. Since February 2020, the state’s labor force has contracted by 358,100 workers, a 1.8% decline. However, higher wages should draw workers back into the labor force, and there is already some evidence of this. Nominal wages in California were up 5% in 2021 as employers paid more in their search for relatively scarce workers. However, real wages in the state barely rose during the year due to inflation.

CALIFORNIA UNEMPLOYMENT RATE, 2012-2021



Source: California Employment Development Department; Analysis by Beacon Economics

CALIFORNIA AVERAGE WAGE, ANNUAL CHANGE

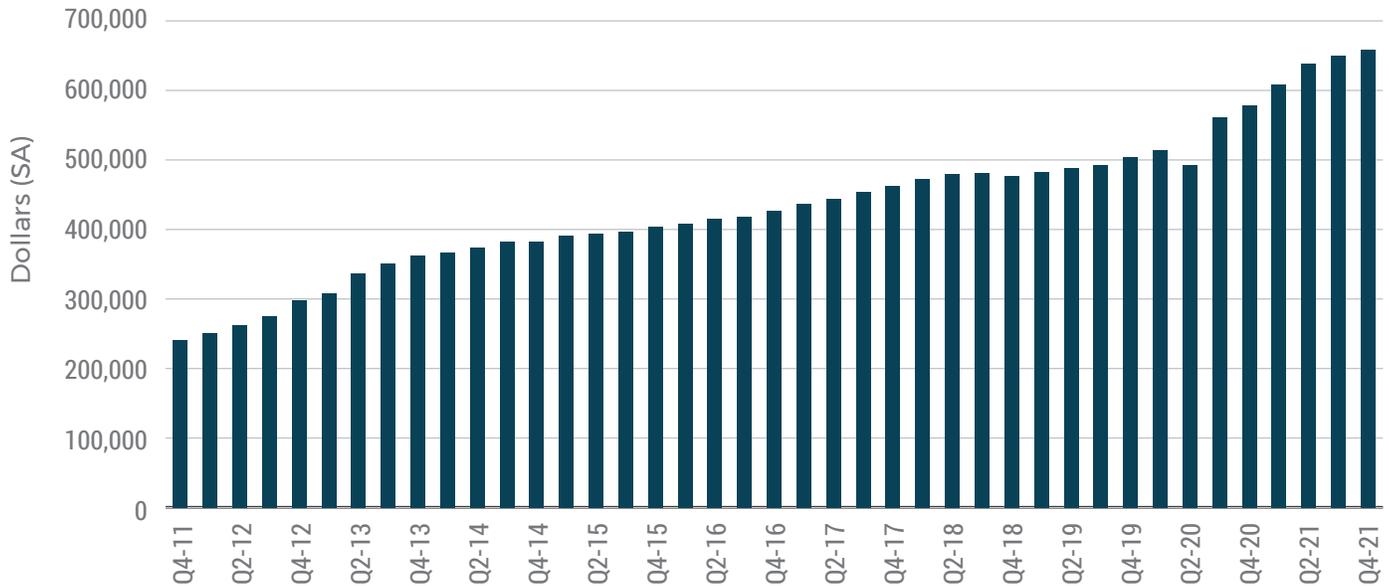
Industry	Q2-21	Year Over Year Change (%)
Total Nonfarm	85,265	7.2
Finance & Insurance	183,470	27.8
Leisure & Hospitality	39,147	19.4
Information	246,387	13.9
Manufacturing	121,299	12.5
Transportation, Warehousing & Utilities	77,633	11.3
Professional, Scientific & Technical Services	149,740	10.6
Management of Companies & Enterprises	163,136	10.5
Real Estate & Rental & Leasing	83,543	10.3
Retail Trade	45,838	9.0
Wholesale Trade	92,384	8.5
Health Care & Social Assistance	59,151	7.2
Construction	78,684	6.5
Administrative & Support & Waste Services	54,504	5.4
Government	80,244	2.3
Mining and Logging	42,714	2.3
Other Services	48,723	-0.8
Educational Services	64,035	-1.5

Source: Quarterly Census of Employment and Wages, U.S. Bureau of Labor Statistics ; Analysis by Beacon Economics

HOUSING MARKETS STILL ON FIRE

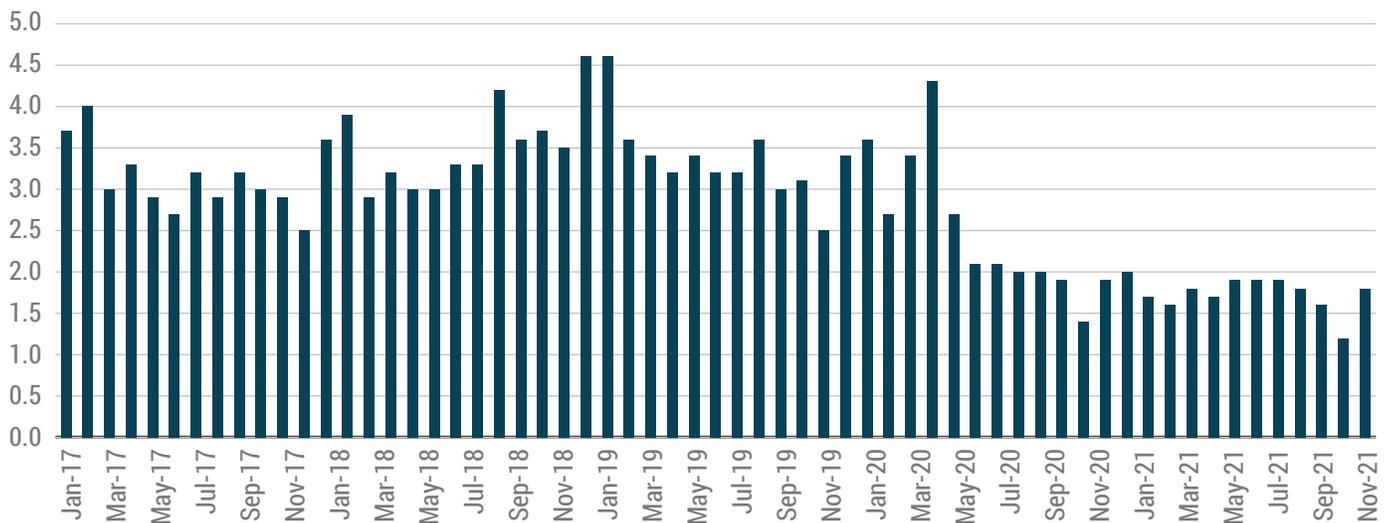
California’s housing market continued to see considerable strength in 2021, with median home prices growing 20% over the year, fueled by healthy consumers, low inventory, and low mortgage rates. This rate of price growth was double the already lofty 9% growth rate in 2020. While housing supply remains constrained in the state, the specter of higher interest rates will weigh on price appreciation in 2022.

CALIFORNIA HOME PRICES, 2011-2021



Source: CoreLogic; Analysis by Beacon Economics

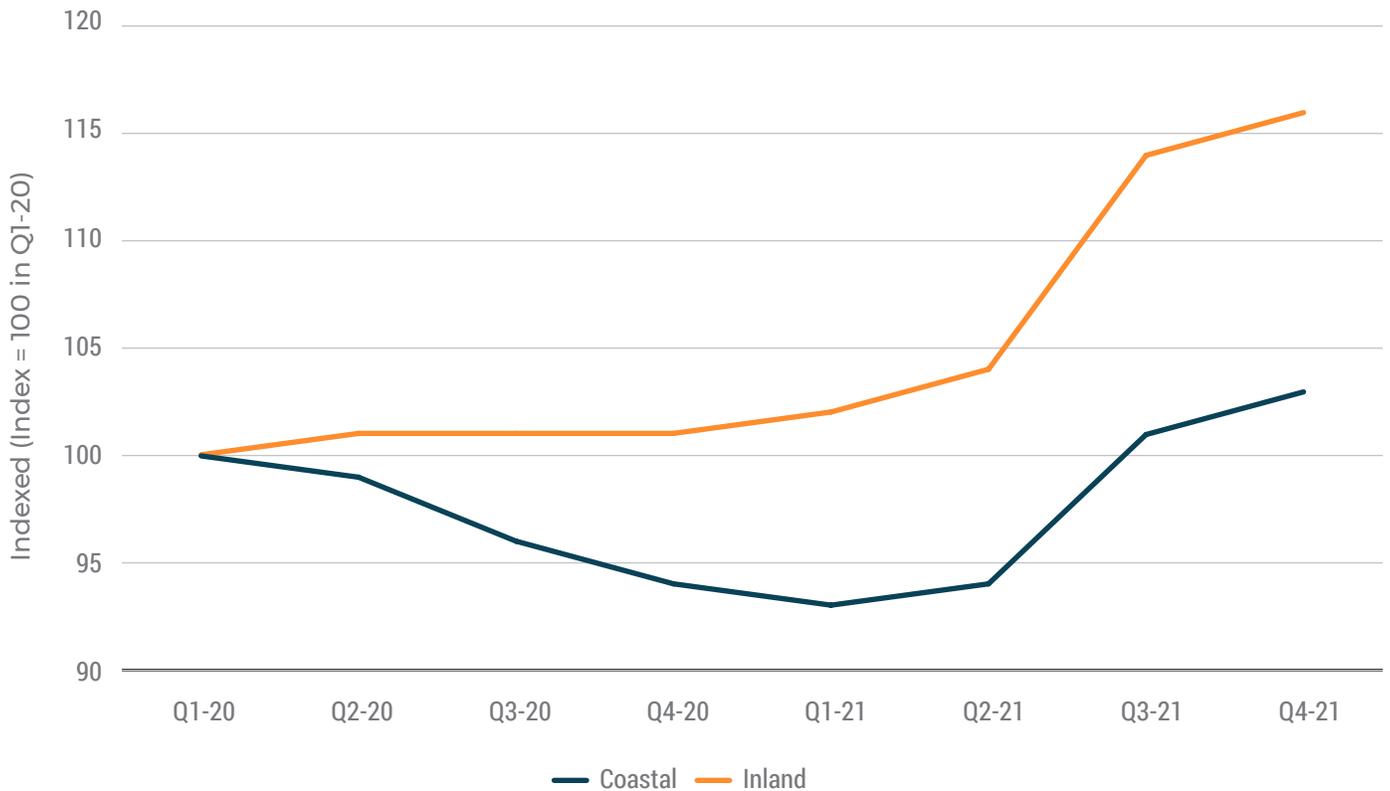
HOUSING INVENTORY IN CALIFORNIA, 2017-2021



Source: California Association of Realtors; Analysis by Beacon Economics

In rental markets, an interesting dichotomy has emerged between coastal and inland apartment rents. While rents in coastal communities fell at the outset of the pandemic, inland rents increased. Coastal rents have fully recovered since the pandemic lows, and have increased by around 3% since the first quarter of 2021. Over the same period, apartment rents in inland communities have increased by 16%. The spike in inland rents is likely being driven by the ability of workers to work remotely during the pandemic and therefore move to more affordable markets. Limited inventory in these markets has led to significant price increases. As workers return to offices, this should place upward pressure on coastal rents in 2022.

CALIFORNIA APARTMENT RENTS, COASTAL VS. INLAND, 2020-2021



Source: REIS; Analysis by Beacon Economics

Overall, 2022 should represent a continued return to normality along many social and economic dimensions in California, from housing to labor markets to business and consumer behavior.

THE BEACON OUTLOOK UNITED STATES

Spring 2022

Christopher Thornberg PhD, Founding Partner

HIGHLIGHTS

CONSUMER DEMAND DRIVING RECORD INFLATION

Pent-up consumer demand is at the core of the highest pace of inflation in the United States in 40 years, currently 7% and likely to climb even higher in the coming months. While there are certainly families and individuals being hurt by today's inflation, the average American household is clearly on a spending binge. Overall consumer spending has been growing faster than U.S. GDP for 5 years running—with no slowing in sight. This may feel good in the short term, but consumption will have to fall back in line with output. Historically, periods where consumer spending exceeds output have always had ugly endings.

UNSUSTAINABLY OVERSTIMULATED

Monetary and fiscal stimulus certainly played a role in the U.S. economy's strong recovery from the pandemic-driven recession, but the scale of the intervention was vastly more than what was needed. Much of the excess stimulus passed straight through to the financial sector partly because consumers were unable to spend as much under COVID related restrictions on activity. Checking account balances have soared, as have cash reserves in the business sector. The desire to earn returns on this excess cash is driving a bubble – from the stock market to real estate to venture capital to cryptocurrencies. The fundamentals, ranging from cap-rates to P/E ratios to the sheer quantity of VC funding, are unsustainable. At some point, there will have to be an adjustment—how painful depends on how warped the fundamentals become in the months, and possibly years, ahead.

SHOCKING FEDERAL DEBT

The nation's Federal debt is piling up at a shocking pace—growing to over \$8.4 trillion in the last five years, \$5.5 trillion in just the last two. This represents a 60% increase. At the same time, the debt-to-GDP ratio has increased from 94% to almost 120%, a rate of expansion that would lead to credit downgrades if it were a private company. And with even more spending increases in pending Federal budget acts, and no move to increase taxes, the nation's structural deficit is likely to approach or exceed \$1.2 trillion next year. The so-called twin deficits come to 4% of GDP, which is a big warning sign for an economy. The only other time the United States ran deficits at this level or higher was during the runup to the Great Recession.

KEY INDICATORS



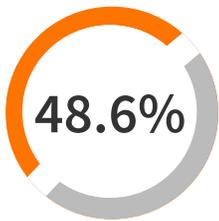
U.S. Real Economic Growth

Real economic growth in the United States measured 3.1% from the 4th quarter of 2019 to the 4th quarter of 2021. This doesn't stand out globally despite the massive amount of stimulus the Federal government injected into the economy. Other developed nations followed similar trajectories.



Build Up In U.S. Wealth

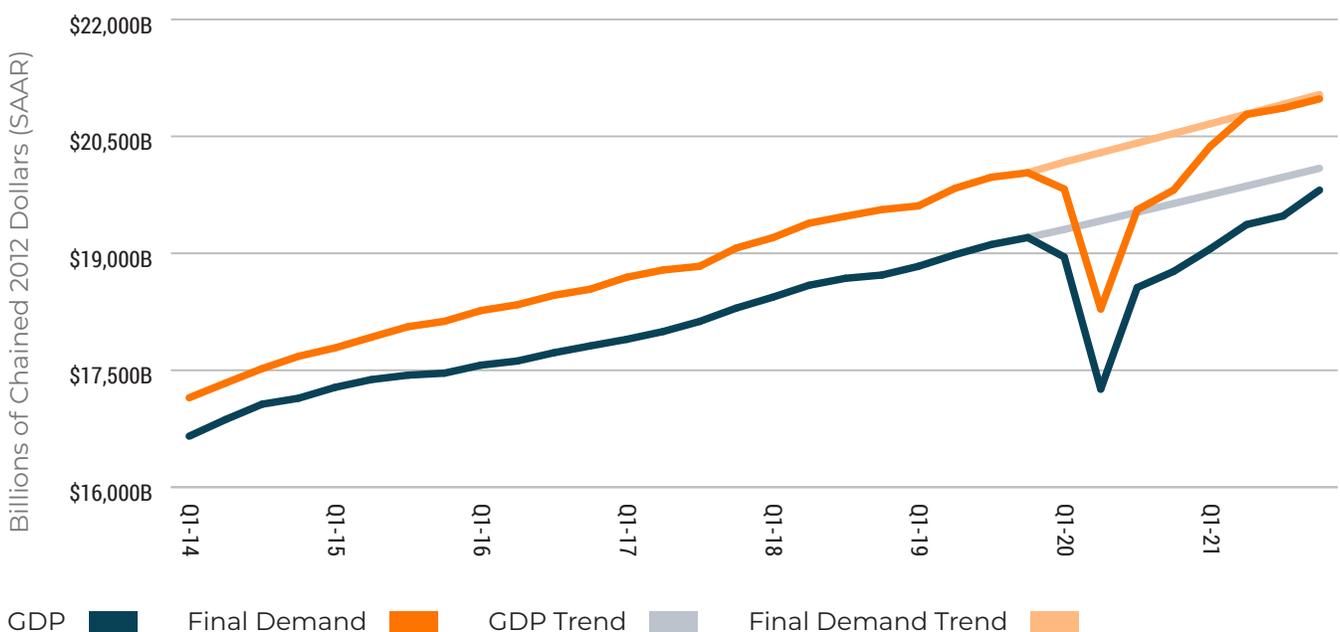
According to data from the Federal Reserve's Flow of Funds, U.S. households were \$30 trillion richer at the end of 2021 than they were just two short years earlier. This surge in wealth would typically drive even greater increases in spending, but that's being stymied by supply chain problems and labor shortages.



Energy Price Surge

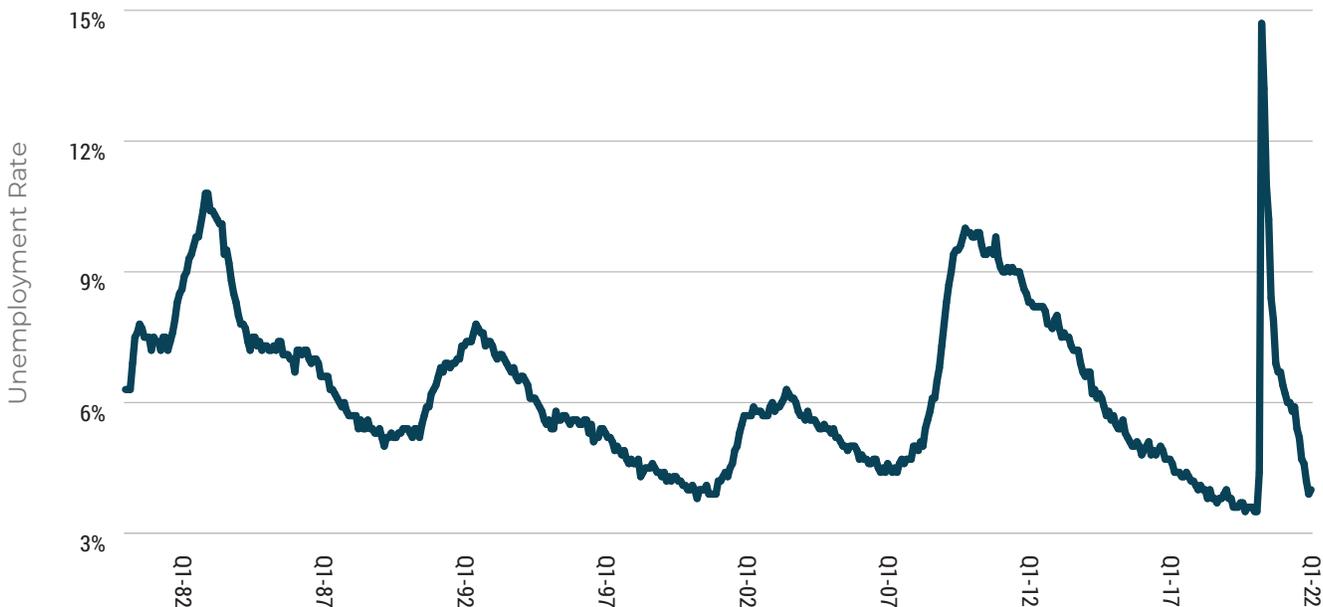
While global gas and other energy prices have soared, the degree of concern over how prices will affect U.S. consumers is misplaced in the aggregate. Once we account for overall inflation, a real price index of gasoline through January 2022 shows prices were still 30% lower than they were throughout all of 2012.

