



**CITY OF HUGHSON**  
**CITY COUNCIL MEETING**  
 CITY HALL COUNCIL CHAMBERS  
 7018 Pine Street, Hughson, CA

**AGENDA**  
**MONDAY, FEBRUARY 11, 2019 – 7:00 P.M.**

**CALL TO ORDER:** Mayor Jeramy Young

**ROLL CALL:** Mayor Jeramy Young  
 Mayor Pro Tem George Carr  
 Councilmember Harold Hill  
 Councilmember Mark Fontana  
 Councilmember Ramon Bawanan

**FLAG SALUTE:** Mayor Jeramy Young

**INVOCATION:** Hughson Ministerial Association

**RULES FOR ADDRESSING CITY COUNCIL**

Members of the audience who wish to address the City Council are requested to complete one of the forms located on the table at the entrance of the Council Chambers and submit it to the City Clerk. **Filling out the card is voluntary.**

**1. PUBLIC BUSINESS FROM THE FLOOR (No Action Can Be Taken):**

Members of the audience may address the City Council on any item of interest to the public pertaining to the City and may step to the podium, state their name and city of residence for the record (requirement of name and city of residence is optional) and make their presentation. Please limit presentations to five minutes. Since the City Council cannot take action on matters not on the agenda, unless the action is authorized by Section 54954.2 of the Government Code, items of concern, which are not urgent in nature can be resolved more expeditiously by completing and submitting to the City Clerk a "Citizen Request Form" which may be obtained from the City Clerk.

**2. PRESENTATIONS:**

- 2.1: Recognition of Shannon Esenwein, Director of Finance and Administrative Services, for her Excellent Service to the City of Hughson.

**3. CONSENT CALENDAR:**

All items listed on the Consent Calendar are to be acted upon by a single action of the City Council unless otherwise requested by an individual Councilmember for special consideration. Otherwise, the recommendation of staff will be accepted and acted upon by roll call vote.

- 3.1: Approve the Minutes of the Regular Meeting of January 28, 2019.
- 3.2: Approve the Warrants Register.
- 3.3: Approve the Treasurer's Report – February 2018.
- 3.4: Approve the Treasurer's Report: Investment Portfolio Report – February 2018.

**4. UNFINISHED BUSINESS: NONE.****5. PUBLIC HEARING TO CONSIDER THE FOLLOWING: NONE.****6. NEW BUSINESS:**

- 6.1: Consideration of State of the City Address Outline for February 25, 2019 as Provided by Mayor Jeremy Young.
- 6.2: Approval to Authorize an Internal Bridge Loan from the Sewer Fixed Asset Replacement Fund for the Well 7 Replacement Project Phase I.

**7. CORRESPONDENCE: NONE.****8. COMMENTS:**

- 8.1: Staff Reports and Comments: (Information Only – No Action)

**City Manager:**

**City Clerk:**

**Community Development Director:**

**Director of Finance:**

**Police Services:****City Attorney:****Student Representative:**

**8.2:** Council Comments: (Information Only – No Action)

**8.3:** Mayor's Comments: (Information Only – No Action)

**9. CLOSED SESSION TO DISCUSS THE FOLLOWING:**

**9.1:** CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION  
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: one (1) case

**ADJOURNMENT:****WAIVER WARNING**

If you challenge a decision/direction of the City Council in court, you may be limited to raising only those issues you or someone else raised at a public hearing(s) described in this Agenda, or in written correspondence delivered to the City of Hughson at or prior to, the public hearing(s).

**UPCOMING EVENTS:**

<b>February 12</b>	▪ President Lincoln's Birthday (City Hall Closed)
<b>February 13</b>	▪ Parks, Recreation and Entertainment Commission Meeting, City Hall Chambers, 6:00 PM
<b>February 18</b>	▪ President Washington's Birthday (City Hall Closed)
<b>February 19</b>	▪ Planning Commission Meeting, City Hall Chambers, 6:00 PM
<b>February 25</b>	▪ State of the City Address, Samaritan Village, 6:30 PM
<b>March 11</b>	▪ City/School 2+2 Committee, Hughson Unified School District Office, 5:30 P.M.
<b>March 11</b>	▪ City Council Meeting, City Hall Chambers, 7:00 P.M.
<b>March 12</b>	▪ Parks, Recreation & Entertainment Commission, City Hall Chambers, 6:00 P.M.
<b>March 19</b>	▪ Planning Commission, City Hall Chambers, 6:00 P.M.
<b>March 25</b>	▪ City Council Meeting, City Hall Chambers, 7:00P.M.

**AFFIDAVIT OF POSTING****DATE:** February 8, 2019 **TIME:** 2:45 p.m.**NAME:** Ashton Gose **TITLE:** Deputy City Clerk**Notice Regarding Non-English Speakers:****AMERICANS WITH DISABILITIES ACT/CALIFORNIA BROWN ACT  
NOTIFICATION FOR THE CITY OF HUGHSON**

This Agenda shall be made available upon request in alternative formats to persons with a disability; as required by the Americans with Disabilities Act of 1990 (42 U.S.C. Section 12132) and the Ralph M. Brown Act (California Government Code Section 54954.2).

**Disabled or Special needs Accommodation:** In compliance with the Americans with Disabilities Act, persons requesting a disability related modification or accommodation in order to participate in the meeting and/or if you need assistance to attend or participate in a City Council meeting, please contact the City Clerk's office at (209) 883-4054. Notification at least 48-hours prior to the meeting will assist the City Clerk in assuring that reasonable accommodations are made to provide accessibility to the meeting.

Pursuant to California Constitution Article III, Section IV, establishing English as the official language for the State of California, and in accordance with California Code of Civil Procedures Section 185, which requires proceedings before any State Court to be in English, notice is hereby given that all proceedings before the City of Hughson City Council shall be in English and anyone wishing to address the Council is required to have a translator present who will take an oath to make an accurate translation from any language not English into the English language.

**General Information:** The Hughson City Council meets in the Council Chambers on the second and fourth Mondays of each month at 7:00 p.m., unless otherwise noticed.

**Council Agendas:** The City Council agenda is now available for public review at the City's website at [www.hughson.org](http://www.hughson.org) and City Clerk's Office, 7018 Pine Street, Hughson, California on the Friday, prior to the scheduled meeting. Copies and/or subscriptions can be purchased for a nominal fee through the City Clerk's Office.

**Questions:** Contact the City Clerk at (209) 883-4054



## CITY OF HUGHSON AGENDA ITEM NO. 3.1 SECTION 3: CONSENT CALENDAR

**Meeting Date:** February 11, 2019  
**Subject:** Approval of the City Council Minutes  
**Presented By:** Ashton Gose, Deputy City Clerk

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**Approved By:** \_\_\_\_\_

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### **Staff Recommendation:**

Approve the Minutes of the Regular Meeting of January 28, 2019.

### **Background and Overview:**

The draft minutes of the January 28, 2019 meeting are prepared for the Council's review.



**CITY OF HUGHSON  
CITY COUNCIL MEETING  
CITY HALL COUNCIL CHAMBERS  
7018 Pine Street, Hughson, CA**

**MINUTES  
MONDAY, JANUARY 28, 2019 – 7:00 P.M.**

**CALL TO ORDER:** Mayor Jeramy Young

**ROLL CALL:**

Present: Mayor Jeramy Young  
Mayor Pro Tem George Carr  
Councilmember Harold Hill  
Councilmember Mark Fontana  
Councilmember Ramon Bawan

Staff Present: Raul L. Mendez, City Manager  
Daniel J. Schroeder, City Attorney  
Larry Seymour, Hughson Police Chief  
Ashton Gose, Deputy City Clerk  
Lea Simvoulakis, Community Development Director  
Shannon Esenwein, Director of Finance & Admin Services  
Sam Rush, Public Works Superintendent  
Jaime Velazquez, Utilities Superintendent  
Ian Kerr, City Council Student Representative  
Carson Hatch, City Council Student Representative

**FLAG SALUTE:** Mayor Jeramy Young

**INVOCATION:** Hughson Ministerial Association

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**1. PUBLIC BUSINESS FROM THE FLOOR (No Action Can Be Taken):**

**Heather Bailey from the Hughson Library provided an update on the Library events in February 2019.**

**Hughson resident Barbara Swier commented about the importance of Code Enforcement within the City of Hughson.**

**2. PRESENTATIONS: NONE.**

**3. CONSENT CALENDAR:**

All items listed on the Consent Calendar are to be acted upon by a single action of the City Council unless otherwise requested by an individual Councilmember for special consideration. Otherwise, the recommendation of staff will be accepted and acted upon by roll call vote.