US REAL GDP AND FINAL DEMAND



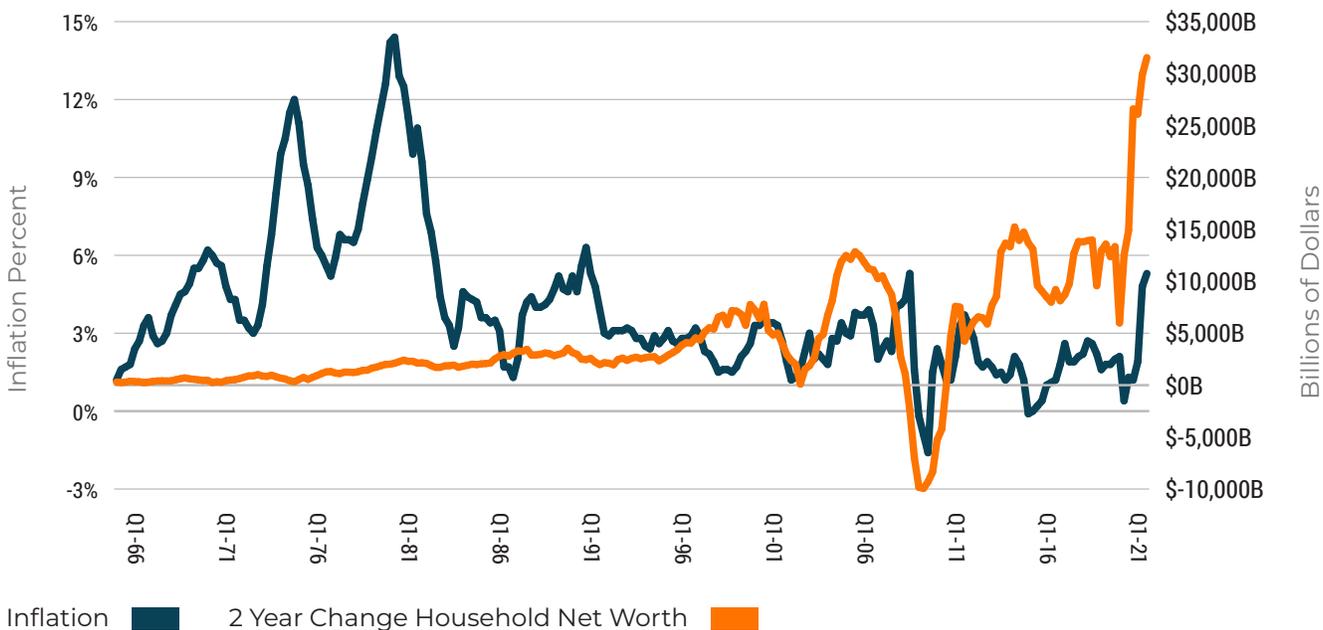
Source: U.S. Bureau of Economic Analysis; Analysis by Beacon Economics

U.S. UNEMPLOYMENT RATE



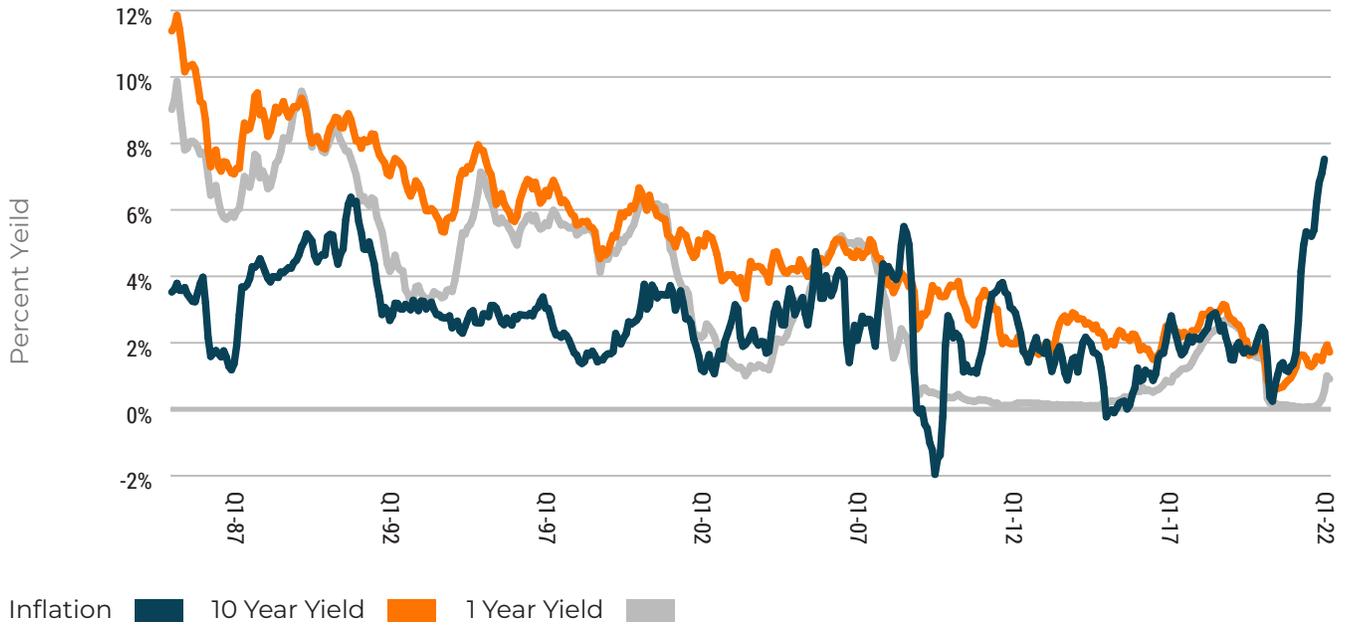
Source: US Bureau of Labor Statistics; Analysis by Beacon Economics

CHANGE IN U.S. HOUSEHOLD NET WORTH VS INFLATION, 1965–2021



Source: Board of Governors of the Federal Reserve System, U.S. Bureau of Labor Statistics; Analysis by Beacon Economics

U.S. INFLATION AND TREASURY YIELDS, 1965–2021



Source: Board of Governors of the Federal Reserve System, U.S. Bureau of Labor Statistics; Analysis by Beacon Economics

UNITED STATES FORECAST

U.S. FORECAST - OUTPUT

	Current	Forecast			
	Q4-21	Q1-22F	Q2-22F	Q3-22F	Q4-22F
Real GDP (Billions, 2012\$)	4,951.5	4,964.9	5,042.1	5,173.7	5,233.7
Real GDP (% Change from Preceding Period, SAAR)	6.9%	1.1%	6.4%	10.9%	4.7%
Consumer Spending (Billions, 2012\$)	3,460.7	3,479.2	3,540.2	3,651.4	3,691.6
Consumer Spending (% Change from Preceding Period, SAAR)	3.3%	2.2%	7.2%	13.2%	4.5%
Nonresidential Investment					
Structures (Billions, 2012\$)	173.2	173.4	172.9	172.7	172.2
Structures (% Change from Preceding Period, SAAR)	-0.8%	0.5%	-1.2%	-0.5%	-1.2%
Equipment (Billions, 2012\$)	327.6	338.4	346.9	359.9	372.3
Equipment (% Change from Preceding Period, SAAR)	0.8%	13.9%	10.4%	15.9%	14.5%
Intellectual Property Products (Billions, 2012\$)	294.6	298.8	306.6	319.3	329.6
Intellectual Property Products (% Change from Preceding Period, SAAR)	10.6%	5.9%	10.8%	17.5%	13.6%
Residential Investment (Billions, 2012\$)	173.2	173.4	172.9	172.7	172.2
Residential Investment (% Change from Preceding Period, SAAR)	-0.8%	0.5%	-1.2%	-0.5%	-1.2%
Inventory Accumulation (Billions, 2012\$)	43.4	27.4	25.1	26.6	35.6
Exports (Billions, 2012\$)	600.2	603.9	623.5	638.2	646.9
Exports (% Change from Preceding Period, SAAR)	24.5%	2.5%	13.6%	9.8%	5.6%
Imports (Billions, 2012\$)	934.7	939.8	958.1	985.8	1,012.7
Imports (% Change from Preceding Period, SAAR)	17.7%	2.2%	8.0%	12.1%	11.4%
Government Spending (Billions, 2012\$)	839.2	842.2	846.5	850.5	854.1
Government Spending (% Change from Preceding Period, SAAR)	-2.9%	1.5%	2.0%	1.9%	1.7%

Source: U.S. Bureau of Economic Analysis; Forecast by Beacon Economics

U.S. FORECAST - KEY INDICATORS

	Current	Forecast			
	Q4-21	Q1-22F	Q2-22F	Q3-22F	Q4-22F
Nonfarm Payrolls (Quarterly Change, 000s)	1,952	1,390	1,183	1,414	1,197
Civilian Unemployment Rate (%)	4.2	4.0	3.8	3.3	2.9
Industrial Production (Index)	101.7	103.7	105.2	107.3	109.0

Source: U.S. Bureau of Economic Analysis, California Employment Development Department, U.S. Census Bureau; Forecast by Beacon Economics

U.S. FORECAST - INFLATION

	Current	Forecast			
	Q4-21	Q1-22F	Q2-22F	Q3-22F	Q4-22F
PCE Price Index (% Change, Year-Over-Year)	7.0	8.1	7.8	7.3	6.8
Consumer Price Index (% Change, Year-Over-Year)	6.7	8.1	7.8	7.3	6.8

Source: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics; Forecast by Beacon Economics

THE ECONOMIC IMPACT OF RUSSIA'S INVASION OF UKRAINE

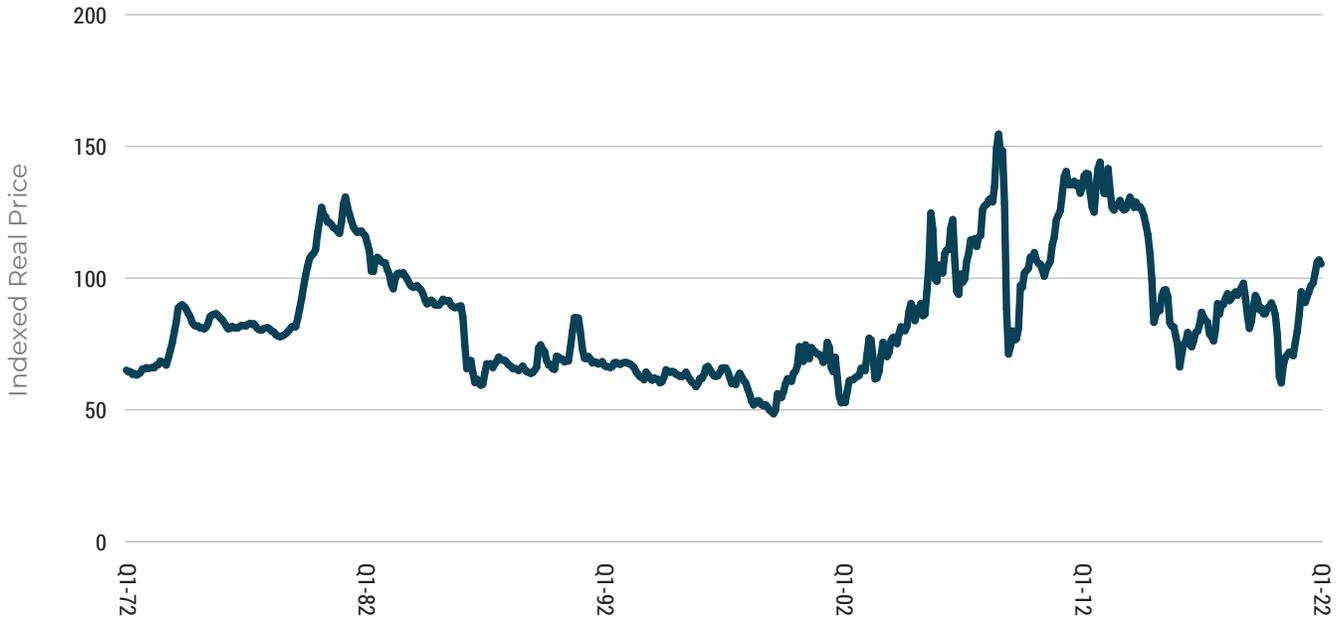
As if all this uncertainty wasn't enough, Russia's decision to invade Ukraine has sent shock waves through global markets. From an economic perspective, it's hard to see how Russia will come out ahead from this unprovoked attack on a sovereign nation and the horrors being inflicted on a civilian population. But then the actions of political leaders—particularly autocrats—are driven by any number of considerations, only one of which is economic. As such we'll leave the geopolitical analysis to the Henry Kissinger's of the world.

What does this invasion mean for the U.S. economy? The short answer is not that much. While home to over 44 million residents, Ukraine is a small economy still trying to emerge from the shadow of communism. Its exports flow mainly to other European nations and are largely low tech manufactures that can easily be purchased from other countries. Russia is, of course, more formidable with the sixth largest economy in the world on a PPP basis, but it is not a highly developed economy. Its per capita output is just half of Germany's, and it plays little role in global supply chains. Its exports are dominated by resource exports, oil and gas being the largest, and again, the United States is not a major buyer.

To date, the biggest economic impact of the invasion has been on global energy markets where oil prices have shot up to close to \$100 per barrel. This may be one reason why Vladimir Putin feels his nation can weather being an international pariah—after all Russia stands to gain at some level from the surge in energy prices that his actions have caused. Moreover, Europe's dependence on natural gas has led to the bizarre situation where heavy sanctions are being leveled on most parts of the Russian economy, except this critical export. It remains to be seen if the West will eventually cut off this vital source of foreign currency despite the impact it could have on the energy dependent EU states.

The increase in global energy prices, and the potential inflationary impact that could have on U.S. consumers, is the primary economic concern within the United States with regard to the attack. But such concerns are largely misplaced in the aggregate. First, the price of gasoline, the most direct impact on consumers, is not that high today once we account for overall inflation. A real price index of gasoline through January 2022 shows prices were still 30% lower than they were throughout all of 2012.

U.S. GASOLINE – INDEXED REAL PRICE



Source: FRED; Analysis by Beacon Economics

Second, and more importantly, many consumers in the United States are far less sensitive to the price of gasoline than they used to be due to the broad range of fuel-efficient vehicles, the ability to easily have products delivered, and the current trend among many workers of working from home, which has reduced the costs of commuting. Energy prices are not the real issue. Inflation is affecting a wide variety of consumer spending categories. Unfortunately, blaming inflation on commodity markets is an effective way to distract consumers from the real sources of the problem – excessive demand driven largely by too much stimulus.

PRICE INDEXES, U.S. PERSONAL CONSUMPTION EXPENDITURES BY PRODUCT TYPE (SA)

	Q4-18 : Q4-19	Q4-20 : Q4-21
Personal consumption expenditures (PCE)	1.7%	5.5%
Gasoline and other energy goods	2.7%	48.6%
Motor vehicles and parts	0.2%	20.3%
Furnishings and durable household equipment	-0.7%	7.6%
Transportation services	0.8%	7.2%
Food services and accommodations	2.2%	5.8%
Food and beverages purchased for off-premises consumption	1.0%	5.3%
Clothing and footwear	-1.7%	4.8%
Recreation services	2.2%	4.4%
Housing and utilities	3.0%	4.0%
Financial services and insurance	3.9%	3.6%
Other durable goods	-1.1%	3.2%
Recreational goods and vehicles	-5.3%	2.9%
Other services	1.6%	2.7%
Health care	2.0%	2.5%
Other nondurable goods	1.4%	1.6%

Source: U.S Bureau of Economic Analysis; Analysis by Beacon Economics

HdL⁺ Companies

CALIFORNIA FORECAST

SALES TAX TRENDS & ECONOMIC DRIVERS

DECEMBER 2021

Delivering Revenue, Insight and Efficiency to Local Government Since 1983

HdL provides relevant information and analyses on the economic forces affecting California's local government agencies. In addition, HdL's Revenue Enhancement and Economic Development Services help clients to maximize revenues.



Overview: Common economic influences across the following tax generating groups include ongoing COVID pandemic impacts such as supply chain disruptions, manufacturing slowdowns and employment shortages. Further, our forecast incorporates higher labor and raw material costs along with inflationary pressures that drive taxable goods prices upward now and through the next fiscal year.

Autos/Transportation 2021/22 | 2022/23
 7.7% | 4.1%

A strong demand dynamic boosted the cost of new cars by 10% and used cars by 26%. Consumers with money traded up, buying more expensive luxury brands. The higher per vehicle amounts more than offset the reported 13% third quarter drop in U.S. manufacturer new vehicle volumes. It is quite a contrast to a 15.6% jump in overall taxable receipts. Available inventory, while still expected to be constrained through 2022, is loosening slightly. Tax revenue from this category should exceed its long-term trend rate of growth in the year ahead.

Building/Construction 2021/22 | 2022/23
 5.4% | 0.5%

Lumber prices slumped between late May and August but shot up again in September due to commodity availability issues. Retailers are trying to absorb these costs as contractors are already passing along these surges to project owners. Prices should remain high through mid-2022. Third quarter construction values reported a 14% drop. Fourth quarter permit activity shows office development is picking up while Bay Area construction starts are growing. Prior wildfire damage is being addressed by short-term repairs and recent heavy rains should intensify demand for needed materials. This forecast retains a 2022 flattening of tax generation followed by moderate growth thereafter.

Business/Industry 2021/22 | 2022/23
 10.9% | 3.5%

Fulfillment centers heavily influenced third quarter growth through online sales and the continued shift of taxes from countywide pools to agencies with these in-state facilities. Medical/biotech increased by purchases of medical equipment, pharmaceuticals and investment in research and development. Business-to-business witnessed big gains as companies adapted to new ways of doing work. The state still struggles with pandemic-related challenges such as raw material and qualified worker shortages, but new orders and increased production pushed industrial-related receipts higher by 12%. In totality, this group is hitting pre-pandemic tax levels.

Food/Drugs 2021/22 | 2022/23
 1.7% | 2.0%

Results from the third quarter noted a modest 1% improvement. Cannabis firms declined slightly. Consumers are increasingly savvy about how to shop for groceries and medicine as many turned to app-based solutions. This trend should continue for the foreseeable future. Investment in digitized solutions, low-cost delivery options and inventory optimization could help merchants try to hold the bottom line, offsetting price pressures brought about by greater employee compensation outlays and markedly greater cost of goods.

Fuel/Service Stations 2021/22 | 2022/23
 30.3% | 2.0%

Demand for all fuels is much higher than one year ago. The average price of a gallon of gas reached a record level of \$4.75 per gallon as of November 2021. Diesel and jet fuel rates are reaching peak levels. More people are hitting the road to work, shop and take vacations. HdL is not anticipating a significant negative impact on the future consumption of fuel. As a result of these positive factors, strong, short-term gains are projected over the next three quarters, specifically, 50% in 4Q21, 20% in 1Q22, and 7% in 2Q22 followed by long-term annual escalations of 2%.

General Consumer Goods 2021/22 | 2022/23
 11.5% | 1.8%

Retailers throughout California are reporting strong sales figures into the second half of 2021. Concerns related to COVID case rates do not seem to be impacting consumer's ability and willingness to spend at retail establishments. Short-term expectations remain elevated, driven by higher customer charges and solid household fundamentals. The outlook for place-of-sale transactions should be subdued as behavior and technology shift more to e-commerce. Merchandise price points begin to affect demand in 2022. The cost of taxable goods is expected to rise faster than sales. Tax receipts could revert to the conventional growth rates of 1-2%.

Restaurants/Hotels 2021/22 | 2022/23
 32.9% | 5.2%

When measured against 2019's same period, 2021 third quarter overall collections rose 0.5%. Increased menu prices, the resumption of inbound international tourists and an uptick in business travel will keep the growth rate high for 2021/22. Recent results from hotels and entertainment venues demonstrate consumer desire to travel and spend more. Quick-service and casual dining establishments are the dominant tax-producing segments, and this won't change anytime soon. Looking ahead, rates of growth will likely vary significantly by region.

State and County Pools 2021/22 | 2022/23
 4.6% | 6.5%

2021 year-to-date collections reflected that 42% came from marketplace facilitators and general retailers, another third from business-industry companies and 11% from vehicle acquisitions (primarily private-party sales processed through the DMV). These ratios should not alter much going forward and are inclusive of taxes reallocated to fulfillment centers. Aligned with recent national trends, the rate of e-commerce growth has slowed. Sellers of all kinds have boosted prices to address economic challenges. Forecasts going forward will capture percentage gains that pattern historical trends.

Proposition 172 projections vary from statewide Bradley-Burns calculations due to the state's utilization of differing collection periods in its allocations to counties. HdL forecasts a statewide increase of 12.3% for Fiscal Year 2021/22 and 3.1% for 2022/2023.



NATIONAL AND STATEWIDE ECONOMIC DRIVERS

2021/22 | 2022/23



U.S. Real GDP Growth

3.0% | 2.0%

The real U.S. GDP growth rate in the 3rd quarter came in at 2.1% (seasonally adjusted annualized). In a normal year, this would be applauded as a solid growth trend. In the wake of the pandemic recession, these metrics have disappointed some economists and analysts – and set off calls to continue, or at least slow the reduction of, various Federal government stimulus programs. These reactions are based on a simplistic vision of what an economic “recovery” is. When considered more fully, it’s clear that not only has the U.S. economy recovered from the effects of the pandemic but looks like it’s becoming dangerously overheated. Beacon believes it is time to withdraw public stimulative efforts to prevent more harm than good to the next economic expansion. After the snap back from the depths of the recession, GDP growth will normalize over the next two years.