- 3.1: Approve the Minutes of the Regular Meeting of January 14, 2019.
- 3.2: Approve the Warrants Register.
- 3.3: Approval of Lease Agreement with Elite Medical Solutions for Office Space at the Hughson Small Business Incubator.

**Mayor Young requested that agenda item number 3.4 be pulled from the Consent Calendar for special consideration.**

**YOUNG/CARR 5-0-0-0 motion passes to approve the Consent Calendar excluding agenda item number 3.4.**

- 3.4: Approval of the Fiscal Year 2017-2018 Year End Adjustments and the Associated Transfer of \$62,160 from the General Fund to the General Fund Reserve.

**YOUNG/BAWANAN 5-0-0-0 motion passes to approve the Fiscal Year 2017-2018 Year End Adjustments and the Associated Transfer of \$62,160 from the General Fund to the General Fund Reserve.**

**4. UNFINISHED BUSINESS: NONE.**

**5. PUBLIC HEARING TO CONSIDER THE FOLLOWING: NONE.**

**6. NEW BUSINESS:**

- 6.1: Discuss the City of Hughson's Current Recreational Vehicle Parking Rules and Identify Potential Code Amendments.

**Director Simvoulakis presented the Staff Report on this Item.**

**Mayor Young opened public comment at 7:24 P.M. Public comment was given from Hughson residents Stephen Qualls, Barbara Swier, and Valorie Periera. Mayor Young closed public comment at 7:34 P.M.**

**The City Council provided direction to City Staff to identify potential code amendments relative to the parking of recreational vehicles within the City limits. No action was taken.**

**7. CORRESPONDENCE:**

**8. COMMENTS:**

**8.1: Staff Reports and Comments: (Information Only – No Action)**

**City Manager:**

City Manager Mendez attended the Stanislaus County Mentoring Celebration on January 17, 2019. He provided an update regarding Stanislaus County Homeless Point in Time Count, which was zero on January 23, 2019, for the City of Hughson. He informed the City Council that Assemblyman Heath Flora in conjunction with Senator Andreas Borgeas will be conducting mobile district hours at Hughson City Hall the 2<sup>nd</sup> Monday of each month at 6:00 P.M.

**City Clerk:**

Deputy City Clerk Gose provided a reminder about the upcoming AB 1234 Ethics Training on January 29, 2019.

**Director of Finance and Administrative Services:**

Director Esenwein updated the City Council on the approval by the Stanislaus Countywide Successor Agency Oversight Board of the City of Hughson 2019/2020 Fiscal Year ROPS.

**Police Services:**

Chief Seymour provided the City Council with the latest Crime Statistic Report.

**City Council Student Representative:**

Student Representative Kerr informed the City Council that the Annual Freshman Conference will be held on Friday, February 1, 2019. He attended the Hispanic Youth Leadership Council Winter Social Dance on January 25, 2019. He informed the City Council that both boys and girls basketball seasons are coming to an end.

**8.2: Council Comments: (Information Only – No Action)**

**Councilmember Bawanana attended a Chamber of Commerce Board Meeting on January 22, 2019. He thanked the City's Public Works staff, Utilities staff, Administrative staff and Police Services for all their hard work.**

**Councilmember Hill provided an update on the Santa Fe Bridge construction.**



**Councilmember Fontana attended a Hughson Sports and Fitness Complex Meeting on January 23, 2019. He gave information regarding an Eagle Scouts project conducted at the Hughson Sports and Fitness Complex on January 26, 2019.**

**Mayor Pro Tem Carr provided a reminder about the Hughson High School Ag Boosters Dinner/Auction on February 2, 2019.**

**8.3: Mayor's Comments: (Information Only – No Action)**

**Mayor Young attended a League of California Cities Public Safety Committee Meeting and a StanCOG Policy Board Meeting on January 16, 2019. On January 22, 2019 he attended a StanCOG meeting in conjunction with State elected officials regarding transportation. He attended a City of Hughson Economic Development Meeting on January 28, 2019.**

**9. CLOSED SESSION TO DISCUSS THE FOLLOWING:**

**9.1: CONFERENCE WITH LABOR NEGOTIATORS**  
Agency designated representative: Mayor Young  
Unrepresented Employee: City Manager

**10. REPORT FROM CLOSED SESSION:**

**All the Councilmembers were present and there was no reportable action.**

**ADJOURNMENT:**

**YOUNG/HILL 5-0-0-0 motion passes to adjourn the meeting at 8:42 P.M.**

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**JERAMY YOUNG, Mayor**

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**ASHTON GOSE, Deputy City Clerk**



## CITY OF HUGHSON AGENDA ITEM NO. 3.2

### SECTION 3: CONSENT CALENDAR

**Meeting Date:** February 11, 2019  
**Subject:** Approval of Warrants Register  
**Enclosure:** Warrants Register  
**Presented By:** Shannon Esenwein, Director of Finance/Admin Services

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**Approved By:** \_\_\_\_\_

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#### **Staff Recommendation:**

Approve the Warrants Register as presented.

#### **Background and Overview:**

The warrants register presented to the City Council is a listing of all expenditures paid from January 25, 2019 through February 6, 2019.

#### **Fiscal Impact:**

There are reductions in various funds for payment of expenses.



Hughson

# SE Check Report

By Check Number

Date Range: 01/25/2019 - 02/06/2019

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<b>Bank Code: Payable Bank-Payable Bank</b>						
00775	MISSION UNIFORM SERVICE	01/28/2019	Regular	0.00	1,203.80	51283
<a href="#">50855258</a>	Invoice	01/28/2019	Uniform service	0.00	58.35	
<a href="#">508572927</a>	Invoice	01/28/2019	Uniform service	0.00	66.31	
<a href="#">508572928</a>	Invoice	01/28/2019	Uniform service	0.00	77.03	
<a href="#">508572929</a>	Invoice	01/28/2019	Uniform service	0.00	30.00	
<a href="#">508727837</a>	Invoice	01/28/2019	Uniform service	0.00	29.50	
<a href="#">508761469</a>	Invoice	01/28/2019	Uniform service	0.00	76.40	
<a href="#">508761470</a>	Invoice	01/28/2019	Uniform service	0.00	77.03	
<a href="#">508761471</a>	Invoice	01/28/2019	Uniform service	0.00	30.00	
<a href="#">508781950</a>	Invoice	01/28/2019	Uniform service	0.00	59.00	
<a href="#">508808122</a>	Invoice	01/28/2019	Uniform service	0.00	80.45	
<a href="#">508808123</a>	Invoice	01/28/2019	Uniform service	0.00	58.35	
<a href="#">508808125</a>	Invoice	01/28/2019	Uniform service	0.00	30.00	
<a href="#">508836605</a>	Invoice	01/28/2019	Uniform service	0.00	37.29	
<a href="#">508836617</a>	Invoice	01/28/2019	Uniform service	0.00	29.50	
<a href="#">508855257</a>	Invoice	01/28/2019	Uniform service	0.00	80.45	
<a href="#">508873753</a>	Invoice	01/28/2019	Uniform service	0.00	66.79	
<a href="#">508902110</a>	Invoice	01/28/2019	Uniform service	0.00	64.25	
<a href="#">508902111</a>	Invoice	01/28/2019	Uniform service	0.00	58.35	
<a href="#">508902112</a>	Invoice	01/28/2019	Uniform service	0.00	30.00	
<a href="#">508953169</a>	Invoice	01/28/2019	Uniform service	0.00	76.40	
<a href="#">508953170</a>	Invoice	01/28/2019	Uniform service	0.00	58.35	
<a href="#">508953171</a>	Invoice	01/28/2019	Uniform service	0.00	30.00	
00886	PIZZA FACTORY	01/28/2019	Regular	0.00	43.31	51284
<a href="#">INV0001386</a>	Invoice	01/28/2019	EDC Meeting	0.00	43.31	
01093	SYNAGRO WEST, LLC	01/28/2019	Regular	0.00	4,183.01	51285
<a href="#">30-105101</a>	Invoice	01/28/2019	Sludge Disposal	0.00	939.74	
<a href="#">30-105111</a>	Invoice	01/28/2019	Sludge Disposal	0.00	3,243.27	
00168	W.H. BRESHEARS	01/28/2019	Regular	0.00	1,284.23	51286
<a href="#">315054</a>	Invoice	01/28/2019	FUEL	0.00	1,284.23	
01421	P and P Subway	01/29/2019	Regular	0.00	79.98	51287
<a href="#">INV0001412</a>	Invoice	01/29/2019	AB1234 Training	0.00	79.98	
01420	CALIFORNIA STATE DISBURSEMENT UNIT	02/05/2019	Regular	0.00	40.12	51288
<a href="#">INV0001426</a>	Invoice	02/01/2019	INCOME WITHHOLDING FOR CHILD SUPPORT	0.00	40.12	