CA Residential Building Permits

120,665 | 125,170

As of October 2021, there was 1.8 months’ worth of housing inventory available on the market in California. Inventory refers to the number of months it would take for all the current homes for sale on the market to sell. A healthy housing market usually has approximately six months of inventory. In the year prior to the pandemic, there was more than 3.5 months of housing inventory in the state. The pandemic has exposed and accelerated pre-existing housing supply constraints which can only be solved by more supply or a weaker consumer.



CA Median Existing Home Price

\$662,170 | \$680,881

In the third quarter of 2021, the median home price in California was up 17% compared to one year earlier. With mortgage rates at historic lows, coupled with healthy consumers, limited housing inventories have led to a surge in prices. In the short-term, the only relief from higher home prices could come from higher interest rates. In the longer-term, more supply is the key to relieving upward pressure on prices in the state.



U.S. Unemployment Rate

4.3% | 3.9%

The nation added 210,000 jobs in November as the unemployment rate fell to 4.2%. This figure is elevated compared to pre-pandemic levels but is low by historical standards. The real problem in today’s labor market is the 3-million-person decrease in the U.S. labor force, which has occurred over the last eighteen months. While unemployment typically rises in a downturn, the labor force does not typically decline. The current contraction has been driven primarily by retiring baby boomers. Record job openings indicate that there are ample opportunities for workers, and that labor shortages are the fundamental constraint on employment expansion.



CA Unemployment Rate

6.0% | 5.2%

The elevated unemployment rate is one of the most striking features of California’s recovery. In October 2021, the state’s unemployment rate stood at 7.3%, compared to 4.6% nationally. Prior to the pandemic, the state’s unemployment rate was 4.1%. The difference between the state and the nation is chiefly due to the jobs recovery that has occurred since the depths of the pandemic fallout. Early in the pandemic, some speculated that California’s safeguards against the pandemic, such as constraints on business activity, which were stricter than in other states, accounted for the state’s relatively severe job losses. However, capacity limits and distancing requirements have been removed for months. Currently, labor supply issues are the biggest constraint on employment expansion.



CA Total Nonfarm Employment Growth

-2.1% | -0.5%

While California added jobs at a healthy rate in 2021, as of November 2021, there were 825,800 fewer people employed in the state than in pre-pandemic February 2020. Total nonfarm employment in California has contracted 4.7% since that time compared to a 2.6% drop nationally. The state’s labor force, defined as the population of workers who hold a job plus those looking for work, is still 414,700 workers lower than the pre-pandemic peak. While rising wages should draw workers back into the labor force, challenges including slow housing supply growth and recent constraints on international migration, pose difficulties to labor force expansion in the state.



Scan to view the *HdL Consensus Forecast 3Q21* webinar recording.



HdL[®] Companies

888.861.0220 | solutions@hdlcompanies.com | hdlcompanies.com

HdL Companies

714.879.5000 | solutions@hdlcompanies.com | hdlcompanies.com

California's allocation data trails actual sales activity by three to six months. HdL compensates for the lack of current information by reviewing the latest reports, statistics and perspectives from fifty or more economists, analysts and trade associations to reach a consensus on probable trends for coming quarters. The forecast is used to help project revenues based on statewide formulas and for reference in tailoring sales tax estimates appropriate to each client's specific demographics, tax base and regional trends.

Beacon Economics LLC

310.571.3399 | BeaconEcon.com

Beacon Economics has proven to be one of the most thorough and accurate economic research/analytical forecasting firms in the country. Their evaluation of the key drivers impacting local economies and tax revenues provides additional perspective to HdL's quarterly consensus updates. The collaboration and sharing of information between Beacon and HdL helps both companies enhance the accuracy of the work that they perform for their respective clients.

The California Report: Delta, Migration and Relative Affordability

Jerry Nickelsburg
Director, UCLA Anderson Forecast
December 2021

Introduction

The Delta Surge of 2021 is waning but a new winter surge, Delta 2.0 is beginning to appear. Though economic activity continues to pick up, Delta 2.0, not assumed in our previous forecast, will have a dampening effect on the rate of growth and time to recovery. As with our forecast for the U.S. the outlook for California is for continued, but slightly slower growth. In and among the discussion of Delta has been a narrative about people fleeing the Golden State. To be sure some have, but the net has been relatively small as evidenced by home prices at record levels and rental rates rapidly pushing upwards. But that is not the entire story of migration. There are also those that might have moved to California but for high housing costs. The 2020 census is in, and those domestic migrants (including some Californians) ended up in Texas, Arizona, Utah, Nevada and elsewhere. In this California report we investigate the impact of this diversion of domestic migration from the state on the relative cost of housing and find that the equilibration process predicted by economic theory is at work. California housing is not becoming more “affordable” but it is becoming relatively more affordable.

The California report begins with a sectoral retrospective as the basis for the forecast for the next two years. This is followed by an analysis of relative affordability of homes in the state and find that over the past four years, relative affordability has in fact improved. We conclude with a section on the California forecast co-authored with my colleague Dr. Leila Bengali.

Sectoral employment retrospective

Job loss in California attributable to the pandemic has been concentrated in sectors where a high degree of human contact is an important part of the production of the services provided. Although most health care restrictions have been eliminated, it is still the case that the job deficit relative to February 2020 remains in three sectors; leisure and hospitality, education and other services (Chart 1). As of October, the reduction in payroll employment in these sectors was equal to 90% of the total net job deficit. The remaining job loss is spread widely over a number of sectors and is offset somewhat by the 70K net new payroll jobs in logistics and professional, scientific and technical services. As was discussed in the section on non-pharmaceutical interventions and economic performance in a recent California report,¹ the opening of the economy does not necessarily mean a return to normalcy. Even when there are few, if any, restrictions on businesses and individuals, elevated risk and a continued fear of infection dampens consumer demand and labor supply. This has been true during the Delta surge and with what now appears to be a new winter wave of infections, ought to dampen the rate of recovery from what we expected in our September 2021 forecast.

While the easing of restrictions did not result in a complete return to pre-pandemic employment, leisure and hospitality and education added by far the greatest number of jobs in the three months ending last October (Chart 2). After these two sectors the largest job gains were in administrative services where temps and consultants live, professional, scientific,

Jerry Nickelsburg, “Non-pharmaceutical interventions and economic performance revisited.” UCLA Anderson Forecast. June 2021.

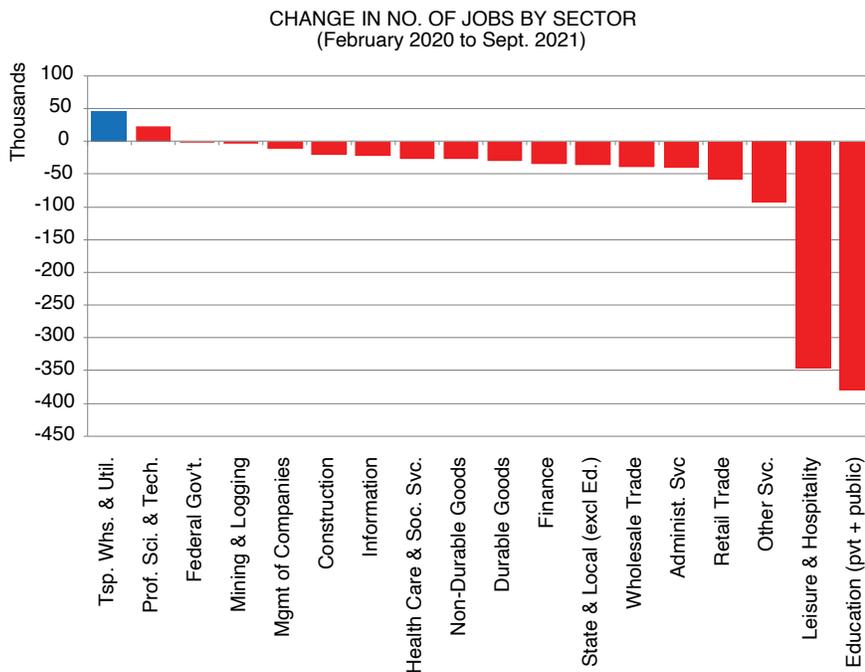
and technical services and information. As the California economy expands it is increasingly clear that tech will once again drive growth.

On a regional basis, payroll employment in most of the state grew faster than the nation for the three months ending October 2021 (Chart 3). Some of this rebound was fueled by strength in the tech, housing, and logistics sectors, but it was also due to the easing of pandemic restrictions and the beginning of a return to the workplace. Many of these counties experienced a greater decline in employment relative to the U.S. in the previous year and they are now playing catch-up (Chart 4). The more lackluster growth in the North Bay and East Bay is a statistical anomaly. In fact, both gained jobs as their economy expanded. However, autumn is a time for increased tourism and the slower return of travel induced by the Delta surge resulted in slower hiring than in previous years. Because past seasonal patterns had a much larger increase in employment than experienced this year,

the seasonally adjusted data result in a decline. The opposite will be true in coming months and the seasonally adjusted numbers will be higher than expected.

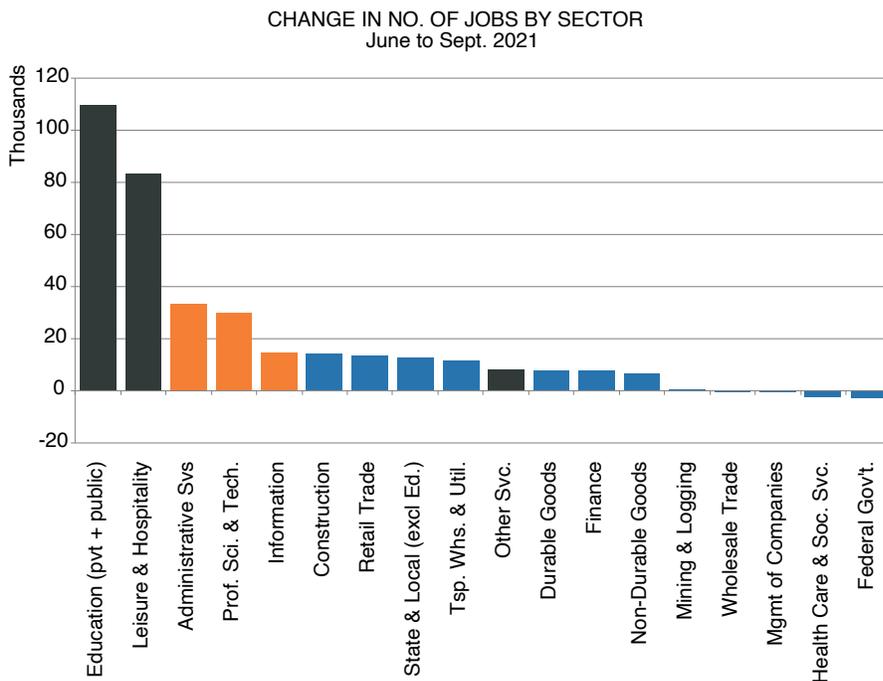
As we move through the balance of the season of Delta, how this plays out remains an open question. As with any economic forecast today, an assumption about the pandemic is required. This is purely an assumption and not a forecast. Ours' is that the current surge will abate through the Fall and a new winter surge, smaller than before, will take its place. This, along with news reports on break throughs and the large number of Californians not vaccinated will likely push a full recovery into the early part of 2023. The implication of this assumption about the pandemic is that leisure and hospitality and retail employment will lag due to a slower return of domestic consumers and international tourists and the failure of a significant number of small businesses in these few sectors.

Chart 1



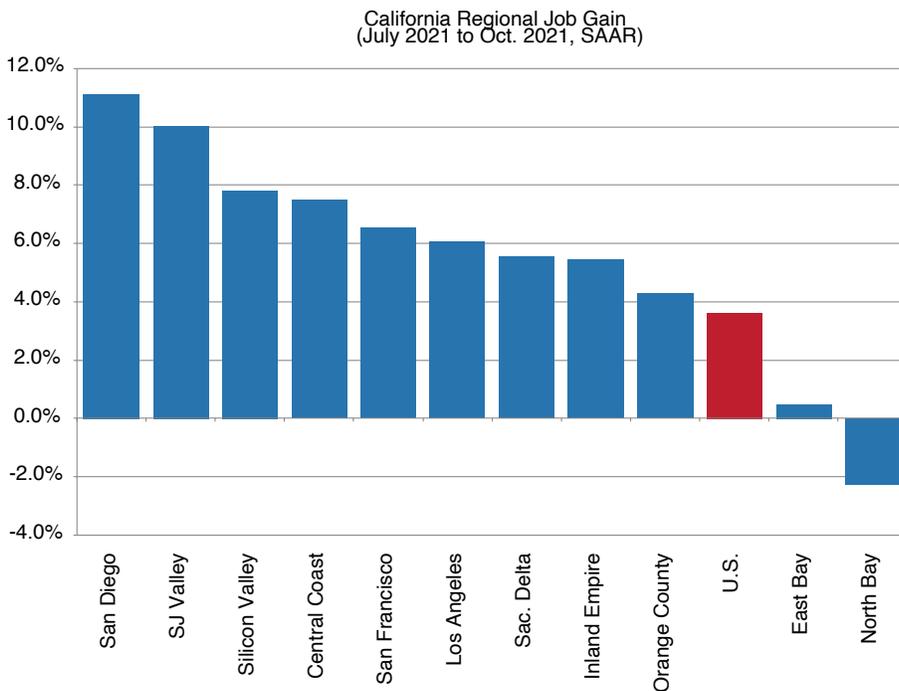
Source: California EDD

Chart 2



Source: EDD.ca.gov

Chart 3



Source: California EDD

Relative Affordability and Migration

California home prices continue to climb, and a lack of affordability has become increasingly important in both the policy sphere and for forecasting the Golden State's economic growth. Over the past two years median home prices as reported by the California Association of Realtors have increased 33.6% to a record high \$800K. The S&P Case Shiller Home Price Index which measures price changes on same-home sales for San Diego, Los Angeles and San Francisco increased by 34.9%, 26.1% and 25.9% over the same period. Soaring home prices and a lack of affordability are often cited as reasons for net domestic migration out of California. The open question for the forecast is whether or not this will accelerate, stabilize or reverse. In this section we examine relative affordability measured through a comparison of California cities and some selected competitive cities outside the state. Recent data indicate increased relative affordability even while California becomes more expensive, but also point to other factors which can reverse those trends such as the boom in the Bay Area tech sector from 2012 to 2017. The implication for the forecast is that net out-migration ought to continue to slow and become less of a drag on aggregate economic growth. However, the data are silent on when net out-migration becomes zero or positive.

Before turning to data to answer these questions, it is useful to consider what we mean by affordability. Standard measures compare the median home price with the median household's income. Typically, cities for which these metrics imply mortgage payments at or below 30% of income are considered "affordable" and higher than that "unaffordable." For households at the median income level in California purchasing a median home with 20% down (\$160K) and a 3.125% 30-year fixed mortgage, the percentage is 44%. But this threshold is an arbitrary artifact of late 19th Century housing markets.

A house is more than just a structure; it is also the land on which that structure sits. Realtors will recite the mantra "location, location, location," when referring to the value of a home because location implies greater or lesser access

to amenities such as beaches, hiking trails, and museums. So, is California's 44% metric bad? It is hard to say. But California's climate and topography is viewed as valuable and therefore identical homes in Los Angeles and Houston ought to be priced differently with the LA homes incorporating a climate and topography premium. When the price differential is exactly the premium according to household tastes and preferences, then we would expect net domestic migration due to home affordability to be zero, all other things equal.

But all other things are not equal. California used to be the manufacturing powerhouse of the U.S. with ample middle-class jobs for high-school graduate factory workers. That is no longer the case. Thus, the changing composition of job offerings has led to migration, but it is that rather than housing that is the proximate cause of the migration. Unravelling whether or not the California house price premium is too high, or whether or not migration is due to the changing composition of the California economy is tricky. The analysis below is suggestive of the home price premium being an important, but not exclusive driver of migration.

To understand the dynamics, consider where Californians are moving. According to local reports the receiving cities are; Austin, Dallas and Houston Texas², Las Vegas Nevada³, Seattle Washington⁴, Phoenix Arizona⁵, Boise Idaho⁶, and Atlanta Georgia⁷. Despite the stream of anecdotes, the numbers are small compared to the 40 million Californians who did not move out of state. However, the dynamics induced by the high cost of housing in California do not require a large number of Californians to move out of state. For example, a household considering Los Angeles or Houston and choosing Houston based on the cost of housing has the same qualitative impact on the relative price of housing in the two cities as the household moving from LA to the Gulf Coast.

Instead of the arbitrary percentage of income, we examine the relative price of housing by city pair beginning in 1990. The year 1990 was chosen because the average net domestic migration between 1985 and 1994 was approximately zero.⁸ For each of the city pairs discussed below, the 1990 median

2. <https://austin.culturemap.com/news/city-life/10-21-21-austin-among-the-top-texas-cities-californians-are-relocating-to-aus/>
3. <https://www.reviewjournal.com/news/news-columns/road-warrior/most-new-nevada-residents-migrating-from-california-data-shows-2332843/>
4. <https://www.seattlepi.com/realestate/article/What-to-know-when-moving-to-Seattle-from-15919477.php>
5. <https://azbigmedia.com/lifestyle/new-yorkers-californians-flee-to-move-to-arizona/>
6. <https://boisedev.com/news/2021/05/06/boise-migration/>
7. <https://www.ajc.com/business/for-fleeing-californias-atlanta-top-destination/uGx08Y3VNiQqshTGcx6AP/>
8. https://dof.ca.gov/Reports/Demographic_Reports/documents/DOMMIG.pdf

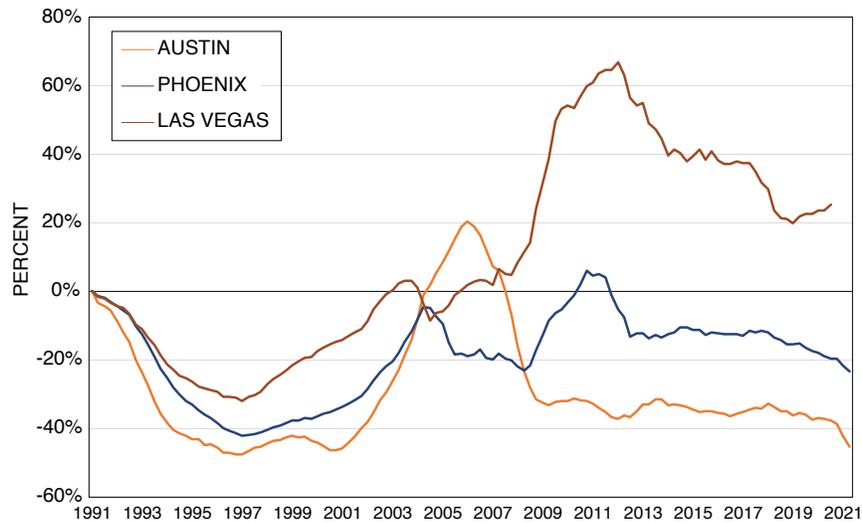
home price in the California city was divided by the 1990 median home price in the paired city to create measures of the California premium. Home price appreciation over the 31 years between 1990 and 2021 in each city were used to adjust the premia over time. This then allows us to observe the relative cost of housing, and infer demand shifts due to migration. For example, if the median home price in Orange County were 3 times that of the median home price in Miami in 1990, and home prices in the two increased by 10% and 20% respectively, then the home price premium for Orange County would have shrunk with the faster rise in housing costs in Miami.

Texas did not have the same housing bubble as California, Nevada, and Arizona. Subsequent to the 2008/2009 recession, Las Vegas, struggling with an oversupply of housing, experienced a greater decline in home prices and this resulted in a higher L.A. premium. From 2012 forward the premium declined for each of the cities with it falling from 60% above the 1990 premium to 25% for Las Vegas; 4% above to 23 percent below the 1990 premium for Phoenix; and 32% below to 45% below the 1990 premium for Austin. Thus, Los Angeles has become relatively more affordable over the last decade as compared to these three competitive cities. There can be a multitude of explanations for this. Austin could have become more attractive with additional cultural amenities and Los Angeles less so, migration due to high housing costs could have pushed down the premium, and differential job opportunities that were not present in 1990 would be a few of the explanations.

Chart 4 plots the Los Angeles premium for each of Phoenix, Las Vegas and Austin relative to the 1990 premium. For Austin the premium was inflated during the speculative housing boom of 2004 to 2008, but not for the other two cities.

Chart 4

LOS ANGELES HOUSING PREMIUM
 (PERCENT CHANGE RELATIVE TO 1990 PREMIUM)



Source: US Census, FHFA, UCLA Anderson Forecast

Chart 5 is a plot of the home price premium between San Francisco, and Seattle, Austin and Boise. As with Los Angeles, the premia fluctuate with the fortunes of the cities. Nevertheless, over the past six years the premium for each of the paired cities has declined to be less than the 1990 premium. The greatest declines were for Austin and Boise. Even though homes are still more affordable there than in the Bay Area, in each the local political establishment and news media are highlighting the city’s new housing affordability crisis.⁹ As with Los Angeles, Bay Area housing is becoming less “affordable” in absolute terms but relatively more affordable.

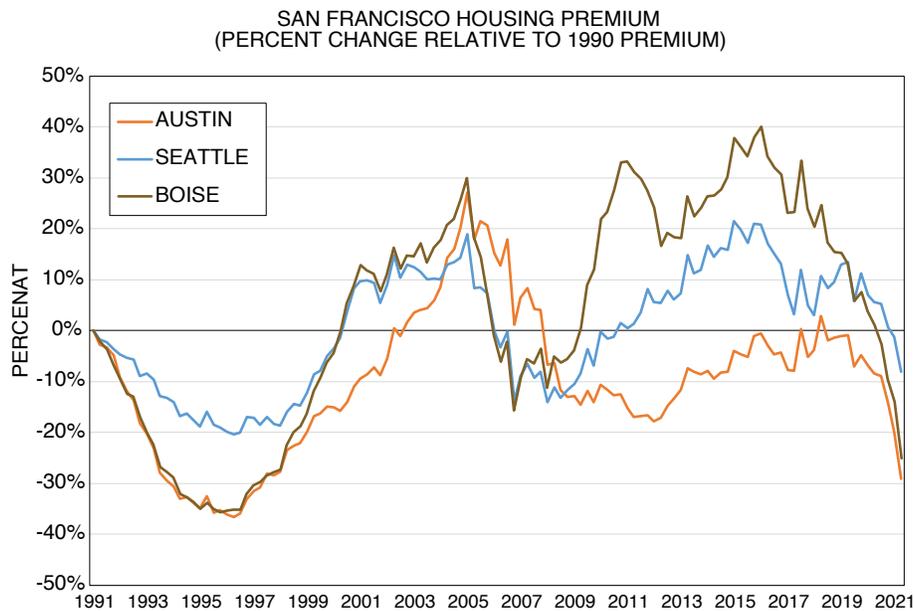
Chart 6 is a plot of the home price premium between Silicon Valley, and Seattle, Austin, Nashville, and Boise. As with Los Angeles and San Francisco, the premia have declined over the past six years and are now less than in 1990. And, even though home prices continue to soar in Santa Clara County, they are not going up as rapidly as in these competitive cities.

These six cities are properly characterized as up-and-coming cities; ones that were relatively small until migration over

the last decade created larger, more mature cities. For example, Austin’s population grew by nearly 30% over the last decade and Phoenix’s population grew by 18%. Charts 7 to 9 show the evolution of California city premia relative to the more mature cities of Houston, Dallas and Atlanta. For Dallas and Atlanta the premium over the last decade has been relatively flat. Though there was an influx of new residents, home prices were neither increasing faster nor slower than in California. Houston, a city more heavily dependent on the vagaries of oil prices on the local economy, is the exception with a premium in 2021 that is higher than that of a decade ago. Though this analysis is on a limited number of cities, it extends to a much greater set of cities. Smaller cities that have become attractors for migration have experienced a more rapid increase in home prices than California cities and are therefore becoming relatively less affordable and larger more mature cities are experiencing similar housing price appreciation to their California counterparts.

The relative premium analysis above is suggestive of the equilibration process predicted by economic theory. Cities that are much more affordable will become relatively less

Chart 5

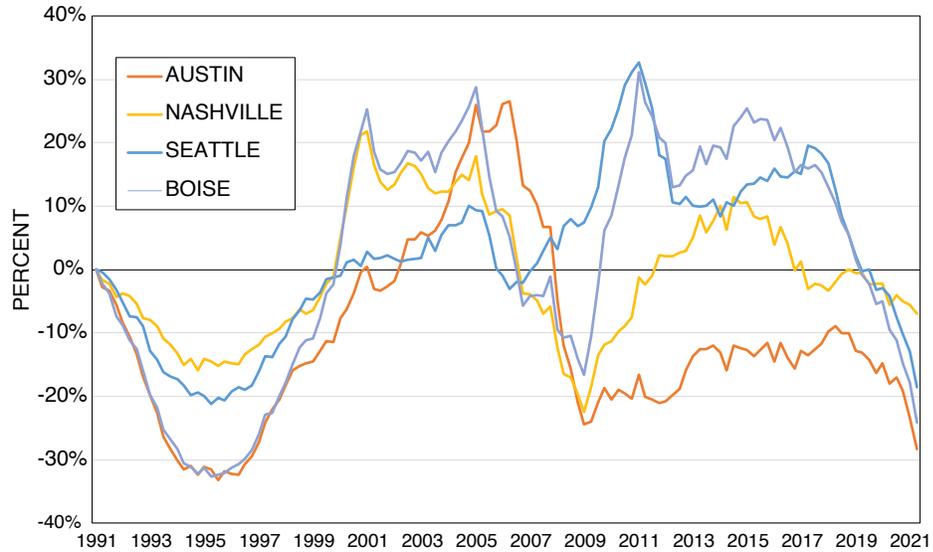


Source: US Census, FHFA, UCLA Anderson Forecast

9. <https://www.texaspolicy.com/multimedia/article/priced-out-austins-growing-affordability-crisis>
<https://www.ktvb.com/article/news/local/growing-idaho/boise-home-values-go-from-affordable-unattainable-housing-crisis-costs/277-9e81ede2-e567-4371-b240-189927e13433>
<https://www.tennessean.com/story/money/real-estate/2021/06/07/nashville-affordable-housing-task-force-recommendations-costs/7584374002/>
<https://www.seattletimes.com/opinion/the-magnitude-of-our-housing-shortage-requires-more-action/>

Chart 6

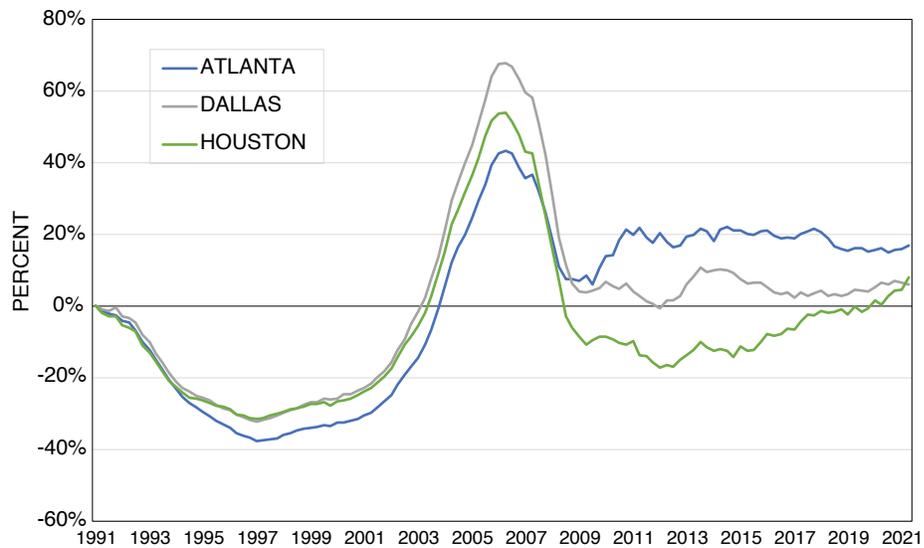
SILICON VALLEY HOUSING PREMIUM
 (PERCENT CHANGE RELATIVE TO 1990 PREMIUM)



Source: US Census, FHFA, UCLA Anderson Forecast

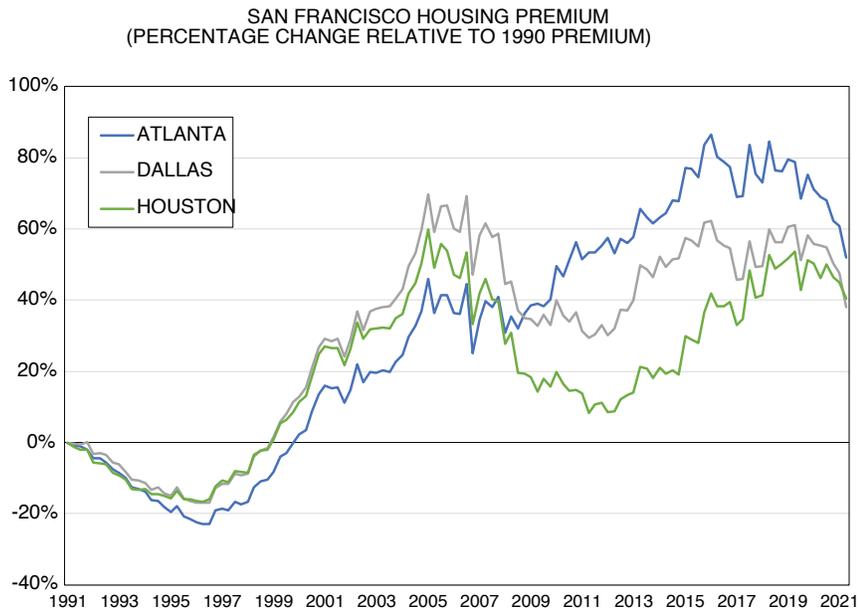
Chart 7

LOS ANGELES HOUSING PREMIUM
 (PERCENTAGE CHANGE RELATIVE TO 1990 PREMIUM)



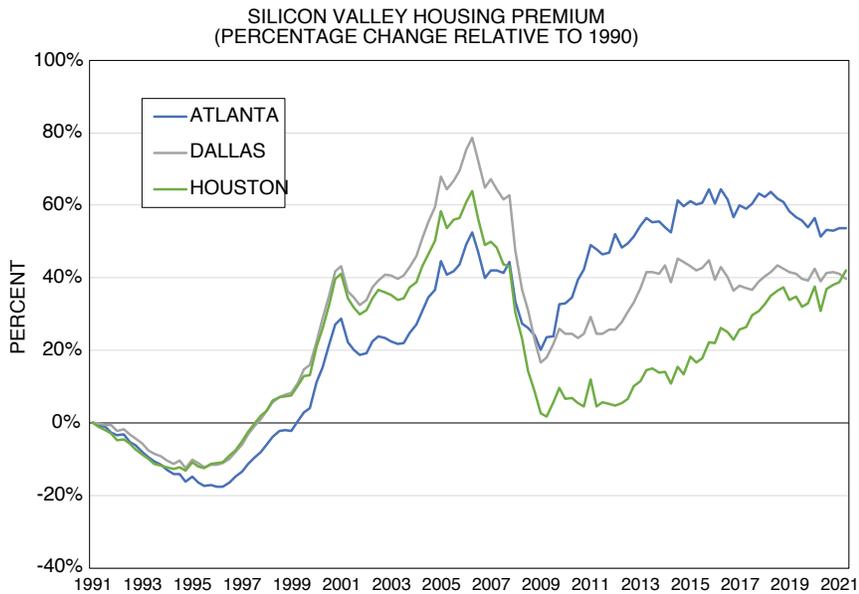
Source: US Census, FHFA, UCLA Anderson Forecast

Chart 8



Source: US Census, FHFA, UCLA Anderson Forecast

Chart 9



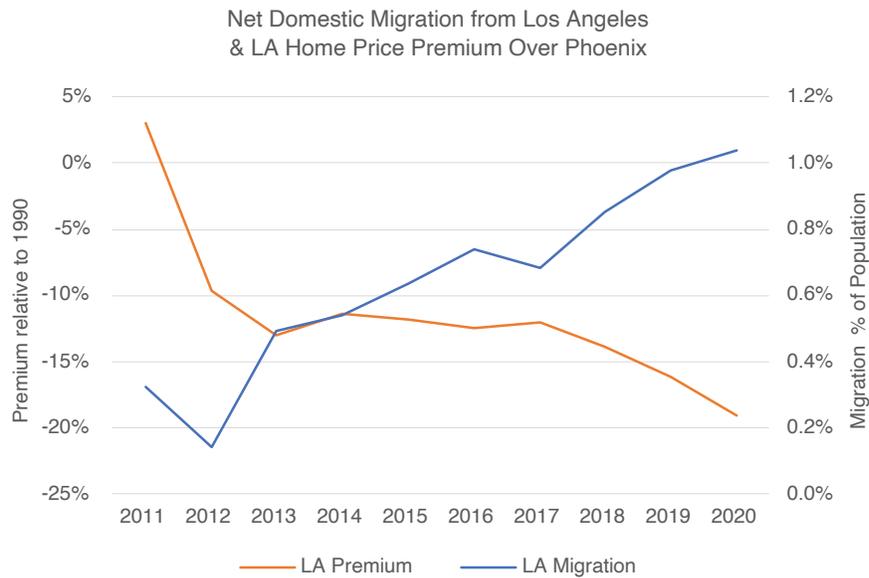
Source: US Census, FHFA, UCLA Anderson Forecast

so up until the point where the differential cost of housing just compensates for the differential lifestyle offered by the competing municipalities. Charts 10 and 11 illustrate this point. Chart 10 is a plot of net domestic migration from Los Angeles to anywhere else in the US and the Los Angeles home price premium over Phoenix. Though the chart does not show the migration to Phoenix, it is striking that out migration from LA and the decline in the premium are cor-

related. Chart 11 is a plot of the same two variables for San Francisco and Seattle. When net domestic migration was inbound to San Francisco, the premium increased. When it was outbound, it decreased.

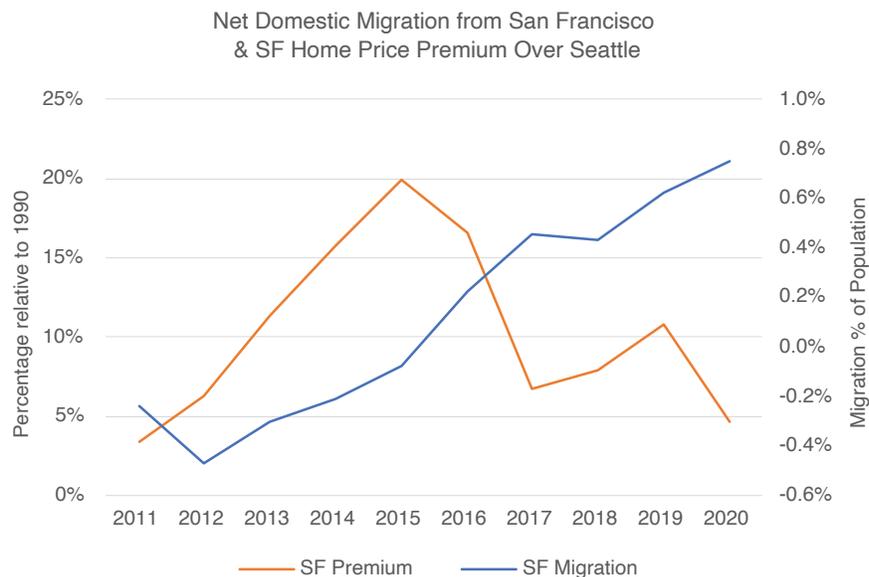
There are two main conclusions from this analysis. First, while California housing may be becoming less affordable, it is becoming relatively more affordable due to a shift in

Chart 10



Source: US Census, FHFA, CA Department of Finance, UCLA Anderson Forecast

Chart 11



Source: US Census, FHFA, CA Department of Finance, UCLA Anderson Forecast

the demand for housing to more affordable competing cities. Second, the dynamics are complicated by the type of opportunities available. When San Francisco was booming and this was an important center of innovation and wealth generation, the premium increased. As Seattle and Austin began to catch up, it decreased. For more mature cities, the premium seems to have stabilized. Since 1990 was a time of zero net migration, but stabilization of the premium has not occurred for many competing cities, we infer that net domestic migration out of California due to the high cost of housing will continue for the next few years, the premia will decline further, and net domestic out-migration is therefore expected to diminish.

The California Forecast

Jerry Nickelsburg, Director, UCLA Anderson Forecast
Leila Bengali, Economist, UCLA Anderson Forecast

Our discussion of the forecast begins with a new assumption (not a prediction) about the timing of the pandemic: that there will be an increase in covid-19 cases this winter in the state but no new measures to restrict people or businesses.

With this assumption, we expect some labor market headwinds in the state for the end of this year and early into next. We expect, based on past patterns, that a rise in cases will curtail economic activity in some sectors due to consumers pulling back from (or being more wary about returning to) in-person activities and travel. Job growth will be slower in sectors with high levels of personal contact and in sectors that cater to tourists, as we expect few tourists from Asian

countries and for European tourists to hold off on travel to the U.S. as cases rise. Another implication of a pullback from in-person activities is a slower decline in goods purchases. This will contribute to the high demand in the logistics industry, and we expect solid growth in this sector as ports continue to work through backlogs. We have already seen high demand for goods: taxable sales in the state were much stronger over the summer than we expected, a trend that we anticipate will continue.

The timing of our forecast for California is slightly different from last time, weaker late this year and early next with the economy picking up in mid-2022. The potential economic effects arising from the emergence of the omicron variant are a downside risk to our forecast. The unemployment rate is expected to reach 7.0% in the fourth quarter of this year, falling to an annual average of 5.6% in 2022 and 4.4% in 2023. We expect nonfarm payroll job growth for 2021, 2022, and 2023 to be 1.9%, 4.7%, and 2.5%. Inflation is expected to be higher than in the past, but largely below inflation in the U.S.: 4.0%, 4.1%, and 2.9% year-over-year in 2021, 2022, and 2023. Inflation will reduce real personal income to some degree, though we expect real personal income to grow faster in California than in the U.S.: 2.6%, -2.2%, and 2.9% in 2021, 2022, and 2023, with the negative number in 2022 a result of government stimulus programs ending. With the high demand for housing signaled by the rise in house prices, we expect more construction as supply rises to meet demand. Permits are expected to be 119.5, 123.7, and 139.7 thousand per year in 2021, 2022, and 2023.