**Bank Code Payable Bank Summary**

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	28	6	0.00	6,834.45
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	<b>28</b>	<b>6</b>	<b>0.00</b>	<b>6,834.45</b>

### All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	28	6	0.00	6,834.45
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	<b>28</b>	<b>6</b>	<b>0.00</b>	<b>6,834.45</b>

### Fund Summary

Fund	Name	Period	Amount
999	POOLED CASH/CONSOLIDATED CASH	1/2019	6,794.33
999	POOLED CASH/CONSOLIDATED CASH	2/2019	40.12
			<b>6,834.45</b>



## CITY OF HUGHSON AGENDA ITEM NO. 3.3

### SECTION 3: CONSENT CALENDAR

**Meeting Date:** February 11, 2019  
**Subject:** Approval of the Treasurer's Reports – February 2018  
**Presented By:** Jaime C. Fountain, City Treasurer

A handwritten signature in blue ink, appearing to be "Jaime C. Fountain", is written over a horizontal line.

**Approved By:** \_\_\_\_\_

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#### **Staff Recommendation:**

Review and approve the City of Hughson Treasurer's Report for February 2018.

#### **Summary:**

The City Treasurer is required to review the City's investment practices and approve the monthly Treasurer's report. Enclosed is the City of Hughson's Treasurer's Report for February 2018. As of February 2018, the City of Hughson's total cash and investment balance is \$18,544,036.04 and is in compliance with the City's investment policy. The City has sufficient cash flow to meet the City's expected expenditures for the next six months.

#### **Background and Overview:**

The Treasurer report for February 2018 reflects the most current representation of the City's funds and investments and provides a necessary outlook for both past, present, and future investment and spending habits. While investments and funds differ from time to time, it is the goal of the City to maintain safety and stability with its funds, while additionally promoting prudence and growth.

Enclosed is the City of Hughson Treasurer's Report for February 2018 along with supplementary graphs depicting the percentage of the City's total funds, a breakdown of the February 2018 Developer Impact Fees, and an additional line plot graph further demonstrating the Developer Impact Fees. This graph depicts the Developer Impact Fees' actual balance for the past five years and continues with a projection based on the average rate of change for each fund over the next few years. After review and evaluation of the report, City staff has researched funds with a significant deficit balance and submit the following detailed explanation:

On February 23, 2017, the City Council approved amending the contract for payment of capital improvement fees with the Hughson Investment Group for Building A and Building B. The total amount due is \$134,201.55 comprised of \$92,597.16 associated with Building A and \$41,604.39 with Building B. The amendment provided that five equal payments would be made annually in the amount of \$18,519.43 for Building A and \$8,320.88 for Building B. The first installment of this amendment is reflected in the March 2017 and the second installment is reflected in the January 2018 Treasurer's Report and applied to the following funds: Storm Drain, Public Facilities Development, Public Facilities Development – Streets, Sewer Developer Impact Fees and Water Developer Impact Fees.

***Public Facilities Development Streets Fund:***

The Public Facilities Development Streets Fund currently reflects a negative balance of (\$114,046.36), reflecting a positive difference of \$57,027.27 or an 33.33% increase from the previous year. The deficit is a result of the Euclid Bridge Project, which was constructed in Fiscal Year 2006/2007, for approximately \$1.3 million. The project was completed in anticipation of funding from Developer Impact Fees collected from new development. Unfortunately, the housing market declined significantly, and the new development never materialized. As the economy strengthens and new building continues, the City can recognize additional developer impact fees and reduce the deficit more quickly.

***Water Developer Impact Fee Fund:***

The Water Developer Impact Fee Fund currently reflects a negative balance of (\$142,230.37), reflecting a positive difference of \$62,413.07 or a 30.50% increase from the previous year. After extensive review, City staff discovered that the remaining deficit is attributable to settlement arrangements that were made in Fiscal Year 2008/2009 and Fiscal Year 2009/2010 for the Water Tank on Fox Road near Charles Street. The Project Cost of the Water Tower Project was \$2,400,000. During that period, the City paid out \$650,000 in settlements. This account will be in a deficit position until additional development occurs, and developer impact fees are collected to cover those unanticipated settlement costs.

Based on a review of Water Development and Street funds, City staff expects development in the Euclid South (69 units) and Province Place (39 units) subdivisions, or about 108 units to be built to see a positive balance in the Water and Street Development funds. The Euclid North (50 units) subdivision is expected to follow shortly thereafter. These units reflect the areas that are most likely to see development within the City limits—with construction in Province Place already in progress and under construction and construction on Euclid South expected to begin in Fiscal Year 2019-2020.

***Transportation Capital and CDBG Street Project Fund:***

The Transportation Capital Project Fund currently reflects a negative balance of (\$236,642.59), reflecting a negative difference of (\$46,026.88) or a -24.15% increase from the previous year. The CDBG Street Project Fund currently reflects a negative balance of (\$60,728.92) reflecting a negative difference of \$2,268.52 or a -3.88% increase from the previous year. As the City continues to produce transportation projects, the transportation fund will likely continue to show a negative balance. City staff will continue to monitor and report the status of these reimbursements as the funds become available.

**Fiscal Impact:**

As of February 2018, the total cash and investments balance for the City of Hughson is \$18,544,036.04. This compares to February 2017 total cash and investments balance of \$16,374,654.93 demonstrating a positive difference of \$2,169,381.11 or a 13.25% increase.