THE UCLA ANDERSON FORECAST FOR CALIFORNIA

DECEMBER 2021 REPORT

Tables

Summary of the UCLA Anderson Forecast for California by Calendar Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Personal Income and Taxable Sales											
Personal Income (Bil. \$)	1857.2	1980.7	2125.4	2218.5	2318.6	2431.8	2544.2	2763.3	2948.5	3003.9	3179.4
(% Ch.)	1.6	6.7	7.3	4.4	4.5	4.9	4.6	8.6	6.7	1.9	5.8
Real Personal Income (Bil. 2012 \$)	1829.3	1917.1	2028.3	2069.4	2100.7	2124.3	2160.1	2303.9	2364.8	2312.4	2378.7
(% Ch.)	0.1	4.8	5.8	2.0	1.5	1.1	1.7	6.7	2.6	-2.2	2.9
Taxable Sales (Bil. \$)	586.4	615.4	638.1	653.4	678.1	708.2	734.5	708.5	777.9	808.3	835.3
(% Ch.)	5.1	4.9	3.7	2.4	3.8	4.4	3.7	-3.5	9.8	3.9	3.3
Real Taxable Sales (Bil. 2012 \$)	577.6	595.6	608.9	609.6	614.3	618.6	623.5	590.5	623.6	622.2	625.0
(% Ch.)	3.5	3.1	2.2	0.1	0.8	0.7	0.8	-5.3	5.6	-0.2	0.4
Price Inflation (% Change)											
Consumer Prices	1.5	1.8	1.4	2.3	3.0	3.7	2.9	1.8	4.0	4.1	2.9
Employment and Labor Force (Household Survey)											
Employment (% Ch.)	2.1	2.2	2.2	1.8	1.6	1.1	0.6	-8.9	3.4	3.8	2.9
Labor Force (% Ch.)	0.4	0.6	0.8	1.0	0.8	0.5	0.5	-2.8	0.6	1.4	1.6
Unemployment Rate (%)	9.0	7.6	6.2	5.5	4.8	4.3	4.2	10.2	7.7	5.6	4.4
Nonfarm Employment (Payroll Survey, % Change)											
Total Nonfarm	2.6	2.8	3.0	2.7	2.1	2.1	1.5	-7.4	1.9	4.7	2.5
Natural Resources & Min.	-0.1	3.3	-9.6	-15.6	-1.9	2.5	0.2	-11.9	-3.8	3.6	4.0
Construction	8.0	5.8	8.5	5.9	4.5	6.2	2.9	-3.5	3.0	1.9	2.1
Manufacturing	0.2	1.4	1.8	0.5	0.2	0.9	0.2	-4.9	-0.1	2.1	1.3
Nondurable Goods	0.5	1.2	1.3	0.9	-0.6	-1.1	-0.4	-6.9	-0.2	3.0	1.5
Durable Goods	-0.0	1.6	2.1	0.3	0.7	2.0	0.6	-3.9	-0.1	1.7	1.3
Tran., Warehousing & Utility.	3.2	4.1	6.2	6.7	6.3	5.2	5.9	3.4	5.7	2.7	1.5
Trade	1.8	2.1	1.7	0.9	0.5	-0.1	-1.4	-7.8	2.6	0.8	-1.5
Information	3.1	2.9	5.3	7.8	0.7	2.6	3.5	-6.1	2.8	8.2	5.0
Financial Activities	1.2	-0.0	2.5	2.6	1.2	0.7	0.4	-3.0	-0.5	2.2	1.7
Professional & Bus. Servs.	4.4	3.4	2.6	1.6	2.0	3.4	2.0	-4.6	3.5	5.4	3.6
Educational & Health Servs.	3.4	3.0	3.6	3.6	3.9	2.7	3.1	-2.7	1.7	3.3	1.8
Leisure & Hospitality	4.9	4.9	4.1	4.1	2.7	2.0	2.2	-27.5	5.8	16.9	5.4
Other Services	2.4	3.7	1.6	1.8	1.9	1.4	0.8	-18.0	1.6	9.6	8.0
Federal Government	-1.9	-1.3	0.8	1.3	0.2	-0.7	0.8	5.1	-3.0	-0.2	0.6
State and Local Government	0.1	2.0	2.2	2.3	1.7	1.3	0.6	-5.2	-2.2	3.4	3.4
Nonfarm Employment (Payroll Survey, Thousands)											
Total Nonfarm	15151.1	15575.2	16048.8	16479.0	16827.2	17174.4	17432.3	16138.9	16445.1	17210.5	17639.1
Natural Resources & Min.	28.3	29.2	26.4	22.3	21.9	22.4	22.5	19.8	19.0	19.7	20.5
Construction	637.7	674.6	731.8	775.1	810.1	860.6	885.7	854.3	879.8	896.9	915.4
Manufacturing	1262.3	1280.2	1303.3	1310.1	1312.7	1324.1	1326.9	1261.4	1259.7	1286.4	1303.6
Nondurable Goods	470.7	476.2	482.6	487.0	484.2	478.7	476.8	444.0	443.2	456.4	463.1
Durable Goods	791.6	804.0	820.7	823.1	828.5	845.4	850.1	817.3	816.5	830.0	840.5
Tran., Warehousing & Utility	503.7	524.5	557.2	594.4	631.9	664.4	703.9	728.2	769.5	789.9	801.5
Trade	2264.1	2310.6	2350.5	2372.4	2383.7	2381.9	2349.1	2166.6	2222.9	2241.7	2207.4
Information	450.2	463.5	488.2	526.4	530.1	543.9	562.7	528.2	543.1	587.4	616.9
Financial Activities	783.1	782.8	802.4	822.9	832.7	838.2	841.4	815.9	811.4	829.0	842.8
Professional & Bus. Servs.	2348.0	2427.2	2490.4	2531.4	2582.0	2669.5	2722.0	2596.6	2687.8	2833.3	2934.0
Educational & Health Servs.	2308.7	2378.1	2464.4	2552.0	2650.4	2722.6	2808.2	2731.5	2778.8	2869.4	2921.4
Leisure & Hospitality	1675.3	1756.7	1828.6	1902.8	1953.9	1993.5	2036.4	1476.7	1562.7	1827.4	1926.1
Other Services	515.7	534.8	543.4	553.5	563.8	571.9	576.5	473.0	480.4	526.4	568.7
Federal Government	245.6	242.5	244.4	247.5	248.0	246.2	248.1	260.7	252.9	252.5	254.1
State and Local Government	2128.4	2170.4	2217.9	2268.2	2305.9	2335.3	2348.8	2226.1	2177.1	2250.4	2326.7
Construction Activity, Auto Registrations, and Population											
Residential Building Permits (Thous. Units)	85.4	85.2	98.2	98.9	112.8	114.3	111.0	100.4	119.5	123.7	139.7
Nonresidential Construction											
Value (Mil. 2012 \$)	21368.4	21296.7	23982.2	23836.1	24795.7	27921.8	26389.8	18363.6	13978.7	15216.3	17710.6
Value (Mil. \$)	21687.5	22833.9	26240.0	26135.2	27911.6	31940.8	31406.8	22194.2	17535.7	20369.4	24645.8
Auto Registrations (Mil.)	1.7	1.8	2.0	2.0	1.9	1.9	1.8	1.4	1.6	1.5	1.6
Net Immigration (Thous., Past Year)	61.1	59.1	54.0	24.9	15.6	-8.6	-79.8	-128.3	-154.2	-95.6	-12.9
Population (Thous.)	38352.4	38665.4	38966.0	39222.3	39455.5	39641.6	39745.3	39776.7	39765.2	39783.6	39876.7
(% Ch.)	0.8	0.8	0.8	0.7	0.6	0.5	0.3	0.1	-0.0	0.0	0.2

Source for residential and nonresidential permit and construction data: Construction Industry Research Board (CIRB), a service provided by the California Homebuilding Foundation (CHF). <http://www.cirbreport.org/>

FORECAST TABLES - QUARTERLY SUMMARY

Summary of the UCLA Anderson
Forecast for California by Quarter

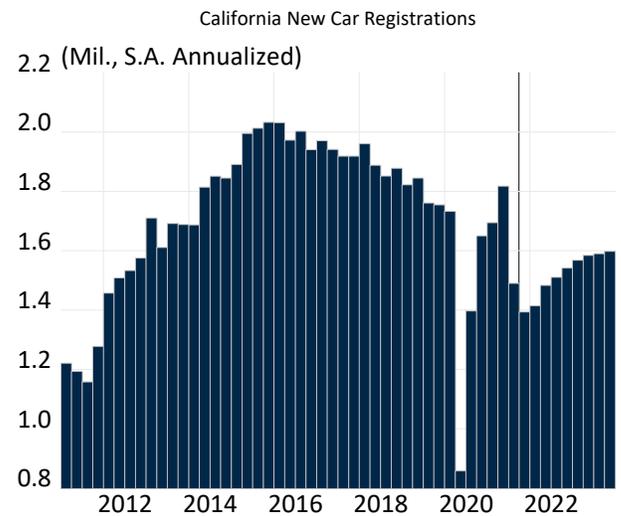
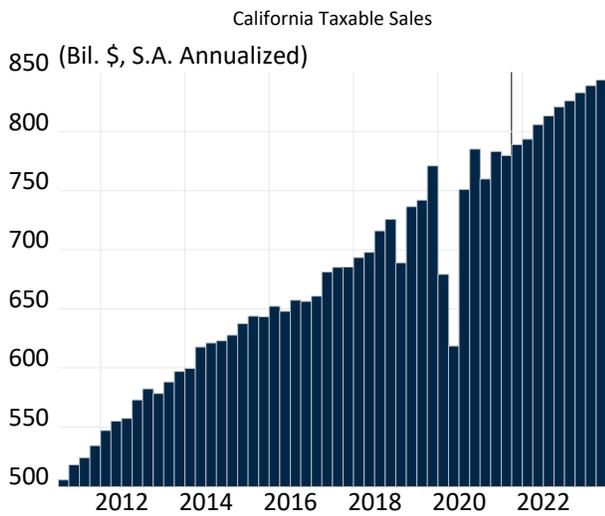
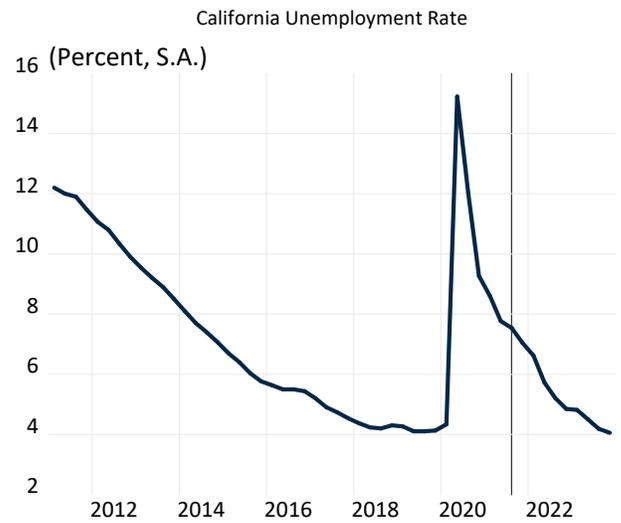
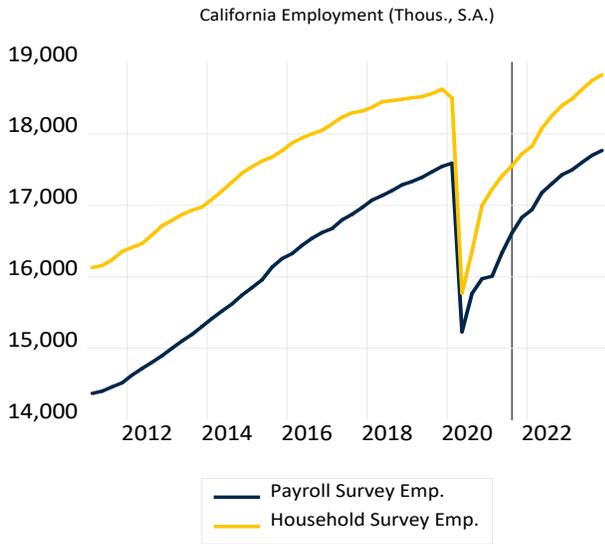
	2021Q3	2021Q4	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3	2023Q4
Personal Income and Taxable Sales										
Personal Income										
(Bil. \$, S.A. Annualized)	2904.0	2917.6	2944.6	2976.9	3022.2	3072.0	3114.7	3157.1	3201.1	3244.5
(% Ch. A. R.)	-2.1	1.9	3.8	4.5	6.2	6.8	5.7	5.6	5.7	5.5
Real Personal Income										
(Bil. 2012 \$, S.A. Annualized)	2306.3	2293.7	2294.3	2300.3	2317.2	2337.8	2353.8	2369.9	2387.2	2404.0
(% Ch. A. R.)	-7.2	-2.2	0.1	1.1	3.0	3.6	2.8	2.8	3.0	2.8
Taxable Sales										
(Bil. \$, S.A. Annualized)	779.7	788.9	793.5	805.8	813.2	820.6	826.0	832.8	838.9	843.6
(% Ch. A. R.)	-1.7	4.8	2.4	6.3	3.8	3.7	2.6	3.4	2.9	2.3
Real Taxable Sales										
(Bil. 2012 \$, S.A. Annualized)	619.2	620.2	618.3	622.7	623.5	624.5	624.2	625.2	625.6	625.1
(% Ch. A. R.)	-6.8	0.6	-1.2	2.9	0.6	0.6	-0.2	0.6	0.3	-0.3
Price Inflation (% Change Annualized Rate)										
Consumer Prices	5.5	4.1	3.7	3.4	3.2	3.1	2.8	2.7	2.6	2.6
Employment and Labor Force (Household Survey)										
Employment (% Ch. A. R.)	3.2	3.9	2.4	5.8	4.0	3.1	2.0	3.0	2.7	1.7
Labor Force (% Ch. A. R.)	2.2	1.7	0.6	1.8	1.7	1.6	1.8	1.6	1.4	1.2
Unemployment Rate (% , S.A.)	7.5	7.0	6.6	5.7	5.2	4.8	4.8	4.5	4.2	4.1
Nonfarm Employment (Payroll Survey, % Change Annualized Rate)										
Total Nonfarm	6.9	5.4	2.6	5.7	3.0	2.9	1.5	2.4	2.3	1.5
Natural Resources & Min.	0.7	17.2	-1.8	3.4	3.6	3.7	4.1	3.9	5.9	1.9
Construction	0.1	-1.6	4.5	2.9	3.5	2.8	0.6	2.2	2.1	1.9
Manufacturing	1.5	4.3	0.9	2.6	1.2	1.0	1.9	1.3	0.9	-0.0
Nondurable Goods	4.6	6.7	1.0	3.0	0.7	2.1	1.6	1.6	1.5	-1.2
Durable Goods	-0.1	3.0	0.9	2.5	1.4	0.4	2.1	1.2	0.6	0.6
Tran., Warehousing & Utility	2.0	6.1	2.2	1.7	-0.3	2.0	0.3	2.6	2.5	2.4
Trade	1.0	2.7	1.0	0.1	-0.2	-2.3	-2.8	-1.3	-0.7	-0.7
Information	12.1	8.7	3.5	11.3	8.8	7.2	2.2	4.2	2.9	3.4
Financial Activities	-1.0	4.7	1.6	3.1	2.3	1.9	1.3	1.7	1.2	0.9
Professional & Bus. Servs.	3.9	10.9	2.0	7.2	2.9	5.2	2.1	3.2	4.5	1.7
Educational & Health Servs.	3.1	2.7	3.4	4.4	1.7	2.6	0.9	2.0	1.2	1.8
Leisure & Hospitality	39.3	14.2	5.7	20.3	8.8	5.7	2.8	4.7	2.5	3.2
Other Services	21.2	4.6	4.0	17.2	3.2	6.0	10.5	8.4	8.1	4.1
Federal Government	-2.3	-0.6	0.8	0.4	0.8	0.6	0.6	0.6	0.6	0.6
State and Local Government	8.7	2.3	2.0	2.7	4.3	3.8	3.5	3.2	3.2	1.4
Nonfarm Employment (Payroll Survey, Thousands, S.A.)										
Total Nonfarm	16609.4	16829.6	16937.9	17175.8	17301.7	17426.7	17493.6	17599.5	17698.0	17765.3
Natural Resources & Min.	18.8	19.6	19.5	19.6	19.8	20.0	20.2	20.4	20.7	20.8
Construction	880.5	876.9	886.7	893.1	900.8	907.1	908.3	913.2	917.9	922.2
Manufacturing	1261.0	1274.5	1277.4	1285.8	1289.5	1292.7	1298.9	1303.2	1306.2	1306.1
Nondurable Goods	444.5	451.8	452.9	456.2	457.1	459.4	461.2	463.0	464.8	463.4
Durable Goods	816.5	822.7	824.6	829.6	832.5	833.2	837.6	840.2	841.5	842.7
Tran., Warehousing & Utility	770.9	782.4	786.8	790.1	789.4	793.3	794.0	799.1	804.1	808.9
Trade	2224.7	2239.3	2245.1	2245.7	2244.4	2231.6	2215.6	2208.5	2204.7	2201.0
Information	550.6	562.2	567.1	582.5	594.8	605.3	608.6	615.0	619.4	624.6
Financial Activities	808.5	817.8	821.0	827.3	832.0	835.8	838.5	842.0	844.5	846.4
Professional & Bus. Servs.	2693.8	2764.4	2777.8	2826.2	2846.4	2882.8	2897.7	2920.3	2952.9	2965.1
Educational & Health Servs.	2793.9	2812.3	2835.6	2866.5	2878.6	2896.8	2903.4	2917.5	2925.9	2938.7
Leisure & Hospitality	1659.9	1715.8	1739.9	1822.2	1860.9	1886.7	1899.9	1921.7	1933.5	1949.0
Other Services	496.5	502.1	507.0	527.5	531.7	539.5	553.2	564.5	575.6	581.5
Federal Government	251.9	251.5	252.0	252.2	252.7	253.1	253.5	253.9	254.3	254.6
State and Local Government	2198.5	2210.9	2222.1	2237.0	2260.7	2282.0	2301.8	2320.2	2338.3	2346.4
Construction Activity, Auto Registrations, and Population										
Residential Building Permits (Thous. Units, S.A. Annualized)	104.1	110.7	118.3	120.1	125.9	130.7	136.3	138.3	141.7	142.3
Nonresidential Construction										
Value (Mil. 2012 \$, S.A. Annualized)	11426.9	14271.9	14177.7	14937.7	15573.7	16176.2	16765.1	17329.5	18044.0	18703.7
Value (Mil. \$, S.A. Annualized)	14630.6	18229.7	18376.4	19819.4	21094.8	22186.9	23129.2	24010.6	25154.6	26288.7
Auto Registrations (Mil., S.A. Annualized)	1.5	1.4	1.4	1.5	1.5	1.5	1.6	1.6	1.6	1.6
Net Immigration (Thous., Past 4 Qtrs.)	-167.6	-141.8	-132.9	-100.1	-83.2	-66.2	-33.4	-16.5	-3.5	1.5
Population (Thous.)	39761.0	39762.0	39764.6	39774.8	39788.7	39806.2	39831.3	39860.1	39891.6	39923.7
(% Ch. A. R.)	-0.1	0.0	0.0	0.1	0.1	0.2	0.3	0.3	0.3	0.3

Source for residential and nonresidential permit and construction data: Construction Industry Research Board (CIRB), a service provided by the California Homebuilding Foundation (CHF). <http://www.cirbreport.org/>

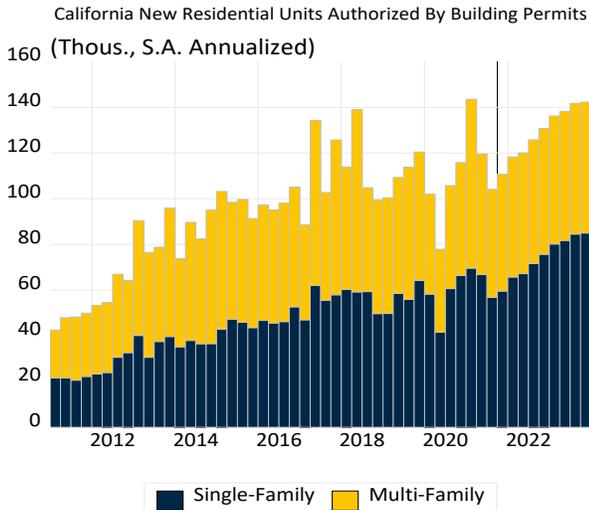
THE UCLA ANDERSON FORECAST FOR CALIFORNIA