**City of Hughson  
Treasurer's Report  
February 2018**

	<b>MONEY MARKET</b>	<b>GENERAL</b>	<b>REDEVELOPMENT**</b>	<b>TOTAL</b>
Bank Statement Totals	\$ 15,245,675.79	\$ 781,407.61	\$ -	\$ 16,027,083.40
Adjustment-Direct Deposit Payroll	\$ -			\$ -
Outstanding Deposits +	\$ 4,872.76	\$ (168,143.07)	\$ -	\$ (163,270.31)
Outstanding Checks/transfers -	\$ 38,873.37		\$ -	\$ 38,873.37
<b>ADJUSTED TOTAL</b>	<b>\$ 15,289,421.92</b>	<b>\$ 613,264.54</b>	<b>\$ -</b>	<b>\$ 15,902,686.46</b>
Investments: Various				\$ 1,065,362.98
Multi-Bank WWTP				\$ 1,495,830.38
Investments: L.A.I.F.		\$ 40,141.95	\$ 40,014.27	\$ 80,156.22

**TOTAL CASH & INVESTMENTS** **\$ 18,544,036.04**

<b>Books - All Funds</b>	<b>February 2017</b>	<b>February 2018</b>	<b>Difference</b>	<b>% of Variance</b>
2 Water/Sewer Deposit	61,844.73	64,179.57	2,334.84	3.78%
8 Vehicle Abatement	10,621.02	16,819.44	6,198.42	58.36%
11 Traffic Congestion Fund	119,833.89	103,962.97	-15,870.92	-13.24%
13 Redevelopment - Debt Service	309,017.98	341,295.38	32,277.40	10.45%
17 Federal Officer Grant	6,620.00	6,620.00	0.00	0.00%
18 Public Safety Realignment	35,722.01	35,722.29	0.28	0.00%
19 Asset Forfeiture	1,660.43	1,660.43	0.00	0.00%
25 Gas Tax 2106	-4,064.57	-9,524.89	-5,460.32	-134.34%
30 Gas Tax 2107	23,202.45	24,325.20	1,122.75	4.84%
31 Gas Tax 2105	13,916.80	20,540.63	6,623.83	47.60%
32 Gas Tax RMRA	0.00	1,236.40	1,236.40	N/A
35 Gas Tax 2107.5	672.14	672.14	0.00	0.00%
40 General Fund	2,072,474.24	2,362,098.76	289,624.52	13.97%
401 General Fund Contingency Reserve	874,259.17	875,464.63	1,195.46	0.14%
43 Trench Cut	76,443.60	77,399.90	956.30	1.25%
48 Senior Community Center	-3,593.90	-14,787.10	-11,193.20	-311.45%
49 IT Reserve	104,700.36	96,637.07	-8,063.29	-7.70%
50 U.S.F. Resource Com. Center	5,458.93	505.33	-4,953.60	-90.74%
51 Self-Insurance	73,303.49	73,303.49	0.00	0.00%
53 SLESF (Supplemental Law Enforcement Services Fu	126,677.80	151,302.99	24,625.19	19.44%
54 Park Project	613,941.06	644,910.69	30,969.63	5.04%
60 Sewer O & M	2,970,258.84	3,269,809.59	299,550.75	10.09%
61 Sewer Fixed Asset Replacement	3,467,187.10	3,918,441.86	451,254.76	13.02%
66 WWTP Expansion 2008	441,670.73	449,449.33	7,778.60	1.76%
69 LTF Non Motoriz	749.00	7,082.00	6,333.00	845.53%
70 Local Transportation	125,450.14	121,104.39	-4,345.75	-3.46%
71 Transportation	-190,615.71	-236,642.59	-46,026.88	-24.15%
72 Measure L	0.00	143,635.40	143,635.40	N/A
100/200 LLD's and BAD's	210,576.85	163,025.43	-47,551.42	-22.58%
80 Water O & M	380,294.20	649,956.61	269,662.41	70.91%
801 Water TCP123	19,637.70	2,211.70	-17,426.00	-88.74%
82 Water Fixed Asset Replacement	632,451.31	1,067,838.81	435,387.50	68.84%
88 PW CDBG Street Project	-58,460.40	-60,728.92	-2,268.52	-3.88%
90 Garbage/Refuse	77,669.05	83,290.33	5,621.28	7.24%
92 98-EDBG-605 Small Bus. Loans	93,595.60	93,595.60	0.00	0.00%
94 96-EDBG-438 Grant	403.43	403.43	0.00	0.00%
95 94-STBG-799 Grant	220,008.74	221,436.82	1,428.08	0.65%
96 HOME Program Grant (FTHB)	35,041.19	35,043.29	2.10	0.01%
97 96-STBG-1013 Grant	200,412.69	201,459.44	1,046.75	0.52%
98 HOME Rehabilitation Fund	40,000.00	40,000.00	0.00	0.00%
Developer Impact Fees ***	3,185,602.84	3,499,278.20	313,675.36	9.85%
<b>TOTAL ALL FUNDS:</b>	<b>16,374,654.93</b>	<b>18,544,036.04</b>	2,169,381.11	13.25%
<b>Break Down of Impact Fees ***</b>				
10 Storm Drain	340,943.56	388,681.59	47,738.03	14.00%
20 Community Enhancement	103,088.49	118,358.05	15,269.56	14.81%
41 Public Facilities Development	1,439,224.25	1,354,439.32	-84,784.93	-5.89%
42 Public Facilities Development-Streets	-171,073.63	-114,046.36	57,027.27	33.33%
55 Parks DIF	402,373.42	442,171.45	39,798.03	9.89%
62 Sewer Developer Impact Fees	1,275,690.19	1,451,904.52	176,214.33	13.81%
81 Water Developer Impact Fees	-204,643.44	-142,230.37	62,413.07	30.50%
<b>Break Down of Impact Fees ***</b>	<b>3,185,602.84</b>	<b>3,499,278.20</b>	313,675.36	9.85%

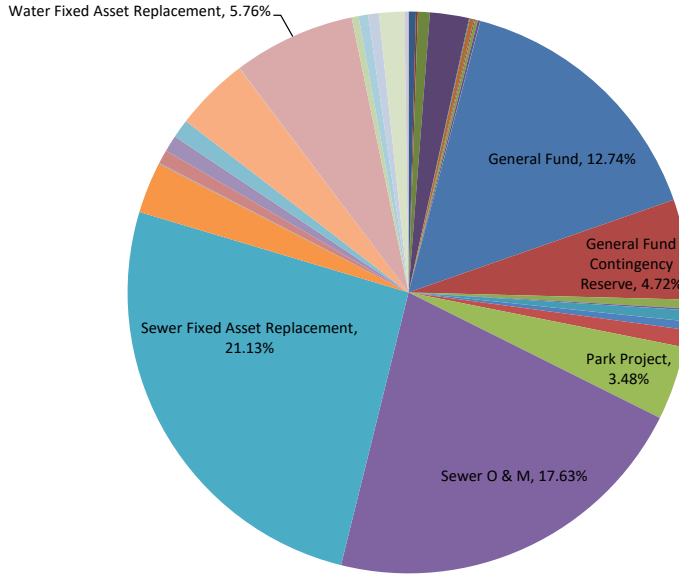
I hereby certify that the investment activity for this reporting period conforms with the Investment Policy adopted by the Hughson City Council, and the California Government Code Section 53601. I also certify that there are adequate funds available to meet the City of Hughson's budgeted and actual expenditures for the next six months.