DECEMBER 2021 REPORT

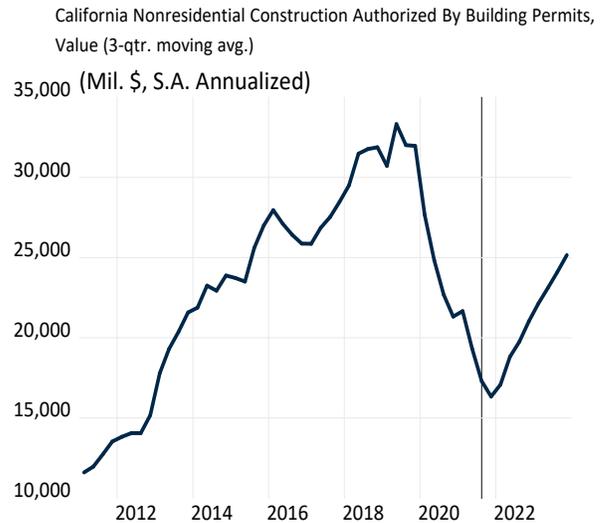
Charts



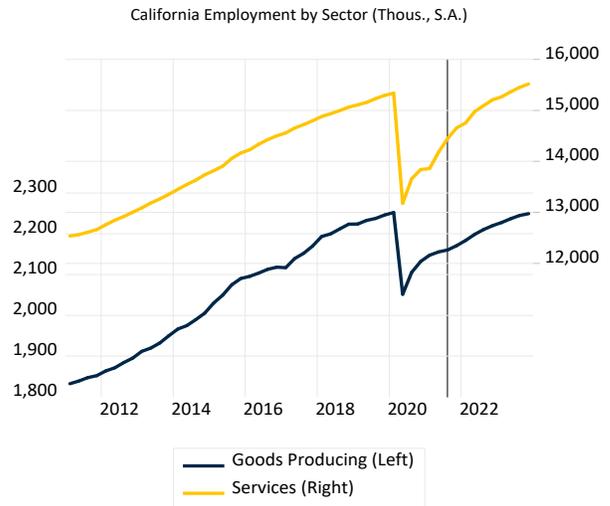
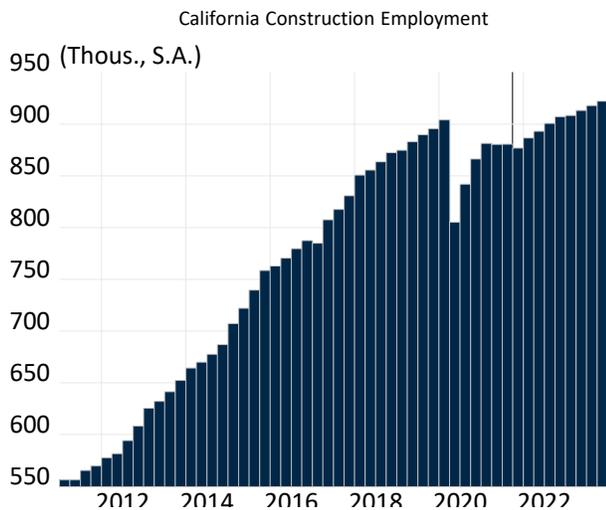
CHARTS - RECENT EVIDENCE

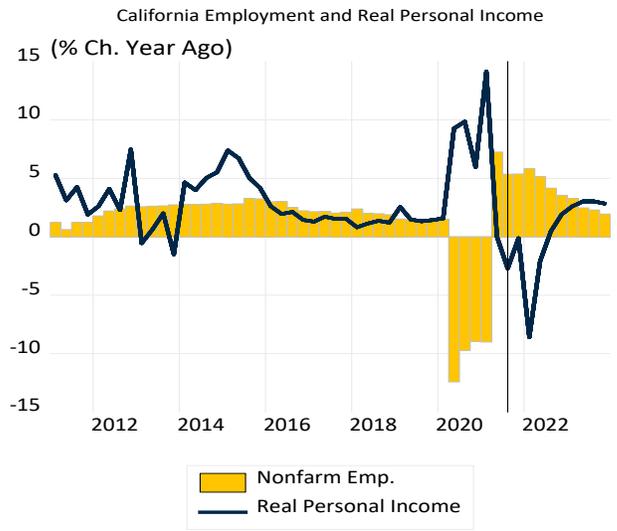
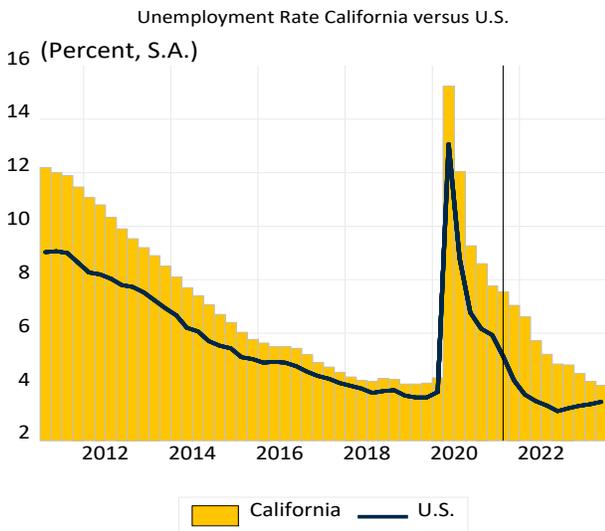
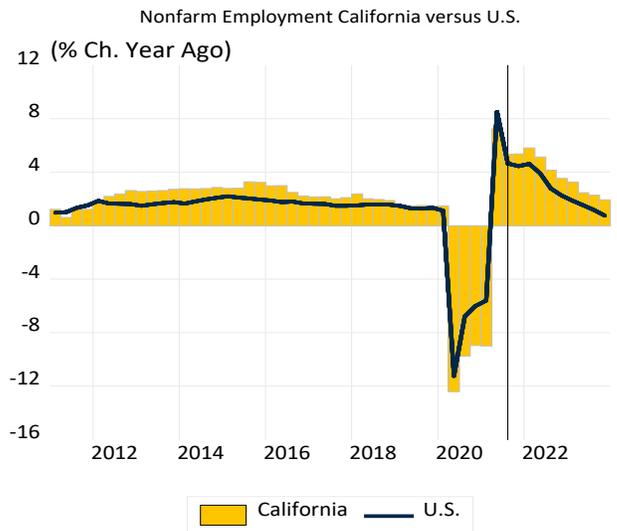
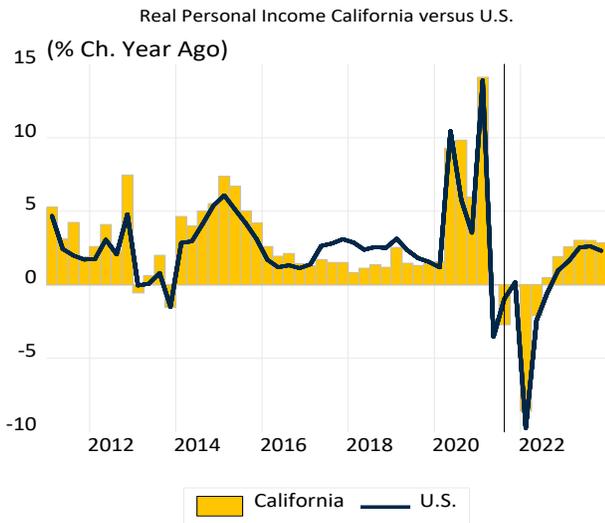


Source for residential and nonresidential permit and construction data: Construction Industry Research Board (CIRB), a service provided by the California Homebuilding Foundation (CHF). <http://www.cirbreport.org/>

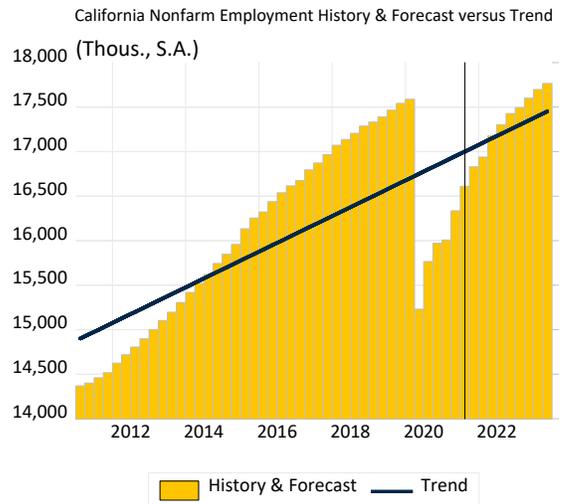
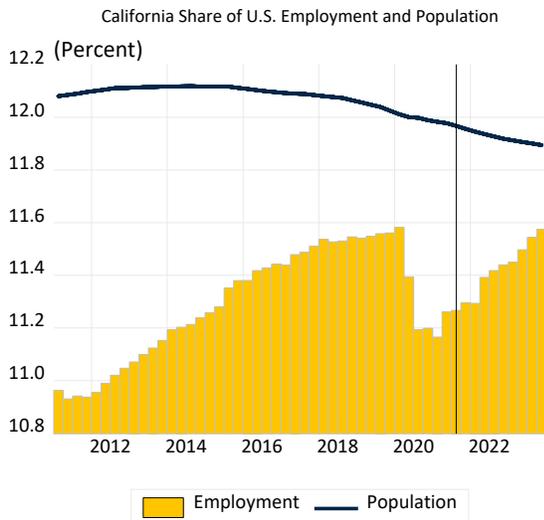
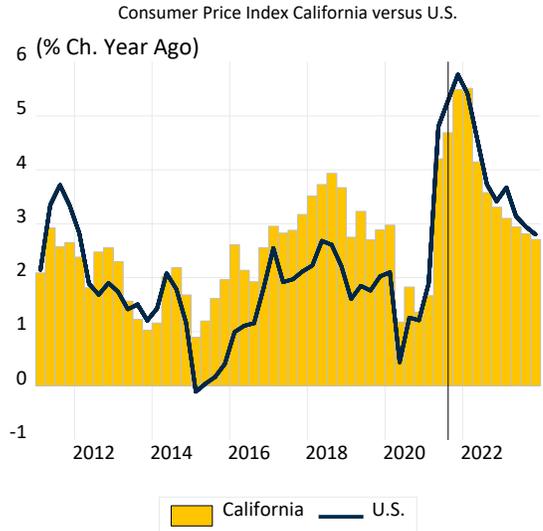
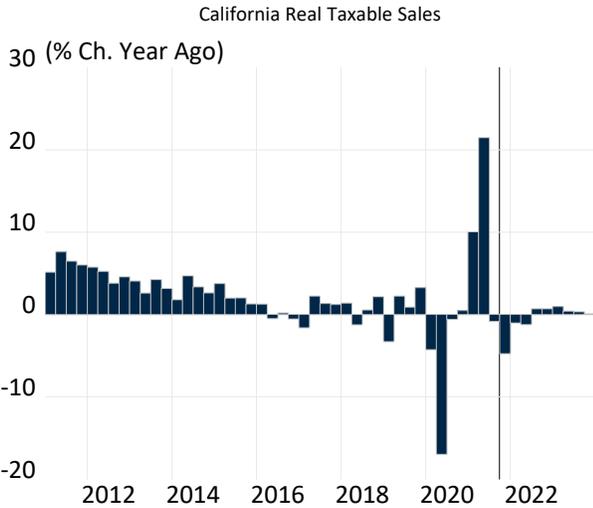


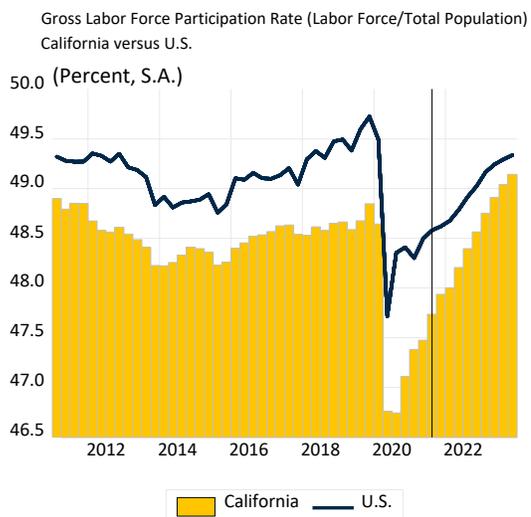
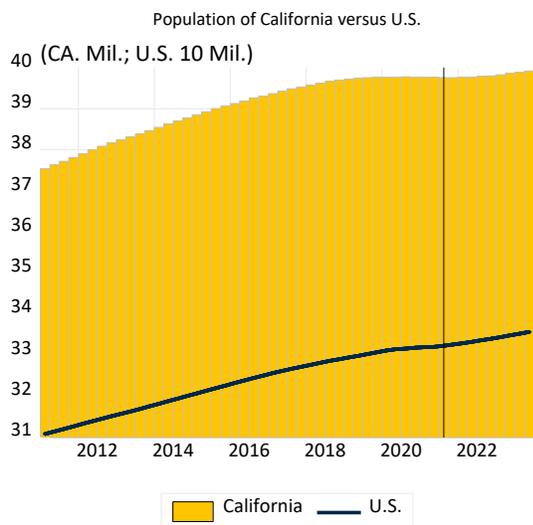
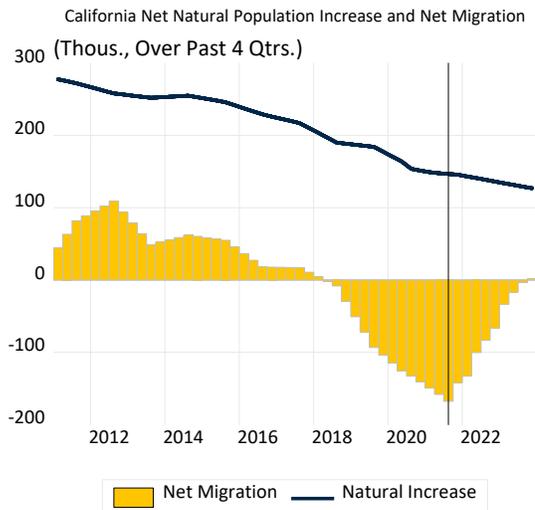
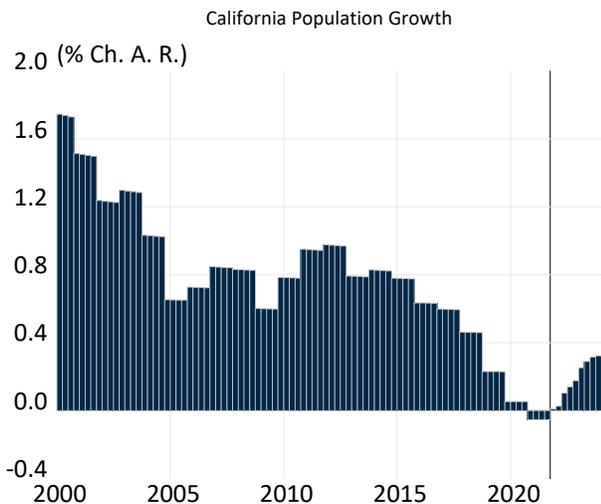
Source for residential and nonresidential permit and construction data: Construction Industry Research Board (CIRB), a service provided by the California Homebuilding Foundation (CHF). <http://www.cirbreport.org/>





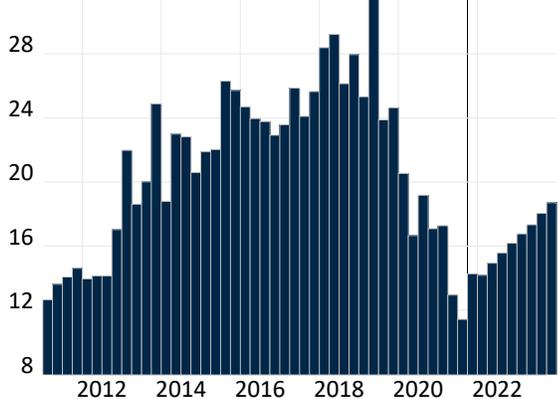
CHARTS - FORECAST





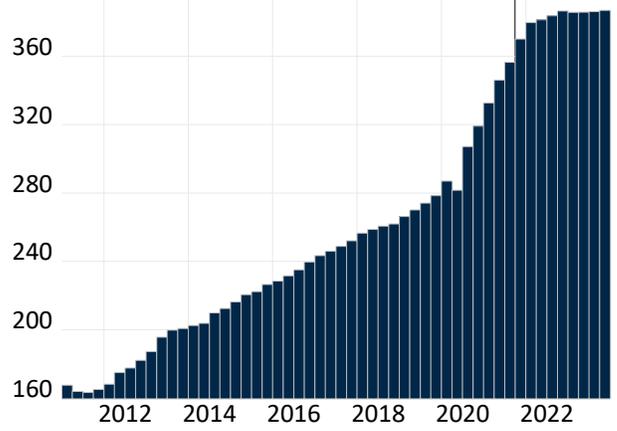
CHARTS - FORECAST

California Nonresidential Construction Authorized By Building Permits, Real Value
 32 (Bil. 2012 \$, S.A. Annualized)

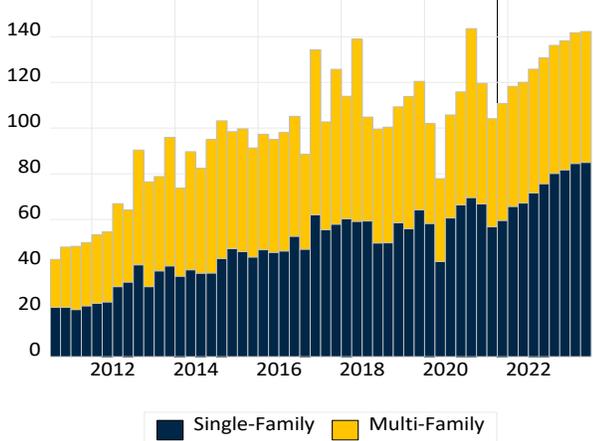


Source for residential and nonresidential permit and construction data: Construction Industry Research Board (CIRB), a service provided by the California Homebuilding Foundation (CHF). <http://www.cirbreport.org/>

U.S. Median Price of Existing Single-Family Homes
 400 (Thous. \$, S.A.)



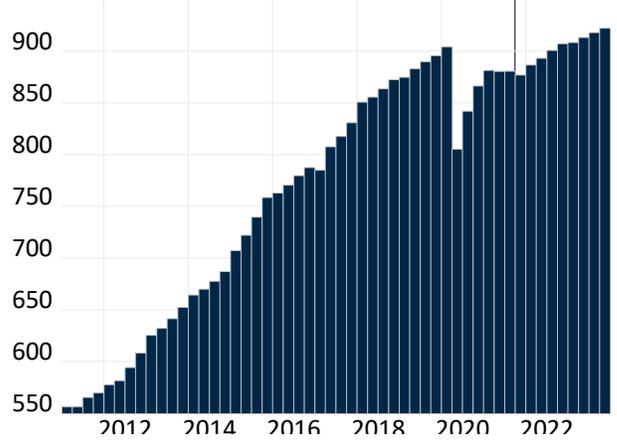
California New Residential Units Authorized By Building Permits
 160 (Thous., S.A. Annualized)



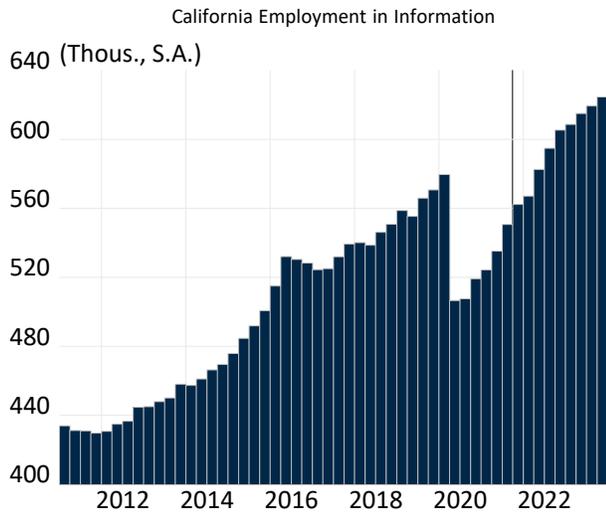
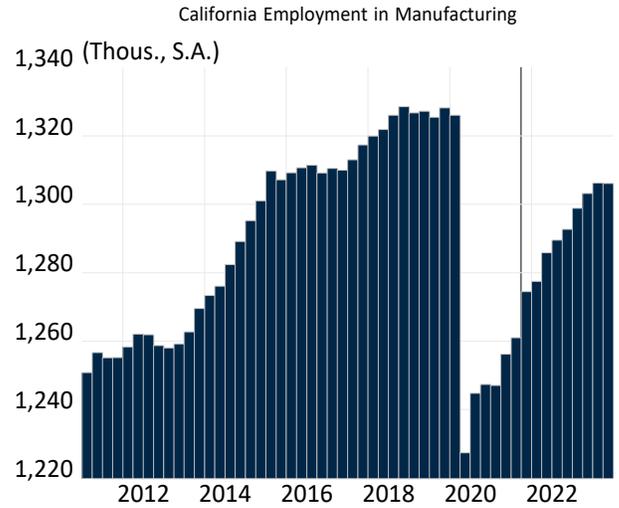
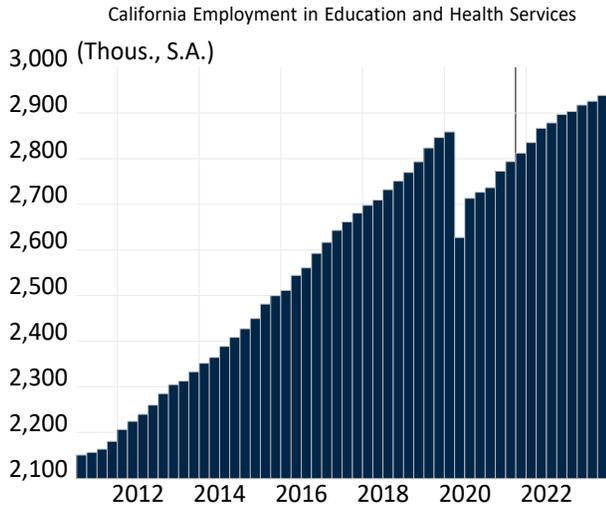
■ Single-Family ■ Multi-Family