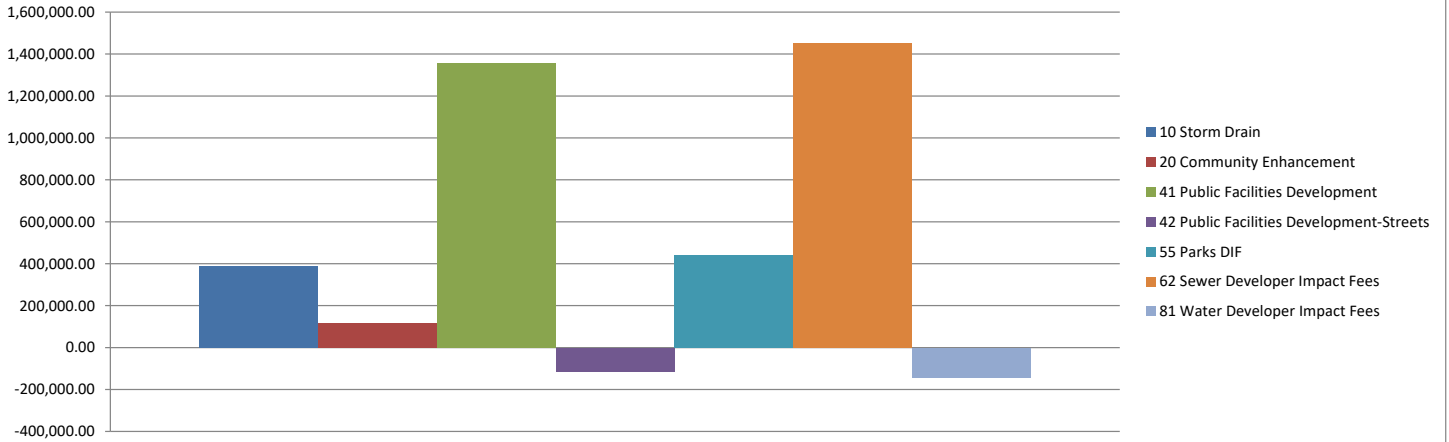
Treasurer's Report - Charts and Graphs  
February 2018

Percentage of all Funds for February 2018

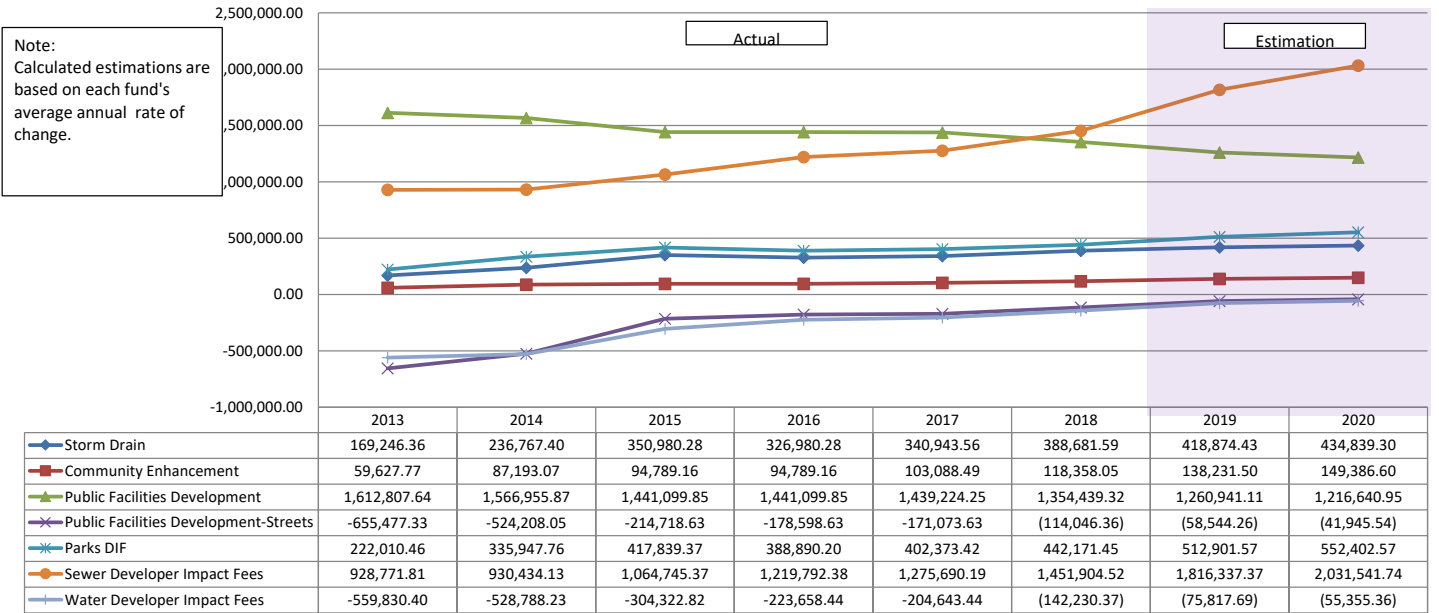
Note:  
Data displayed represents largest percentage of City funds. All other funds represent less than 5% of the City's total Cash and Investments.



February 2018 Breakdown of Developer Impact Fees



5 Year Trend & Estimate for Developer Impact Fees for the Month of February





## CITY OF HUGHSON AGENDA ITEM NO. 3.4

### SECTION 3: CONSENT CALENDAR

**Meeting Date:** February 11, 2019  
**Subject:** Approval of the Treasurer's Report: Investment Portfolio Report – February 2018  
**Presented By:** Jaime C. Fountain, City Treasurer

A handwritten signature in blue ink, appearing to be "Jaime C. Fountain", is written over a horizontal line.

**Approved By:** \_\_\_\_\_

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#### **Staff Recommendation:**

Review and approve the City of Hughson Treasurer's Report: Investment Portfolio Report for February 2018.

#### **Summary:**

The City Treasurer is required to review the City's investment practices and approve the monthly Treasurer's report. Enclosed is a summary of the City of Hughson's Investment Portfolio for February 2018 and is provided as a supplementary document to the monthly Treasurer's report. As of February 2018, the City of Hughson's investment total is \$2,641,349.58 and has a total cash and investment balance of \$18,544,036.04. All investment actions executed since the last report have been made in full compliance of the City of Hughson's Investment Policy. The City of Hughson meets its expenditure obligations for the next six months as required by California Government Code Section 53646 (b) (2) and (3) respectively.

#### **Background and Overview:**

The Investment Portfolio Report is intended to provide supplementary documentation of the City of Hughson's investment practices. According to the City of Hughson's Investment Policy, the City Treasurer shall submit to the City Council a quarterly investment report containing a complete description of the portfolio, the type of investments, the issuers, maturity dates, par and dollar values, and the current market values of each component of the portfolio. It is the goal of the City Treasurer however, to provide the investment report on a monthly basis as a supplement to the Treasurer's Report. Furthermore, when dealing with investment activities, the City of Hughson primary objectives, in order of priority, are safety, liquidity, and return on investments.

According to Michael DeGeeter, the City's MBS Account Executive, the City of Hughson utilizes a 5 year Certificate of Deposit (CD) laddering approach for its investment practices. This approach layers various CDs depending on interest rates and timing, which allows for reduced portfolio rates and a continuous stream of maturity dates. Mr. DeGeeter states that this CD approach has always spread positively for the City of Hughson and has had the highest yield of any spread thus far.

Enclosed is the City of Hughson's Treasurer's Report: Investment Portfolio Report for February 2018 along with supplementary graphs depicting the percentage of the City's portfolio of investments. After review and evaluation of the report, City staff submits the following detailed explanation for investments displaying significant variances:

### ***L.A.I.F. Investments***

The reported Local Agency Investment Fund (L.A.I.F.) investments reflect the City's most current balance statement as of February 28, 2018. The two L.A.I.F. accounts share a combined balance of \$80,156.22, comprising of only 3.03% of the City's total portfolio of investments. L.A.I.F. investments are reported on a quarterly basis. City staff will continue to report the most recent L.A.I.F. investments and will proceed to update the funds on a quarterly basis.

### **Fiscal Impact:**

As of February 2018, the total investments balance for the City of Hughson is \$2,641,349.58 accounting for 14.24% of the City's total cash and investments. The total cash and investment amount is \$18,544,036.04. Of the amounts invested, 1.47% is invested in Cash, Money, Funds, and Bank Deposits, 3.03% is invested in L.A.I.F. investments, and 95.50% is invested in CDs. As the year progresses and market values and interest rates increase, City staff will continue to monitor and report the City of Hughson's investment practices.

**City of Hughson  
Portfolio of Investments  
February 2018**

	MONEY MARKET	GENERAL	REDEVELOPMENT**	TOTAL
<b>Bank Statement Totals</b>	\$ 15,245,675.79	\$ 781,407.61	\$ -	\$ 16,027,083.40
Adjustment-Direct Deposit Payroll		\$ -	\$ -	\$ -
Outstanding Deposits +	\$ 4,872.76	\$ (168,143.07)	\$ -	\$ (163,270.31)
Outstanding Checks/transfers -	\$ 38,873.37	\$ -	\$ -	\$ 38,873.37
<b>ADJUSTED TOTAL</b>	\$ 15,289,421.92	\$ 613,264.54	\$ -	\$ 15,902,686.46
Investments: Various				\$ 1,065,362.98
Multi-Bank WWTP				\$ 1,495,830.38
Investments: L.A.I.F.		\$ 40,141.95	\$ 40,014.27	\$ 80,156.22
<b>Total Investments</b>				<b>\$ 2,641,349.58</b>
<b>Total Cash &amp; Investments</b>				<b>\$ 18,544,036.04</b>

All investment actions executed since the last report have been made in full compliance with the Investment Policy. The City of Hughson will meet its expenditure obligations for the next six months as required by California Government Code Section 53646 (b)(2) and (3) respectively.

**Breakdown of Investments**

<b>Investments: Various - ***850</b>									
Description	Maturity Dates	Quantity	Opening Balance	Closing Balance	Interest Accrued	% of Portfolio			
<b>Cash, Money, Funds, And Bank Deposits:</b>			\$ 17,116.22	\$ 17,388.44	\$ -	1.63%			
<b>Total:</b>			\$ 17,116.22	\$ 17,388.44	\$ -				
<b>Fixed Income (Certificate of Deposits)</b>									
Description	Maturity Dates	Quantity	Market Price	Market Value	Interest Accrued	Rate of Return	% of Portfolio		
Months til Maturity Statement Period (02/01/18 - 02/28/18)									
Belmont SVGS BK Mass	11/13/14 - 11/13/18	≈ 9 mo.	27,000.00	\$100.0300	\$ 27,008.10	\$ 122.68	1.540%	2.54%	
Ally Bank Midvalue Utah CTF DEP ACT/365	01/28/16 - 01/28/19	≈ 11 mo.	76,000.00	\$99.8220	\$ 75,864.72	\$ 96.82	1.500%	7.12%	
State BK India York NY	09/11/14 - 09/11/19	≈ 19 mo.	55,000.00	\$99.7360	\$ 54,854.80	\$ 550.75	2.150%	5.15%	
American Express Fed SVGS BK CTF DEP	10/16/14 - 10/16/19	≈ 20 mo.	30,000.00	\$99.6430	\$ 29,892.90	\$ 238.56	2.150%	2.81%	
Discover BK Greenwood Del CTF	10/16/14 - 10/16/19	≈ 20 mo.	100,000.00	\$99.8880	\$ 99,888.00	\$ 795.21	2.150%	9.38%	
American Express Centurion BK CTF DEP	12/04/14 - 12/04/19	≈ 22 mo.	80,000.00	\$98.9640	\$ 79,171.20	\$ 414.68	2.220%	7.43%	
Ally Bank Midvalue Utah CTF DEP ACT/365	04/27/17 - 04/27/20	≈ 26 mo.	106,000.00	\$98.7420	\$ 104,666.52	\$ 648.20	1.820%	9.82%	
Capital One NATL ASSN MCLEAN VA CTF	11/04/15 - 11/04/20	≈ 33 mo.	91,000.00	\$99.4840	\$ 90,530.44	\$ 621.79	2.160%	8.50%	
Capital One BK USA NATL ASSN Glen Allen	11/04/15 - 11/04/20	≈ 33 mo.	100,000.00	\$99.4840	\$ 99,484.00	\$ 683.29	2.160%	9.34%	
Discover BK Greenwood Del CTF	11/04/15 - 11/04/20	≈ 33 mo.	110,000.00	\$99.3560	\$ 109,291.60	\$ 769.10	2.210%	10.26%	
Capital One NATL ASSN MCLEAN VA CTF	09/28/16 - 09/28/21	≈ 43 mo.	126,000.00	\$96.2810	\$ 121,314.06	\$ 897.88	1.760%	11.39%	
JP Morgan Chase BK NA Columbus Ohio	11/18/16 - 11/18/21	≈ 45 mo.	60,000.00	\$96.1870	\$ 57,712.20	\$ 30.00	1.870%	5.42%	
American Express Centurion BK CTF DEP	04/26/17 - 04/26/22	≈ 50 mo.	100,000.00	\$98.2960	\$ 98,296.00	\$ 821.92	2.440%	9.23%	
<b>Total CDs</b>					\$ 1,047,974.54	\$ 6,690.88		98.37%	
<b>Total Investments: Various Holdings</b>					\$ 1,065,362.98	\$ 6,690.88		100.00%	
<b>Total Portfolio Investment</b>								40.33%	

<b>Multi-Bank WWTP - ***934</b>									
Description	Maturity Dates	Quantity	Opening Balance	Closing Balance	Interest Accrued	% of Portfolio			
<b>Cash, Money, Funds, and Bank Deposits:</b>			\$ 20,453.97	\$ 21,349.17	\$ -	1.43%			
<b>Total:</b>			\$ 20,453.97	\$ 21,349.17	\$ -				
<b>Fixed Income (Certificate of Deposits)</b>									
Description	Maturity Dates	Quantity	Market Price	Market Value	Interest Accrued	Rate of Return	% of Portfolio		
Months til Maturity Statement Period (02/01/18 - 02/28/18)									
Discover BK Greenwood DEL	05/08/13 - 05/08/18	≈ 3 mo.	40,000.00	\$99.9770	\$ 39,990.80	\$ 141.15	1.150%	2.67%	
Firstbank P R Santuice	05/10/13 - 05/10/18	≈ 3 mo.	250,000.00	\$99.9770	\$ 249,942.50	\$ 129.45	1.050%	16.71%	
State BK India Chicago ILL CTF DEP	12/18/13 - 12/18/18	≈ 10 mo.	25,000.00	\$100.1540	\$ 25,038.50	\$ 101.10	2.040%	1.67%	
GE CAP Retail BK Draper Utah Instl	01/10/14 - 01/10/19	≈ 11 mo.	95,000.00	\$100.1190	\$ 95,113.05	\$ 242.32	1.890%	6.36%	
First Sentry BK Inc Huntington West VA	03/08/13 - 03/08/19	≈ 13 mo.	46,000.00	\$99.1940	\$ 45,629.24	\$ 28.99	1.150%	3.05%	
GE CAP Retail BK Draper Utah Instl	03/21/14 - 03/21/19	≈ 13 mo.	80,000.00	\$100.0380	\$ 80,030.40	\$ 679.56	1.940%	5.35%	
JP Morgan Chase BK NA Columbus Ohio CTF	04/30/15 - 04/30/19	≈ 14 mo.	100,000.00	\$99.4130	\$ 99,413.00	\$ -	1.500%	6.65%	
Barclays BK Del Wilmington CTF DEP	05/28/14 - 05/28/19	≈ 15 mo.	40,000.00	\$100.8300	\$ 40,332.00	\$ -	2.70%	2.70%	
Goldman Sachs BK USA New York CTF UT CTF DEP	06/04/14 - 06/04/19	≈ 16 mo.	80,000.00	\$99.8680	\$ 79,894.40	\$ 376.99	2.000%	5.34%	
Sallie Mae BK Salt Lake City UT CTF DEP	10/08/14 - 10/08/19	≈ 20 mo.	50,000.00	\$99.8270	\$ 49,913.50	\$ 421.16	2.150%	3.34%	
State BK India Chicago ILL	10/14/14 - 10/15/19	≈ 20 mo.	54,000.00	\$99.8110	\$ 53,897.94	\$ 425.64	2.100%	3.60%	
Sallie Mae BK Salt Lake City UT CTF DEP	10/22/14 - 10/22/19	≈ 20 mo.	83,000.00	\$99.7790	\$ 82,816.57	\$ 630.69	2.150%	5.54%	
Wells Fargo BK N A San Francisco Calif	04/30/15 - 04/30/20	≈ 26 mo.	100,000.00	\$99.8670	\$ 99,867.00	\$ 99.32	1.250%	6.68%	
Capital One BK USA NATL ASSN Glen Allen	11/04/15 - 11/04/20	≈ 33 mo.	211,000.00	\$99.4840	\$ 209,911.24	\$ 1,441.74	2.160%	14.03%	
Capital One NATL ASSN MCLEAN VA CTF	09/28/16 - 09/28/21	≈ 43 mo.	51,000.00	\$96.2810	\$ 49,103.31	\$ 363.43	1.760%	3.28%	
JP Morgan Chase BK NA Columbus Ohio	11/18/16 - 11/18/21	≈ 45 mo.	112,000.00	\$96.1870	\$ 107,729.44	\$ 56.00	1.870%	7.20%	
American Express Centurion BK CTF DEP	04/26/17 - 04/26/22	≈ 50 mo.	67,000.00	\$98.2960	\$ 65,858.32	\$ 550.68	2.440%	4.40%	
<b>Total CDs</b>					\$ 1,474,481.21	\$ 5,688.22		98.57%	
<b>Total Multi-Bank WWTP Holdings</b>					\$ 1,495,830.38	\$ 5,688.22		100.00%	
<b>Total Portfolio Investment</b>								56.63%	

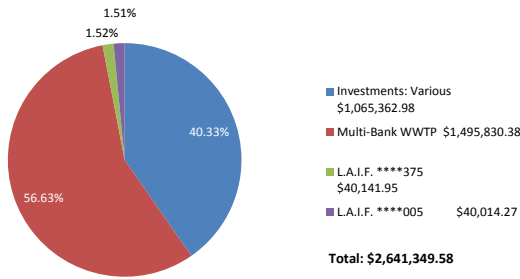
<b>L.A.I.F. Investments</b>						
Account #	Quarter End Principal Balance as of February 2018	Quarterly Interest Earned as of February 2018	Interest Rate	Total	% of Investment	
****375	\$ 40,141.95	\$ -	1.20%	\$ 40,141.95	50.08%	
****005	\$ 40,014.27	\$ -	1.20%	\$ 40,014.27	49.92%	
<b>Total L.A.I.F. Investments Holdings</b>				\$ 80,156.22	100.00%	
<b>Total Portfolio Investment</b>					3.03%	

Jaime C. Fountain, Treasurer

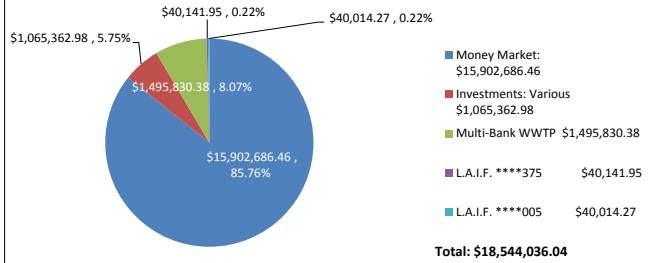
Date

### Charts and Graphs

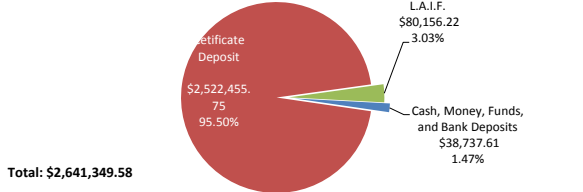
**Total Portfolio of Investments by Account  
February 2018**



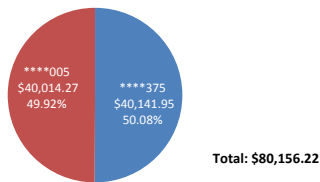
**Total Portfolio of Investment  
(Including Money Market Cash)  
February 2018**



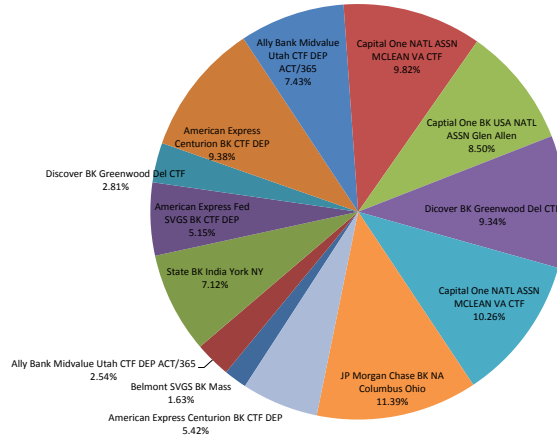
**Total Portfolio of Investments by Type  
February 2018**



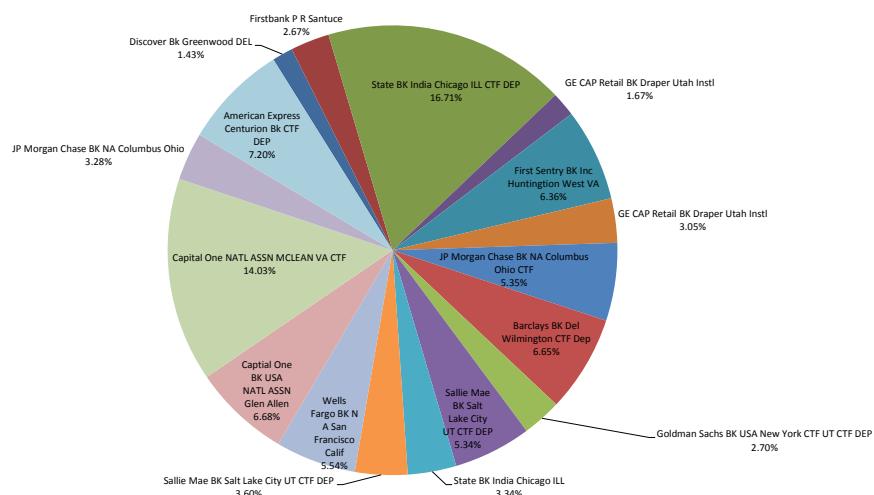
**Breakdown of L.A.I.F. Investments  
February 2018**



**Breakdown of Investments: Various - \*\*\*850  
February 2018**



**Breakdown of Multi-Bank WWTP - \*\*\*934  
February 2018**





## CITY OF HUGHSON AGENDA ITEM NO. 6.1

### SECTION 6: NEW BUSINESS

**Meeting Date:** February 11, 2019  
**Subject:** Consideration of State of the City Address Outline for February 25, 2019 as Provided by Mayor Jeramy Young  
**Presented By:** Raul L. Mendez, City Manager

A handwritten signature in blue ink, appearing to be "R. Mendez", is written over a horizontal line.

**Approved By:** \_\_\_\_\_

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#### **Staff Recommendation:**

Consider State of the City Address Outline for February 25, 2019 as provided by Mayor Jeramy Young.

#### **Background and Overview:**

On April 28, 2014, then Mayor, Mathew Beekman, began the tradition of an annual State of the City Address for the City of Hughson. The Address was intended to provide City residents with a look back at past accomplishments, a review of current initiatives and a preview of future opportunities and challenges. To encourage greater participation, the Address was held as a special meeting of the City Council and off-site at Samaritan Village located at 7700 Fox Road, Hughson, CA.

Mayor Jeramy Young has continued this tradition and plans to deliver his State of the City Address this year on February 25, 2019 at 6:30pm at Samaritan Village. To make the rest of the City Council aware of the items that will be highlighted in his Address, he has instructed City staff to share his outline during the prior regular meeting for review and discussion.

#### **Discussion:**

The following is a draft of the Address outline that the Mayor has developed working with City staff.