Source for residential and nonresidential permit and construction data: Construction Industry Research Board (CIRB), a service provided by the California Homebuilding Foundation (CHF). <http://www.cirbreport.org/>

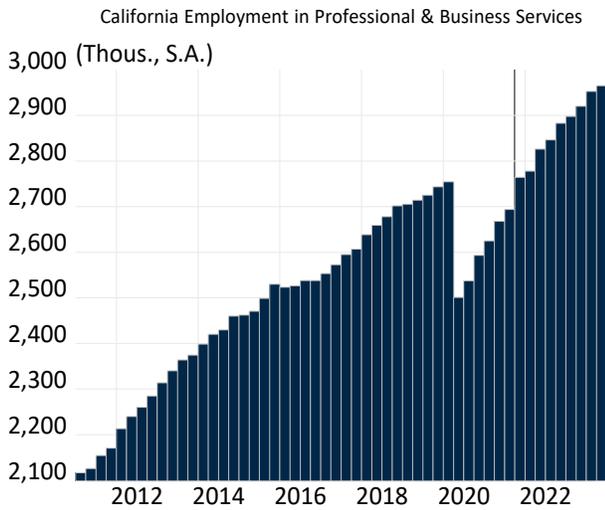
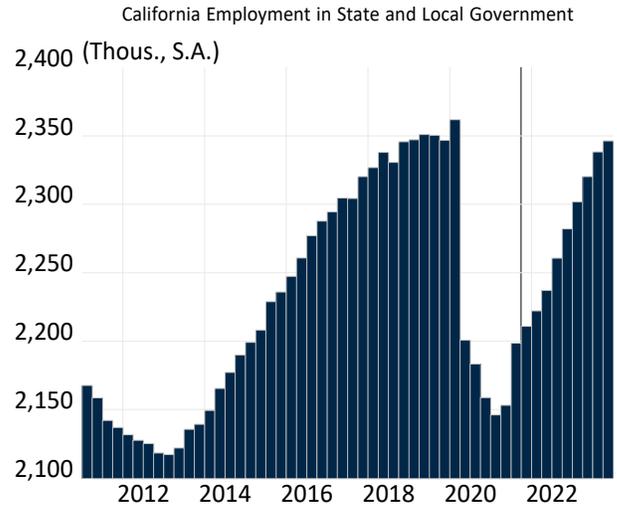
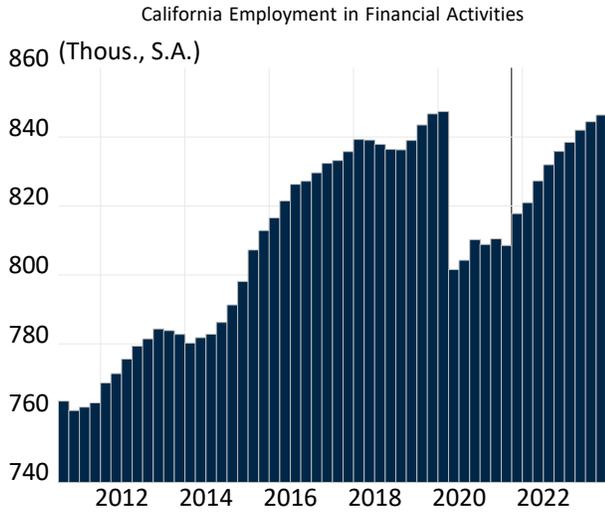
California Construction Employment
 950 (Thous., S.A.)



CHARTS - FORECAST



CHARTS - FORECAST





Atascadero City Council

Staff Report – Police Department

AB 481 – Military Equipment Policy

RECOMMENDATION:

Council review and receive the proposed 2022-2023 Military Equipment Policy in accordance with AB 481.

DISCUSSION:

On September 30, 2021, California Assembly Bill 481 (AB 481) was signed into law, which codified California Government Code Sections 7070 to 7075. The text of AB 481 is attached to this staff report for reference.

AB 481 requires a law enforcement agency to obtain approval of, by ordinance at a regular meeting, a military equipment policy related to any funding, acquisition, or use of military equipment. The items considered to be “military equipment” are defined under Government Code Section 7070(c), and include such things as weapons using .50 caliber rounds or greater and flashbang grenades. AB 481 also requires the City Council to annually review and approve any military equipment policy adopted by ordinance. Any proposed policy must be posted on the City’s website at least 30 days before that annual review and approval.

Pursuant to Government Code Section 7071(a)(2), no later than May 1, 2022, the Atascadero Police Department shall commence a City Council approval process of a proposed military equipment policy in order for the City to continue to use its existing equipment that may be considered “military equipment” under the statute. To commence the process, attached for the City Council’s review is a 2022-2023 Military Equipment Policy that covers military equipment already in use by the City and satisfies the requirement of AB 481. At the May 10, 2022 City Council Meeting, a draft ordinance for the adoption and approval of the Military Equipment Policy will be brought before the City Council for review and introduction. If the City Council does not approve the continuing use of military equipment, and adopt the ordinance, the Police Department shall cease its use of the military equipment within 180 days (or no later than October 26, 2022) until it receives the approval of the City Council in accordance with AB 481.

FISCAL IMPACT:

There is no direct fiscal impact from the approval of this policy or subsequent adoption of an ordinance.

ATTACHMENTS:

1. Draft 2022-2023 Military Equipment Policy
2. Assembly Bill 481

708 Military Equipment

708.1 PURPOSE AND SCOPE

The purpose of this policy is to provide guidelines for the approval, acquisition, and reporting requirements of military equipment (Government Code § 7070; Government Code § 7071; Government Code § 7072).

708.1.1 DEFINITIONS

Definitions related to this policy include (Government Code § 7070):

Governing body – The elected or appointed body that oversees the Department, in this case the Atascadero City Council.

Military equipment – Includes but is not limited to the following:

1. Unmanned, remotely piloted, powered aerial or ground vehicles.
2. Mine-resistant ambush-protected (MRAP) vehicles or armored personnel carriers.
3. High mobility multipurpose wheeled vehicles (HMMWV), two-and-one-half-ton trucks, five-ton trucks, or wheeled vehicles that have a breaching or entry apparatus attached.
4. Tracked armored vehicles that provide ballistic protection to their occupants.
5. Command and control vehicles that are either built or modified to facilitate the operational control and direction of public safety units.
6. Weaponized aircraft, vessels, or vehicles of any kind.
7. Battering rams, slugs, and breaching apparatuses that are explosive in nature. This does not include a handheld, one-person ram.
8. Firearms and ammunition of .50 caliber or greater, excluding standard-issue shotguns and standard-issue shotgun ammunition.
9. Specialized firearms and ammunition of less than .50 caliber, including firearms and accessories identified as assault weapons in Penal Code § 30510 and Penal Code § 30515, with the exception of standard-issue handguns.
10. Any firearm or firearm accessory that is designed to launch explosive projectiles.
11. Noise-flash diversionary devices and explosive breaching tools.
12. Munitions containing tear gas or OC, excluding standard, service-issued handheld pepper spray.
13. TASER® Shockwave, microwave weapons, water cannons, and long-range acoustic devices (LRADs).
14. Kinetic energy weapons and munitions.
15. Any other equipment as determined by a governing body or a state agency to require additional oversight.

708.2 POLICY

It is the policy of the Atascadero Police Department that its members comply with the provisions of Government Code § 7071 with respect to military equipment.

708.3 MILITARY EQUIPMENT COORDINATOR

The Chief of Police will designate a member of the Department to act as the military equipment coordinator. The responsibilities of the military equipment coordinator include but are not limited to:

- (a) Acting as liaison to the governing body for matters related to the requirements of this policy.

- (b) Identifying Department equipment that qualifies as military equipment in the current possession of the Department, or the equipment the Department intends to acquire that requires approval by the governing body.
- (c) Conducting an inventory of all military equipment at least annually.
- (d) Collaborating with any allied agency that may use military equipment within the jurisdiction of Atascadero Police Department (Government Code § 7071).
- (e) Preparing for, scheduling, and coordinating the annual community engagement meeting to include:
 - 1. Publicizing the details of the meeting.
 - 2. Preparing for public questions regarding the department's funding, acquisition, and use of equipment.
- (f) Preparing the annual military equipment report for submission to the Chief of Police and ensuring that the report is made available on the Department's website (Government Code § 7072).
- (g) Establishing the procedure for a person to register a complaint or concern, or how that person may submit a question about the use of a type of military equipment, and how the Department will respond in a timely manner.

708.4 MILITARY EQUIPMENT INVENTORY

The attachment to this policy section constitutes a list of qualifying "military equipment" for the Department.

SEE ATTACHMENT: MILITARY EQUIPMENT INVENTORY.PDF

708.5 APPROVAL

The Chief of Police or his/her authorized designee shall obtain approval from the governing body, by way of an ordinance, adopting the military equipment policy. As part of the approval process, the Chief of Police or his/her authorized designee shall ensure the proposed military equipment policy is submitted to the governing body, and is available on the Department's website at least thirty (30) days prior to any public hearing concerning the military equipment at issue (Government Code § 7071).

The military equipment policy must be approved by the governing body prior to engaging in any of the following (Government Code § 7071):

- (a) Requesting military equipment made available pursuant to 10 USC § 2576a.
- (b) Seeking funds for military equipment, including but not limited to applying for a grant, soliciting or accepting private, local, state, or federal funds, in-kind donations, or other donations or transfers.
- (c) Acquiring military equipment either permanently or temporarily, including by borrowing or leasing.
- (d) Collaborating with another law enforcement agency in the deployment or other use of military equipment within the jurisdiction of this department.
- (e) Using any new or existing military equipment for a purpose, in a manner, or by a person not previously approved by the governing body.
- (f) Soliciting or responding to a proposal for, or entering into an agreement with, any other person or entity to seek funds for, apply to receive, acquire, use, or collaborate in the use of military equipment.

(g) Acquiring military equipment through any means not provided above.

708.6 COORDINATION WITH OTHER JURISDICTIONS

This policy recognizes the need for agencies to provide assistance to each other, whether in ongoing combined or regional operations, occasional planned operations, or in exigent circumstances. Where applicable to the provisions of Government Code § 7070 through § 7075, such assisting agencies must comply with their respective military equipment use policies when rendering assistance.

708.7 ANNUAL REPORT

Upon approval of a military equipment policy, the Chief of Police or his/her authorized designee will submit a military equipment report to the governing body for each type of military equipment approved within one year of approval, and annually thereafter for as long as the military equipment is available for use (Government Code § 7072).

The annual military equipment report shall, at a minimum, include the following information for the immediately preceding calendar year for each type of military equipment:

- a. A summary of how the military equipment was used and the purpose of its use.
- b. A summary of any complaints or concerns received concerning the military equipment.
- c. The results of any internal audits, any information about violations of the military equipment use policy, and any actions taken in response.
- d. The total annual cost for each type of military equipment, including acquisition, personnel, training, transportation, maintenance, storage, upgrade, and other ongoing costs, and from what source funds will be provided for the military equipment in the calendar year following submission of the annual military equipment report.
- e. The quantity possessed for each type of military equipment.
- f. If the law enforcement agency intends to acquire additional military equipment in the next year, the quantity sought for each type of military equipment.

The Chief of Police or his/her authorized designee shall also make each annual military equipment report publicly available on the Department's website for as long as the military equipment is available for use. The report shall include all information required by Government Code § 7072 for the preceding calendar year for each type of military equipment in department inventory.

708.8 COMMUNITY ENGAGEMENT

Within 30 days of submitting and publicly releasing the annual report, the Department shall hold at least one well-publicized and conveniently located community engagement meeting, at which the Department should discuss the report and respond to public questions regarding the funding, acquisition, or use of military equipment.

**ATASCADERO POLICE DEPARTMENT POLICY MANUAL
 ATTACHMENT TO POLICY MANUAL SECTION 708
 INVENTORY LIST OF AB 481 DEFINED MILITARY EQUIPMENT**

Equipment Name: 5.56mm Semi-Automatic Rifles and Ammunition - CA Govt. Code §7070(c)(10)	
Quantity Owned/Sought: 7 owned	Lifespan: Approximately 15 years
Equipment Capabilities: Semi-automatic rifles that fire a 5.56mm projectile.	
Manufacturer Product Description: The Colt Enhanced Patrol Rifle (EPR) M-4 is the next evolution in the world's most dependable, thoroughly field-tested patrol rifle.	
Purpose/Authorized Uses: Officers may deploy the patrol rifle in any circumstance where the officer can articulate a reasonable expectation that the rifle may be needed. Examples of some general guidelines for deploying the patrol rifle may include but are not limited to: <ul style="list-style-type: none"> ● Situations where the officer reasonably anticipates an armed encounter. ● When an officer is faced with a situation that may require accurate and effective fire at long range. ● Situations where an officer reasonably expects the need to meet or exceed a suspect's firepower. ● When an officer reasonably believes that there may be a need to fire on a barricaded person or a person with a hostage. ● When an officer reasonably believes that a suspect may be wearing body armor. ● When authorized or requested by a supervisor. 	
Fiscal Impacts: The initial cost of equipment is approximately \$1,100 per rifle. The ongoing costs for ammunition vary, and maintenance is performed by Department staff.	
Legal/Procedural Rules Governing Use: All applicable State, Federal and Local laws governing police use of force. Various Atascadero Police Department Policies on Use of Force and Firearms including Atascadero Police Department Policy Manual sections: 300, 305, 310, 312, 314.7.3, 433.	
Training Required: Officers must successfully complete a CA POST certified 24-hour patrol rifle course as well as regular department firearms training and qualifications as required by law and policy.	

Equipment Name: 5.56mm Semi-automatic Rifles and Ammunition - CA Govt. Code §7070(c)(10)	
Quantity Owned/Sought: 17 owned	Lifespan: Approximately 15 years
Equipment Capabilities: Semi-automatic rifle capable of firing a 5.56mm projectile.	
Manufacturer Product Description: Bushmaster XM15-E2S Patrolman Rifle. Short barreled carbine for patrol operations	
Purpose/Authorized Uses: Officers may deploy the patrol rifle in any circumstance where the officer can articulate a reasonable expectation that the rifle may be needed. Examples of some general guidelines for deploying the patrol rifle may include but are not limited to: <ul style="list-style-type: none"> ● Situations where the officer reasonably anticipates an armed encounter. ● When an officer is faced with a situation that may require accurate and effective fire at long range. ● Situations where an officer reasonably expects the need to meet or exceed a suspect's firepower. ● When an officer reasonably believes that there may be a need to fire on a barricaded person or a person with a hostage. 	

ATASCADERO POLICE DEPARTMENT POLICY MANUAL ATTACHMENT TO POLICY MANUAL SECTION 708 INVENTORY LIST OF AB 481 DEFINED MILITARY EQUIPMENT

<ul style="list-style-type: none"> • When an officer reasonably believes that a suspect may be wearing body armor. • When authorized or requested by a supervisor.
Fiscal Impacts: The initial cost of equipment is approximately \$1,100 per rifle. The ongoing costs for ammunition vary, and maintenance is performed by Department staff.
Legal/Procedural Rules Governing Use: All applicable State, Federal and Local laws governing police use of force. Various Atascadero Police Department Policies on Use of Force and Firearms including Atascadero Police Department Policy Manual sections: 300, 305, 310, 312, 314.7.3, 433.
Training Required: Officers must successfully complete a CA POST certified 24-hour patrol rifle course as well as regular department firearms training and qualifications as required by law and policy.

Equipment Name: 5.56mm Semi-Automatic Rifles and Ammunition - CA Govt. Code §7070(c)(10)	
Quantity Owned/Sought: 3 owned	Lifespan: Approximately 15 years
Equipment Capabilities: Semi-automatic rifles that fire a 5.56mm projectile.	
Manufacturer Product Description: Heckler and Koch G36C is a compact deployable patrol rifle ideal for compact carry locations such as motor vehicles and motorcycles.	
Purpose/Authorized Uses: Officers may deploy the patrol rifle in any circumstance where the officer can articulate a reasonable expectation that the rifle may be needed. Examples of some general guidelines for deploying the patrol rifle may include but are not limited to: <ul style="list-style-type: none"> • Situations where the officer reasonably anticipates an armed encounter. • When an officer is faced with a situation that may require accurate and effective fire at long range. • Situations where an officer reasonably expects the need to meet or exceed a suspect's firepower. • When an officer reasonably believes that there may be a need to fire on a barricaded person or a person with a hostage. • When an officer reasonably believes that a suspect may be wearing body armor. • When authorized or requested by a supervisor. 	
Fiscal Impacts: The initial cost of equipment is approximately \$1,100 per rifle. The ongoing costs for ammunition vary, and maintenance is performed by Department staff.	
Legal/Procedural Rules Governing Use: All applicable State, Federal and Local laws governing police use of force. Various Atascadero Police Department Policies on Use of Force and Firearms including Atascadero Police Department Policy Manual sections: 300, 305, 310, 312, 314.7.3, 433.	
Training Required: Officers must successfully complete a CA POST certified 24-hour patrol rifle course as well as regular department firearms training and qualifications as required by law and policy.	

Equipment Name: 40 caliber and 9mm Semi-Automatic Rifles and Ammunition - CA Govt. Code §7070(c)(10)	
Quantity Owned/Sought: 2 owned	Lifespan: Approximately 15 years
Equipment Capabilities: Semi-automatic rifles that fire a 40 caliber and 9mm projectile.	
Product Description: Heckler and Koch MP5 sub machine gun made to cover a wide variety of different tactical requirements for specialized teams.	

ATASCADERO POLICE DEPARTMENT POLICY MANUAL ATTACHMENT TO POLICY MANUAL SECTION 708 INVENTORY LIST OF AB 481 DEFINED MILITARY EQUIPMENT

Purpose/Authorized Uses: Officers may deploy the patrol rifle in any circumstance where the officer can articulate a reasonable expectation that the rifle may be needed. Examples of some general guidelines for deploying the patrol rifle may include but are not limited to:

- Situations where the officer reasonably anticipates an armed encounter.
- When an officer is faced with a situation that may require accurate and effective fire at long range.
- Situations where an officer reasonably expects the need to meet or exceed a suspect's firepower.
- When an officer reasonably believes that there may be a need to fire on a barricaded person or a person with a hostage.
- When an officer reasonably believes that a suspect may be wearing body armor.
- When authorized or requested by a supervisor.

Fiscal Impacts: The initial cost of equipment is approximately \$1,100 per rifle. The ongoing costs for ammunition vary, and maintenance is performed by Department staff.

Legal/Procedural Rules Governing Use: All applicable State, Federal and Local laws governing police use of force. Various Atascadero Police Department Policies on Use of Force and Firearms including Atascadero Police Department Policy Manual sections: 300, 305, 310, 312, 314.7.3, 433.

Training Required: Officers must successfully complete a CA POST certified 24-hour patrol rifle course as well as regular department firearms training and qualifications as required by law and policy.

Equipment Name: .308 caliber bolt-action Rifle and Ammunition - CA Govt. Code §7070(c)(10)	
Quantity Owned/Sought: 1 owned	Lifespan: Approximately 15 years
Equipment Capabilities: The Remington 700 Sniper Rifle fires a .308 caliber projectile at extended distances.	
Manufacturer Product Description: The Remington 700 is the number one bolt-action of all time, proudly made in the U.S.A. For over 50 years, more Model 700s have been sold than any other bolt-action rifle before or since. The legendary strength of its 3-rings-of-steel receiver paired with a hammer-forged barrel, combine to yield the most popular bolt-action rifle in history.	
Purpose/Authorized Uses: This rifle is exclusively authorized for use by a sniper-trained SWAT officer, and may be deployed in circumstances where the officer can articulate a reasonable expectation that the rifle may be necessary. Examples of some general guidelines for deploying the rifle may include but are not limited to:	
<ul style="list-style-type: none"> ● Situations where the officer reasonably anticipates an armed encounter. ● When the officer is faced with a situation that may require accurate and effective fire at long range. ● Situations where an officer reasonably expects the need to meet or exceed a suspect's firepower. ● When an officer reasonably believes that there may be a need to fire on a barricaded person or a person with a hostage. ● When an officer reasonably believes that a suspect may be wearing body armor. ● When authorized or requested by a supervisor. 	