1. Mission/Vision
2. Fiscal Responsibility (General Fund, All Funds, Debt Service)
3. New Financial Management System Implementation
4. Economic Development (Incubator, Downtown Investment and Study, New Businesses)

5. Planned Development
  - 5.1. Agricultural Mitigation (2:1)
  - 5.2. Smart Growth (Design Expectations/Guidelines, In-Fill Development)
6. Infrastructure
  - 6.1. Best Roads (Fox Road, Second Street, Santa Fe Overlay)
  - 6.2. Water Improvements (Arsenic, 123 TCP)
7. Public Safety
  - 7.1. Police (Low Crime Rates, PODs Phase I, Surveillance with Development, Body Cameras)
  - 7.2. Fire (Assessment Results, Sustaining Fire Protective Services, Exploring Other Funding Options with the District, Volunteers, New Fire Station)
8. Partnerships
  - 8.1. Chamber of Commerce (Festivals, Promotion and Business Support)
  - 8.2. School (Lebright Fields, Locust Street, Mentoring)
9. Investing in Our Future
  - 9.1. Hughson High Leadership
  - 9.2. Student Representatives
10. Professional Staff
  - 10.1. Retention/Attraction
  - 10.2. Investing in Employees
11. Special Recognitions
  - 11.1. Scranton & Qualle Hughson Post 872 American Legion – Centennial
  - 11.2. Academic Decathlon Team – 1<sup>st</sup> Place Again
  - 11.3. Hughson Youth Baseball/Softball – 60 Years
  - 11.4. Hughson Lions Club – Newest Service Organization

**Fiscal Impact:**

Costs associated with holding the State of the City Address and the City Council special meeting at Samaritan Village have been included in the Fiscal Year 2018-2019 Adopted Budget. These include expenses for use of the conference room, video recording services, light refreshments and any recognitions that may be presented.



## CITY OF HUGHSON AGENDA ITEM NO. 6.2

### SECTION 6: NEW BUSINESS

**Meeting Date:** February 11, 2019  
**Subject:** Approval to Authorize an Internal Bridge Loan from the Sewer Fixed Asset Replacement Fund for the Well 7 Replacement Project Phase I.  
**Presented By:** Raul L. Mendez, City Manager  
Lea Simvoulakis, Community Development Director

**Approved By:** \_\_\_\_\_

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#### **Staff Recommendation:**

Authorize an internal bridge loan from the Sewer Fixed Asset Replacement Fund for the Well 7 Replacement Project Phase I.

#### **Background and Overview:**

On October 8, 2018, the City of Hughson Council awarded the Well 7 Replacement Project Phase I to Anthony J. Prieto Water Well Drilling. The project, currently in Phase I will be constructed in two phases. Phase I was begun by the contractor in earnest earlier in the calendar year with the improvements to the sewer lift station near the corner of Whitmore Avenue and Tully Road being substantially completed. Weather permitting, the contractor anticipates beginning the well drilling and other associated work in the upcoming weeks.

The entire project includes the construction of a new water well site (Hughson Well No. 9), including a water treatment system, a 1.0-million-gallon concrete storage/blending tank, as well as the re-drilling of Well No. 5 in a new location on the same parcel (to be called Hughson Well No. 10) and new water distribution pipeline to connect the well sites.

#### **Discussion:**

The City received funding through the California Safe Drinking Water State Revolving Fund (SDWSRF) in the amount of \$8,327,753 for the Well 7 Replacement Project. The City Council approved a funding agreement with the State of California, which provides up to \$5 million in grant funds with the remainder available in the form of a loan at 0% interest over 30 years.



On January 9, 2019, the City of Hughson received correspondence from the State Water Board Division of Financial Assistance that due to a change in its accounting program, and issues encountered, it would be unable to reimburse claims in a timely manner with no indication as to when the problem would be resolved. At that time, the State Water Board identified some possible short-term solutions to consider for agencies with approved funding and projects that were already in construction: (1) continue the project if the water system could carry the cost of the project which would be reimbursed when the funding became available; (2) not to proceed with the project until funding was available and extend the completion date, or (3) consider or pursue a bridge loan or alternative funding so work could continue without disruption. For the latter option, it was mentioned that associated loan fees and interest could be reimbursable through the State.

City staff discussed these options with the City Attorney and Shoreline Engineering, the City's Water Engineer, given that Phase I of the construction project was already underway. It was determined that there could be some financial risks with halting or delaying the project including increasing construction costs and possible claims filed against the City by the contractor. As such, City staff held a conversation with the Division of Financial Assistance to specifically explore the viability of the option of a bridge loan or alternative funding. The State referred City to RCAC as a possible short-term lending option. RCAC is a 501 (c)(3) nonprofit organization that provides technical and financial resources and advocacy so rural communities can achieve their goals.

City staff contemplated the possibility of an internal loan if the State was willing to cover any associated interest that would be lost. This was deemed to be the best available option provided that the terms were reasonable. After careful consideration, City staff identified the Sewer Fixed Asset Replacement Fund as a viable funding source and submitted to the State Water Board Division of Financial Assistance the internal bridge loan components for consideration and approval as follows:

- Amount: \$1.2 million.
- Term: 12-month.
- Interest: Current LAIF or 2.4%

Once City staff receives affirmation that the terms are acceptable and approval is granted for the City moving forward with the internal bridge loan, City staff will bring back a subsequent item to formalize the loan for City Council consideration and approval in adherence to the adopted City of Hughson Interfund Loan Policy (November 23, 2015). The said Policy is attached.

### **Fiscal Impact:**

The Sewer Fixed Asset Replacement Fund has a current available balance of \$4.3 million. If approved, \$1.2 million will be utilized as an interfund loan to complete the Well 7 Replacement Project Phase I. It is anticipated that the loan would be repaid through funding received from the SDWSRF when made available. The internal

loan will earn 2.4% interest over the life of the loan that will remain in the sewer fund once repaid.



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# CITY OF HUGHSON INTERFUND LOAN POLICY

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*Approved by the City Council November 23, 2015*

## PURPOSE

The City's Interfund Loan Policy provides guidelines regarding the establishment and repayment of Interfund Loans. This policy:

- Requires City Council approval of Interfund loans, except for short-term working capital loans.
- Permits short-term Interfund loans for the following reasons:
  - To offset timing differences in cash flows;
  - For working capital to cover Council approved reimbursable grants and projects;
  - To provide advance spending for a capital project prior to securing project financing; and
  - For other needs as deemed appropriate by City Council.
- The term of the loan may continue over a period of more than one year, but not more than five years.
- Prohibits Interfund loans from being used to solve ongoing structural budget issues or hindering the accomplishment of any function or project for which the lending fund was established.

## BACKGROUND

Interfund loans are an authorized short term loan from one fund to another for a specific purpose and with the requirement for repayment. Interfund loans are a recognized and necessary aspect of municipal finance. Interfund loans are typically short-term in nature, and are an allocation of resources between individual funds for working capital purposes. Interfund loans will be reported according to Generally Accepted Accounting Principles, as interfund receivables in lender funds and interfund payables in borrower funds. If repayment is not expected within a reasonable time, the interfund balances are reduced and the amount that is not expected to be repaid is reported as a transfer.

## POLICY

Interfund loans, other than short-term working capital loans, must be approved by the City Council. Council approval will include the following terms:

- Purpose of the Interfund Loan
- Loan amount
- Loan terms

- Repayment must have an identified funding source
- Specific repayment schedule – loan period and payment requirements
- Interest rate – imposed at a rate at least equal to the investment earning the fund would have received had the loan not occurred
- Identification of the source fund
  - Availability of unrestricted funds in the source fund
  - Review of multi-year plans for use of source fund cash
  - Analysis of legal or contractual restrictions

### **Modifications**

- Modification of any loan terms including but not limited to: loan amount, interest rate, and/or repayment schedule of an Interfund loan must be approved by a unanimous vote of the City Council.

### **Prohibited Uses**

- Interfund loans will not be used to solve ongoing structural budget issues. Interfund loans will not hinder the accomplishment of any function or project for which the lending fund was established.