**ATASCADERO POLICE DEPARTMENT POLICY MANUAL
 ATTACHMENT TO POLICY MANUAL SECTION 708
 INVENTORY LIST OF AB 481 DEFINED MILITARY EQUIPMENT**

Fiscal Impacts: \$1,604.12 per rifle. The ongoing costs for ammunition vary, and maintenance is performed by Department staff.
Legal/Procedural Rules Governing Use: All applicable State, Federal and Local laws governing police use of force. Various Atascadero Police Department Policies on Use of Force including Atascadero Police Department Policy Manual sections 300, 305, 310, 312, 314.7.3.
Training Required: In addition to patrol rifle and standard SWAT Operator training, SWAT Snipers must successfully complete a CA POST certified sniper course as well as regular SWAT Sniper training and qualifications as required by law and policy.

Equipment Name: 40mm Less Lethal Launchers and Kinetic Energy Munitions - CA Govt. Code §7070(c)(14)	
Quantity Owned/Sought: 9 owned	Lifespan: Approximately 15 years
Equipment Capabilities: The 40mm Less Lethal Launcher is capable of firing 40mm Kinetic Energy Munitions.	
Manufacturer Product Description:	
Purpose/Authorized Uses: To compel an individual to cease his/her actions when such munitions present a reasonable option. A verbal warning of the intended use of the device should precede its application. The 40mm Less Lethal Launchers and Kinetic Energy Munitions are intended for use as a “less lethal” use of force option, which serves as an additional option to mitigate the possibility of using lethal force.	
Fiscal Impacts: \$3,400 initial purchase per launcher, \$2,500 initial purchase of 40mm projectiles. The ongoing cost for munitions will vary.	
Legal/Procedural Rules Governing Use: All applicable State, Federal and Local laws governing police use of force. Various Atascadero Police Department Policies on Use of Force, primarily Atascadero Police Department Policy Manual sections 300 and 308.	
Training Required: Initial orientation course including qualifications are provided by Department members who have attended a POST-certified instructor’s course; annual recertification, including qualifications by demonstrated use in a training environment are required of all operators.	

Equipment Name: Less lethal shotgun - CA Govt. Code §7070(c)(14)	
Quantity Owned/Sought: 25 owned	Lifespan: Approximately 20 years
Equipment Capabilities: The Model 2581 Super-sock is a less-lethal impact munition fired from a standard 12 gauge shotgun. The super-sock projectile is a fabric bag filled with lead shot. The effective range is 75 feet.	
Manufacturer Product Description: The Super-Sock is first in its class providing the point control accuracy and consistent energy to momentarily incapacitate violent, non-compliant subjects. The effective range is 75 feet.	
Purpose/Authorized Uses: To compel an individual to cease his/her actions when such munitions present a reasonable option. A verbal warning of the intended use of the device should precede its	

**ATASCADERO POLICE DEPARTMENT POLICY MANUAL
ATTACHMENT TO POLICY MANUAL SECTION 708
INVENTORY LIST OF AB 481 DEFINED MILITARY EQUIPMENT**

application. The pepperball is a “less lethal” device that affords officers with force options that are intended to mitigate the likelihood of having to use lethal force.

Fiscal Impacts: The 12 gauge shotguns used to deploy the Super-Sock impact munition are re-purposed Remington 870 shotguns, taken from **the Oxnard Police Department inventory**. Approximately \$35.50 for a box of 5 Super-Sock projectiles. The ongoing costs for ammunition will vary and maintenance is conducted by Department staff.

Legal/Procedural Rules Governing Use: All applicable State, Federal and Local laws governing police use of force. **Various Oxnard Police Department Policies** on Use of Force including sections 300 and 308.

Training Required: Initial orientation course including qualifications are provided by Department members who have attended a POST-certified instructor’s course; annual recertification including qualifications are required by all operators.



AB-481 Law enforcement and state agencies: military equipment: funding, acquisition, and use. (2021-2)

SHARE THIS:  

Date Published: 10/01/2021 09:00 PM

Assembly Bill No. 481

CHAPTER 406

An act to add Chapter 12.8 (commencing with Section 7070) to Division 7 of Title 1 of the Government Code, relating to military equipment.

[Approved by Governor September 30, 2021. Filed with Secretary of State September 30, 2021.]

LEGISLATIVE COUNSEL'S DIGEST

AB 481, Chiu. Law enforcement and state agencies: military equipment: funding, acquisition, and use.

Existing law designates the Department of General Services as the agency for the State of California responsible for distribution of federal surplus personal property, excepting food commodities, and requires the department to, among other things, do all things necessary to the execution of its powers and duties as the state agency for the distribution of federal personal surplus property, excepting food commodities, in accordance with specified federal law. Existing law, the Federal Surplus Property Acquisition Law of 1945, authorizes a local agency, as defined, to acquire surplus federal property without regard to any law which requires posting of notices or advertising for bids, inviting or receiving bids, or delivery of purchases before payment, or which prevents the local agency from bidding on federal surplus property. Existing federal law authorizes the Department of Defense to transfer surplus personal property, including arms and ammunition, to federal or state agencies for use in law enforcement activities, subject to specified conditions, at no cost to the acquiring agency.

This bill would require a law enforcement agency, defined to include specified entities, to obtain approval of the applicable governing body, by adoption of a military equipment use policy, as specified, by ordinance at a regular meeting held pursuant to specified open meeting laws, prior to taking certain actions relating to the funding, acquisition, or use of military equipment, as defined. The bill would also require similar approval for the continued use of military equipment acquired prior to January 1, 2022. The bill would allow the governing body to approve the funding, acquisition, or use of military equipment within its jurisdiction only if it determines that the military equipment meets specified standards. The bill would require the governing body to annually review the ordinance and to either disapprove a renewal of the authorization for a type, as defined, of military equipment or amend the military equipment use policy if it determines, based on an annual military equipment report prepared by the law enforcement agency, as provided, that the military equipment does not comply with the above-described standards for approval. The bill would specify these provisions do not preclude a county or local municipality from implementing additional requirements and standards related to the purchase, use, and reporting of military equipment by local law enforcement agencies.

This bill would also require a state agency, as defined, to create a military equipment use policy before engaging in certain activities, publish the policy on the agency's internet website, and provide a copy of the policy to the Governor or the Governor's designee, as specified. The bill would also require a state agency that seeks to continue use of military equipment acquired prior to January 1, 2022, to create a military equipment use policy.

This bill would also include findings that the changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities.

By adding to the duties of local officials with respect to the funding, acquisition, and use of military equipment, this bill would impose a state-mandated local program.

The California Constitution requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory enactment that amends or enacts laws relating to

4/15/22, 4:10 PM

Bill Text - AB-481 Law enforcement and state agencies: military equipment: funding, acquisition, and use.

public records or open meetings and contains findings demonstrating that the enactment furthers the constitutional requirements relating to this purpose.

This bill would make legislative findings to that effect.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. The Legislature finds and declares all of the following:

(a) The acquisition of military equipment and its deployment in our communities adversely impacts the public's safety and welfare, including increased risk of civilian deaths, significant risks to civil rights, civil liberties, and physical and psychological well-being, and incurrment of significant financial costs. Military equipment is more frequently deployed in low-income Black and Brown communities, meaning the risks and impacts of police militarization are experienced most acutely in marginalized communities.

(b) The public has a right to know about any funding, acquisition, or use of military equipment by state or local government officials, as well as a right to participate in any government agency's decision to fund, acquire, or use such equipment.

(c) Decisions regarding whether and how military equipment is funded, acquired, or used should give strong consideration to the public's welfare, safety, civil rights, and civil liberties, and should be based on meaningful public input.

(d) Legally enforceable safeguards, including transparency, oversight, and accountability measures, must be in place to protect the public's welfare, safety, civil rights, and civil liberties before military equipment is funded, acquired, or used.

(e) The lack of a public forum to discuss the acquisition of military equipment jeopardizes the relationship police have with the community, which can be undermined when law enforcement is seen as an occupying force rather than a public safety service.

SEC. 2. Chapter 12.8 (commencing with Section 7070) is added to Division 7 of Title 1 of the Government Code, to read:

CHAPTER 12.8. Funding, Acquisition, and Use of Military Equipment

7070. For purposes of this chapter, the following definitions shall apply:

(a) "Governing body" means the elected body that oversees a law enforcement agency or, if there is no elected body that directly oversees the law enforcement agency, the appointed body that oversees a law enforcement agency. In the case of a law enforcement agency of a county, including a sheriff's department or a district attorney's office, "governing body" means the board of supervisors of the county.

(b) "Law enforcement agency" means any of the following:

(1) A police department, including the police department of a transit agency, school district, or any campus of the University of California, the California State University, or California Community Colleges.

(2) A sheriff's department.

(3) A district attorney's office.

(4) A county probation department.

(c) "Military equipment" means the following:

(1) Unmanned, remotely piloted, powered aerial or ground vehicles.

(2) Mine-resistant ambush-protected (MRAP) vehicles or armored personnel carriers. However, police versions of standard consumer vehicles are specifically excluded from this subdivision.

(3) High mobility multipurpose wheeled vehicles (HMMWV), commonly referred to as Humvees, two and one-half-ton trucks, five-ton trucks, or wheeled vehicles that have a breaching or entry apparatus attached. However, unarmored all-terrain vehicles (ATVs) and motorized dirt bikes are specifically excluded from this subdivision.

(4) Tracked armored vehicles that provide ballistic protection to their occupants and utilize a tracked system instead of wheels for forward motion.

(5) Command and control vehicles that are either built or modified to facilitate the operational control and direction of public safety units.

(6) Weaponized aircraft, vessels, or vehicles of any kind.

4/15/22, 4:10 PM

Bill Text - AB-481 Law enforcement and state agencies: military equipment: funding, acquisition, and use.

(7) Battering rams, slugs, and breaching apparatuses that are explosive in nature. However, items designed to remove a lock, such as bolt cutters, or a handheld ram designed to be operated by one person, are specifically excluded from this subdivision.

(8) Firearms of .50 caliber or greater. However, standard issue shotguns are specifically excluded from this subdivision.

(9) Ammunition of .50 caliber or greater. However, standard issue shotgun ammunition is specifically excluded from this subdivision.

(10) Specialized firearms and ammunition of less than .50 caliber, including assault weapons as defined in Sections 30510 and 30515 of the Penal Code, with the exception of standard issue service weapons and ammunition of less than .50 caliber that are issued to officers, agents, or employees of a law enforcement agency or a state agency.

(11) Any firearm or firearm accessory that is designed to launch explosive projectiles.

(12) "Flashbang" grenades and explosive breaching tools, "tear gas," and "pepper balls," excluding standard, service-issued handheld pepper spray.

(13) Taser Shockwave, microwave weapons, water cannons, and the Long Range Acoustic Device (LRAD).

(14) The following projectile launch platforms and their associated munitions: 40mm projectile launchers, "bean bag," rubber bullet, and specialty impact munition (SIM) weapons.

(15) Any other equipment as determined by a governing body or a state agency to require additional oversight.

(16) Notwithstanding paragraphs (1) through (15), "military equipment" does not include general equipment not designated as prohibited or controlled by the federal Defense Logistics Agency.

(d) "Military equipment use policy" means a publicly released, written document governing the use of military equipment by a law enforcement agency or a state agency that addresses, at a minimum, all of the following:

(1) A description of each type of military equipment, the quantity sought, its capabilities, expected lifespan, and product descriptions from the manufacturer of the military equipment.

(2) The purposes and authorized uses for which the law enforcement agency or the state agency proposes to use each type of military equipment.

(3) The fiscal impact of each type of military equipment, including the initial costs of obtaining the equipment and estimated annual costs of maintaining the equipment.

(4) The legal and procedural rules that govern each authorized use.

(5) The training, including any course required by the Commission on Peace Officer Standards and Training, that must be completed before any officer, agent, or employee of the law enforcement agency or the state agency is allowed to use each specific type of military equipment to ensure the full protection of the public's welfare, safety, civil rights, and civil liberties and full adherence to the military equipment use policy.

(6) The mechanisms to ensure compliance with the military equipment use policy, including which independent persons or entities have oversight authority, and, if applicable, what legally enforceable sanctions are put in place for violations of the policy.

(7) For a law enforcement agency, the procedures by which members of the public may register complaints or concerns or submit questions about the use of each specific type of military equipment, and how the law enforcement agency will ensure that each complaint, concern, or question receives a response in a timely manner.

(e) "State agency" means the law enforcement division of every state office, officer, department, division, bureau, board, and commission or other state body or agency, except those agencies provided for in Article IV (except Section 20 thereof) or Article VI of the California Constitution.

(f) "Type" means each item that shares the same manufacturer model number.

7071. (a) (1) A law enforcement agency shall obtain approval of the governing body, by an ordinance adopting a military equipment use policy at a regular meeting of the governing body held pursuant to the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2) or the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5), as applicable, prior to engaging in any of the following:

(A) Requesting military equipment made available pursuant to Section 2576a of Title 10 of the United States Code.

(B) Seeking funds for military equipment, including, but not limited to, applying for a grant, soliciting or accepting private, local, state, or federal funds, in-kind donations, or other donations or transfers.

(C) Acquiring military equipment either permanently or temporarily, including by borrowing or leasing.

(D) Collaborating with another law enforcement agency in the deployment or other use of military equipment within the territorial jurisdiction of the governing body.

(E) Using any new or existing military equipment for a purpose, in a manner, or by a person not previously approved by the governing body pursuant to this chapter.

(F) Soliciting or responding to a proposal for, or entering into an agreement with, any other person or entity to seek funds for, apply to receive, acquire, use, or collaborate in the use of, military equipment.

(G) Acquiring military equipment through any means not provided by this paragraph.

(2) No later than May 1, 2022, a law enforcement agency seeking to continue the use of any military equipment that was acquired prior to January 1, 2022, shall commence a governing body approval process in accordance with this section. If the governing body does not approve the continuing use of military equipment, including by adoption pursuant to this subdivision of a military equipment use policy submitted pursuant to subdivision (b), within 180 days of submission of the proposed military equipment use policy to the governing body, the law enforcement agency shall cease its use of the military equipment until it receives the approval of the governing body in accordance with this section.

(b) In seeking the approval of the governing body pursuant to subdivision (a), a law enforcement agency shall submit a proposed military equipment use policy to the governing body and make those documents available on the law enforcement agency's internet website at least 30 days prior to any public hearing concerning the military equipment at issue.

(c) The governing body shall consider a proposed military equipment use policy as an agenda item for an open session of a regular meeting and provide for public comment in accordance with the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2) or the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5), as applicable.

(d) (1) The governing body shall only approve a military equipment use policy pursuant to this chapter if it determines all of the following:

(A) The military equipment is necessary because there is no reasonable alternative that can achieve the same objective of officer and civilian safety.

(B) The proposed military equipment use policy will safeguard the public's welfare, safety, civil rights, and civil liberties.

(C) If purchasing the equipment, the equipment is reasonably cost effective compared to available alternatives that can achieve the same objective of officer and civilian safety.

(D) Prior military equipment use complied with the military equipment use policy that was in effect at the time, or if prior uses did not comply with the accompanying military equipment use policy, corrective action has been taken to remedy nonconforming uses and ensure future compliance.

(2) In order to facilitate public participation, any proposed or final military equipment use policy shall be made publicly available on the internet website of the relevant law enforcement agency for as long as the military equipment is available for use.

(e) (1) The governing body shall review any ordinance that it has adopted pursuant to this section approving the funding, acquisition, or use of military equipment at least annually and, subject to paragraph (2), vote on whether to renew the ordinance at a regular meeting held pursuant to the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2) or the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5), as applicable.

(2) The governing body shall determine, based on the annual military equipment report submitted pursuant to Section 7072, whether each type of military equipment identified in that report has complied with the standards for approval set forth in subdivision (d). If the governing body determines that a type of military equipment identified in that annual military equipment report has not complied with the standards for approval set forth in subdivision (d), the governing body shall either disapprove a renewal of the authorization for that type of military equipment or require modifications to the military equipment use policy in a manner that will resolve the lack of compliance.

(f) Notwithstanding subdivisions (a) to (e), inclusive, if a city contracts with another entity for law enforcement services, the city shall have the authority to adopt a military equipment use policy based on local community needs.

7072. (a) A law enforcement agency that receives approval for a military equipment use policy pursuant to Section 7071 shall submit to the governing body an annual military equipment report for each type of military equipment approved by the governing body within one year of approval, and annually thereafter for as long as the military equipment is available for use. The law enforcement agency shall also make each annual military equipment report required by this section publicly available on its internet website for as long as the military equipment is available for use. The annual military equipment report shall, at a minimum, include the following information for the immediately preceding calendar year for each type of military equipment:

(1) A summary of how the military equipment was used and the purpose of its use.

(2) A summary of any complaints or concerns received concerning the military equipment.

(3) The results of any internal audits, any information about violations of the military equipment use policy, and any actions taken in response.

4/15/22, 4:10 PM

Bill Text - AB-481 Law enforcement and state agencies: military equipment: funding, acquisition, and use.

(4) The total annual cost for each type of military equipment, including acquisition, personnel, training, transportation, maintenance, storage, upgrade, and other ongoing costs, and from what source funds will be provided for the military equipment in the calendar year following submission of the annual military equipment report.

(5) The quantity possessed for each type of military equipment.

(6) If the law enforcement agency intends to acquire additional military equipment in the next year, the quantity sought for each type of military equipment.

(b) Within 30 days of submitting and publicly releasing an annual military equipment report pursuant to this section, the law enforcement agency shall hold at least one well-publicized and conveniently located community engagement meeting, at which the general public may discuss and ask questions regarding the annual military equipment report and the law enforcement agency's funding, acquisition, or use of military equipment.

7073. (a) A state agency shall create a military equipment use policy prior to engaging in any of the following:

(1) Requesting military equipment made available pursuant to Section 2576a of Title 10 of the United States Code.

(2) Seeking funds for military equipment, including, but not limited to, applying for a grant, soliciting or accepting private, local, state, or federal funds, in-kind donations, or other donations or transfers.

(3) Acquiring military equipment either permanently or temporarily, including by borrowing or leasing.

(4) Collaborating with a law enforcement agency or another state agency in the deployment or other use of military equipment within the territorial jurisdiction of the governing body.

(5) Using any new or existing military equipment for a purpose, in a manner, or by a person not previously approved by the governing body pursuant to this chapter.

(6) Soliciting or responding to a proposal for, or entering into an agreement with, any other person or entity to seek funds for, or to apply to receive, acquire, use, or collaborate in the use of, military equipment.

(7) Acquiring military equipment through any means not provided by this subdivision.

(b) No later than May 1, 2022, a state agency seeking to continue the use of any military equipment that was acquired prior to January 1, 2022, shall create a military equipment use policy.

(c) A state agency that is required to create a military equipment use policy pursuant to this section shall do both of the following within 180 days of completing the policy:

(1) Publish the military equipment use policy on the agency's internet website.

(2) Provide a copy of the military equipment use policy to the Governor or the Governor's designee.

7074. The Legislature finds and declares that ensuring adequate oversight of the acquisition and use of military equipment is a matter of statewide concern rather than a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore, this chapter applies to all cities, including charter cities and shall supersede any inconsistent provisions in the charter of any city, county, or city and county.

7075. Nothing in this chapter shall preclude a county or local municipality from implementing additional requirements and standards related to the purchase, use, and reporting of military equipment by local law enforcement agencies.

SEC. 3. The Legislature finds and declares that Section 1 of this act, which adds Chapter 12.8 (commencing with Section 7070) to Division 7 of Title 1 of the Government Code, furthers, within the meaning of paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, the purposes of that constitutional section as it relates to the right of public access to the meetings of local public bodies or the writings of local public officials and local agencies. Pursuant to paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, the Legislature makes the following findings:

Requiring local agencies to hold public meetings prior to the acquisition of military equipment further exposes that activity to public scrutiny and enhances public access to information concerning the conduct of the people's business.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district under this act would result from a legislative mandate that is within the scope of paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution.