



Gary Yep – Mayor
Doug Wilcox – Mayor Pro Tem
Raj Dhaliwal – Council Member
Nathan Fox – Council Member
Bill Nijjer – Council Member

AGENDA
KERMAN CITY COUNCIL
REGULAR MEETING
Kerman City Hall
850 S. Madera Avenue
Wednesday, November 19, 2014
6:30 PM

AGENDA PACKET AVAILABLE FOR
REVIEW 72 HOURS PRIOR TO
THE CITY COUNCIL MEETING AT
THE CITY CLERK'S OFFICE AND
ON THE CITY WEBSITE
ITEMS RECEIVED AT THE
MEETING WILL BE AVAILABLE
FOR REVIEW AT THE CITY
CLERK'S OFFICE

ALL MEETING ATTENDEES ARE ADVISED THAT ALL PAGERS, CELLULAR TELEPHONES AND ANY OTHER COMMUNICATION DEVICES SHOULD BE POWERED OFF UPON ENTERING THE COUNCIL CHAMBERS, AS THESE DEVICES INTERFERE WITH OUR AUDIO EQUIPMENT.

OPENING CEREMONIES

- Welcome – Mayor Gary Yep
- Call to Order
- Roll Call
- Invocation

At this time the Council wishes to provide anyone an opportunity to give a brief invocation or inspirational thought. In accordance with law, we would request this opportunity not be used to recruit converts, to advance anyone, or to disparage any other faith or belief. If no one steps forward, we will observe a moment of silence so that we may all focus our thoughts on how best to serve our community.

- Pledge of Allegiance – City Clerk

AGENDA APPROVAL/ADDITIONS/DELETIONS

To accommodate members of the public or convenience in the order of presentation, items on the agenda may not be presented or acted upon in the order listed.

1. PRESENTATIONS/CEREMONIAL MATTERS

None

REQUEST TO ADDRESS COUNCIL

This portion of the meeting is reserved for members of the public to address the Council on items of interest that are not on the Agenda and are within the subject matter jurisdiction of the Council. Speakers shall be limited to three minutes. It is requested that no comments be made during this period on items on the Agenda. Members of the public wishing to address the Council on items on the Agenda should notify the Mayor when that Agenda item is called, and the Mayor will recognize your discussion at that time. It should be noted that the Council is prohibited by law from taking any action on matters discussed that are not on the Agenda. Speakers are asked to please use the microphone, and provide their name and address.

2. CONSENT CALENDAR

Matters listed under the Consent Calendar are considered routine and will be enacted by one motion and one vote. There will be no separate discussion of these items. If discussion is desired, a member of the audience or a Council Member may request an item be removed from the Consent Calendar and it will be considered separately.

A. SUBJECT: Minutes

RECOMMENDATION: Council approve minutes as presented.

ATTACHMENTS: [November 5, 2014](#)

B. SUBJECT: Payroll

Payroll Report: October 26, 2014 - November 08, 2014: \$123,272.92; Other Pay: \$1,692.90; Overtime: \$4,692.55; Standby: \$1,116.27; Comp Time Earned: 38.25

RECOMMENDATION: Council approve payroll as presented.

ATTACHMENTS: [Payroll/Overtime Report](#)

C. SUBJECT: Warrants

Nos. 5308-5353: \$37,393.04

RECOMMENDATION: Council approve warrants and electronic bank transfers as presented. (Pursuant to Government Code 37208)

ATTACHMENTS: [Accounts Payable](#)

D. SUBJECT: Resolution Approving Updated Purchasing Policy for the City of Kerman (TJ)

RECOMMENDATION: Council by motion adopt resolution approving updated Purchasing Policy for the City of Kerman.

ATTACHMENTS: [Staff Report - Purchasing Policy](#)

E. SUBJECT: Monthly Investment Report Ending October 31, 2014 (TJ)

RECOMMENDATION: Council approve monthly investment report as presented.

ATTACHMENTS: [Investment Report](#)

3. PUBLIC HEARINGS

None

4. DEPARTMENT REPORTS

A. SUBJECT: Independent Auditor's Report for Fiscal Year 2013-14 (TJ)

RECOMMENDATION: Council accept the Independent Auditor's Report for Fiscal Year ended June 30, 2014.

ATTACHMENTS: [Staff Report - Auditor's Report](#)

B. SUBJECT: Resolution Adopting Residential Design Guidelines (LP)

RECOMMENDATION: Council by motion adopt a resolution approving the Residential Design Guidelines for single-family and multi-family residential developments.

ATTACHMENTS: [Staff Report - Residential Design Guidelines](#)

C. SUBJECT: Memorandum of Understanding with Fresno County Rural Transit Agency for Public Transit Safety and Security Services (LP)

RECOMMENDATION: Council by motion approve the Memorandum of Understanding with the Fresno County Rural Transit Agency for Public Transit Safety and Security Services and authorizes the Mayor to execute the agreement.

ATTACHMENTS: [Staff Report - MOU Fresno FCRTA](#)

5. CITY MANAGER/STAFF COMMUNICATIONS

6. MAYOR/COUNCIL REPORTS

A. Mid Valley Disposal Annual Luncheon - Friday, December 12, 12:00-2:00 p.m., Harris Ranch

B. Pageantry of Lights Parade - Saturday, December 13, 6:00 p.m.

7. CLOSED SESSION

COUNCIL RECONVENE FROM CLOSED SESSION & REPORT ANY ACTION TAKEN

8. ADJOURNMENT

In compliance with the American with Disabilities Act (ADA), if you need special assistance to participate at this meeting, please contact the City Clerk at (559) 846-9380. Notification of 48 hours prior to the meeting will enable the City Clerk to make reasonable arrangement to ensure accessibility to this meeting. Pursuant to the ADA, the meeting room is accessible to the physically handicapped.



AGENDA
KERMAN CITY COUNCIL
REGULAR MEETING
Kerman City Hall
850 S. Madera Avenue
Wednesday, November 5, 2014
6:30 PM

Gary Yep – Mayor
 Doug Wilcox – Mayor Pro Tem
 Raj Dhaliwal – Council Member
 Nathan Fox – Council Member
 Bill Nijjer – Council Member

Present: Mayor Yep (GY), Dhaliwal (RD), Fox (NF), Nijjer (BN), Wilcox (DW)
 Absent: None
 Also Present: City Manager/Planning & Development Director Patlan, City Attorney Blum, Chief of Police, Community Services Director, Finance Director, Public Works Director, City Engineer

OPENING CEREMONIES

- Welcome – Mayor Gary Yep
- Call to Order
- Roll Call
- Invocation
- Pledge of Allegiance – City Clerk

AGENDA APPROVAL/ADDITIONS/DELETIONS

1. PRESENTATIONS/CEREMONIAL MATTERS

A. Introduction and Swearing-In of Level I Reserve Officer Nathan Moon (JLB)

REQUEST TO ADDRESS COUNCIL

2. CONSENT CALENDAR

A. SUBJECT: Minutes

RECOMMENDATION: Council approve minutes as presented.

B. SUBJECT: Payroll

Payroll Report: September 28, 2014 - October 25, 2014:

RECOMMENDATION: Council approve payroll as presented.

C. SUBJECT: Warrants

1. Nos. 5136, 5196, 5200-5307: \$414,159.46;
2. Excepting: Kerwest: #5288; VFC: #'s 5136, 5196, 5237,5300

RECOMMENDATION: Council approve warrants and electronic bank transfers as presented. (Pursuant to Government Code 37208)

Voting: Yes,
 No, Absent
 (Abstain if
 needed)

6:33 p.m.
 All present
 except DW/BN
 6:35 p.m. BN
 arrived
 Performed

Approved

Performed

6:41 p.m. DW
 approved

Approved
 excepting
 5288, 5136,
 5196 5237,
 5300 BN/RD
 (5-0-0)

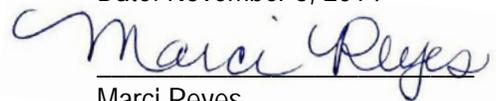
Approved
 5288 NF/RD
 (4-0-1) DW
 Approved
 5136, 5196
 5237,5300
 DW/NF
 (4-0-1) GY

<p>D. <u>SUBJECT</u>: Resolution Approving Updated Purchasing Policy for the City of Kerman (TJ)</p> <p><u>RECOMMENDATION</u>: Council by motion adopt resolution approving updated Purchasing Policy for the City of Kerman.</p>	<p>Moved to Nov. 19 meeting.</p>
<p>E. <u>SUBJECT</u>: Resolution Approving Ninth Amendment to the Fresno Council of Governments' Joint Powers Agreement (LP)</p> <p><u>RECOMMENDATION</u>: Council by motion adopt resolution approving the ninth amendment to the Fresno Council of Governments' Joint Powers Agreement.</p>	<p>Res 14-62</p>
<p>F. <u>SUBJECT</u>: Monthly Investment Report Ending September 30, 2014 (TJ)</p> <p><u>RECOMMENDATION</u>: Council by motion accept the Monthly Investment Report as presented.</p>	<p></p>
<p>3. PUBLIC HEARINGS</p>	<p>None</p>
<p>4. DEPARTMENT REPORTS</p>	<p></p>
<p>a. <u>SUBJECT</u>: Amendment to PPA with Borrego Solar for Expansion of Solar Array at Wastewater Treatment Plant (LP)</p> <p><u>RECOMMENDATION</u>: Council by motion consider approving amendment to PPA with Borrego Solar to expand solar array at wastewater treatment plant and authorize the City Manager to execute the agreement.</p>	<p>Approved BN/NF (5-0-0)</p>
<p>b. <u>SUBJECT</u>: Resolution Appointing City Engineer and City Surveyor (GH)</p> <p><u>RECOMMENDATION</u>: Council by motion adopts resolution appointing Jerry Jones as City Engineer and David Horn as City Surveyor.</p>	<p>Approved DW/NF (5-0-0)</p>
<p>5. CITY MANAGER/STAFF COMMUNICATIONS</p>	<p>Res 14-63</p>
<p>6. MAYOR/COUNCIL REPORTS</p>	<p></p>
<p>7. CLOSED SESSION</p>	<p>None</p>
<p>8. ADJOURNMENT</p>	<p>Approved RD/BN 7:40 p.m.</p>

MINUTES CERTIFICATION

I, MARCI REYES, City Clerk for the City of Kerman, do hereby declare under penalty of perjury that the above Minutes are a true depiction of all actions taken at the City Council meeting held on the first date above written at Kerman City Hall, 850 S. Madera Ave, Kerman, CA.

Date: November 6, 2014



Marci Reyes
City Clerk

CITY OF KERMAN PAYROLL REPORT

PAY PERIOD: October 26, 2014 - November 08, 2014

EMPLOYEE	SALARY	Other Pay	OVERTIME		STANDBY		GROSS SALARY	COMP TIME EARNED
			HOURS	AMOUNT	HOURS	AMOUNT		
<u>ADMINISTRATION</u>								
Patlan, Luis	\$ 4,664.77	\$ -	-	\$ -	-	\$ -	\$ 4,664.77	
Gonzalez, Diana	\$ 1,864.15	\$ -	4.00	\$ 139.81	-	\$ -	\$ 2,003.97	
Alvarez, Josefina	\$ 1,689.69	\$ -	5.83	\$ 184.70	-	\$ -	\$ 1,874.40	
Jones, Toni	\$ 2,897.54	\$ -	-	\$ -	-	\$ -	\$ 2,897.54	
Reyes, Marcia	\$ 2,463.23	\$ -	-	\$ -	-	\$ -	\$ 2,463.23	
Nazaroff, Helen	\$ 1,846.62	\$ -	-	\$ -	-	\$ -	\$ 1,846.62	
Garza, Amy	\$ -	\$ -	-	\$ -	-	\$ -	\$ -	
TOTAL	\$ 15,426.00	\$ -	9.83	\$ 324.52	-	\$ -	\$ 15,750.52	0.00
<u>REC/SOCIAL</u>								
Gallegos, Philip	\$ 3,734.77	\$ -	-	\$ -	-	\$ -	\$ 3,734.77	
Arredondo, Barbara	\$ 1,526.77	\$ -	-	\$ -	-	\$ -	\$ 1,526.77	
Gonzalez, Jose Felix	\$ 1,599.69	\$ 799.85	-	\$ -	799.85	\$ -	\$ 2,399.54	
Salvador, Mark	\$ 1,883.08	\$ -	-	\$ -	-	\$ -	\$ 1,883.08	
Silva, Jessica	\$ 594.50	\$ -	-	\$ -	-	\$ -	\$ 594.50	
Sidhu, Nirmal	\$ 1,465.38	\$ -	-	\$ -	-	\$ -	\$ 1,465.38	
Lujan, Vanessa	\$ 638.00	\$ -	-	\$ -	-	\$ -	\$ 638.00	
Johnson, Theresa	\$ 1,587.23	\$ -	-	\$ -	-	\$ -	\$ 1,587.23	
Arredondo, Michelle	\$ 54.00	\$ -	-	\$ -	-	\$ -	\$ 54.00	
Gonzalez, Devonna	\$ 108.00	\$ -	-	\$ -	-	\$ -	\$ 108.00	
Torres, Daniel	\$ 40.50	\$ -	-	\$ -	-	\$ -	\$ 40.50	
Arredondo, Raquel	\$ 390.00	\$ -	-	\$ -	-	\$ -	\$ 390.00	
Rangel, Jose A	\$ 283.50	\$ -	-	\$ -	-	\$ -	\$ 283.50	
Burdine-Slaven, Jeani	\$ 1,511.54	\$ -	-	\$ -	-	\$ -	\$ 1,511.54	
Figueroa, Rita	\$ 380.00	\$ -	-	\$ -	-	\$ -	\$ 380.00	
Villarreal, Arlene	\$ 240.00	\$ -	-	\$ -	-	\$ -	\$ 240.00	
TOTAL	\$ 16,036.96	\$ 799.85	-	\$ -	799.85	\$ -	\$ 16,836.81	0.00
<u>POLICE</u>								
Rodrigues, Mary	\$ 1,759.38	\$ -	-	\$ -	-	\$ -	\$ 1,759.38	
Madruza, Ron	\$ 3,114.46	\$ -	-	\$ -	-	\$ -	\$ 3,114.46	
Chapman, Tom	\$ 2,413.38	\$ -	-	\$ -	-	\$ -	\$ 2,413.38	
Cubillos, Teresa	\$ 3,040.62	\$ -	-	\$ -	-	\$ -	\$ 3,040.62	
Barbosa, Isaias	\$ 2,311.85	\$ -	-	\$ -	-	\$ -	\$ 2,311.85	
Ramirez, Donald	\$ 1,493.54	\$ -	2.50	\$ 70.01	-	\$ -	\$ 1,563.55	
Davis, Jeff	\$ 2,825.08	\$ -	-	\$ -	-	\$ -	\$ 2,825.08	6
Ness, Lee	\$ 2,046.00	\$ -	-	\$ -	-	\$ -	\$ 2,046.00	
Barcoma, Wilbert	\$ 2,690.77	\$ -	-	\$ -	-	\$ -	\$ 2,690.77	
Ramer, Joseph	\$ 1,493.54	\$ -	-	\$ -	-	\$ -	\$ 1,493.54	
Nevis, James	\$ 2,300.77	\$ -	3.50	\$ 100.66	-	\$ -	\$ 2,401.43	
Magallon, Peter	\$ 2,413.43	\$ -	6.00	\$ 271.51	6.00	\$ 45.25	\$ 2,730.19	
Belding, Jeff	\$ 2,357.08	\$ -	-	\$ -	-	\$ -	\$ 2,357.08	9.75
Antuna, Eric	\$ 2,138.07	\$ -	11.50	\$ 461.02	6.00	\$ 40.09	\$ 2,639.18	
Nelson, Christopher J	\$ 3,114.46	\$ -	17.00	\$ 992.73	-	\$ -	\$ 4,107.20	
Tiwana, Manpreet	\$ 1,957.92	\$ -	15.00	\$ 550.67	-	\$ -	\$ 2,508.59	
Blohm, Joseph	\$ 4,047.23	\$ -	-	\$ -	-	\$ -	\$ 4,047.23	
Rodriguez, Erika	\$ 1,902.46	\$ -	6.25	\$ 222.94	-	\$ -	\$ 2,125.41	
Lehman, Dustin	\$ 1,767.23	\$ -	13.00	\$ 430.76	-	\$ -	\$ 2,197.99	

CITY OF KERMAN PAYROLL REPORT

PAY PERIOD: October 26, 2014 - November 08, 2014

EMPLOYEE	SALARY	Other Pay	OVERTIME		STANDBY		GROSS SALARY	COMP TIME EARNED
			HOURS	AMOUNT	HOURS	AMOUNT		
Antuna, Miguel	\$ 952.50	\$ -	-	\$ -	-	\$ -	\$ 952.50	
Ledezma, Linda	\$ 1,199.54	\$ -	-	\$ -	-	\$ -	\$ 1,199.54	
Medina-Labetiaux, EJ	\$ 1,767.23	\$ -	-	\$ -	-	\$ -	\$ 1,767.23	12
Seroka, Dylan	\$ 975.00	\$ -	-	\$ -	-	\$ -	\$ 975.00	
Dueck, Loren	\$ 588.00	\$ -	-	\$ -	-	\$ -	\$ 588.00	
Chacon, Anthony	\$ 960.00	\$ -	-	\$ -	-	\$ -	\$ 960.00	
Moon, Nathan	\$ 720.00	\$ -	-	\$ -	-	\$ -	\$ 720.00	
TOTAL:	\$ 52,349.54	\$ -	74.75	\$ 3,100.31	12.00	\$ 85.34	\$ 55,535.19	27.75

PUBLIC WORKS

Gonzales, Ruben	\$ 2,011.38	\$ -	-	\$ -	-	\$ -	\$ 2,011.38	
Rodriguez, Joe	\$ 1,964.77	\$ -	-	\$ -	-	\$ -	\$ 1,964.77	
Prieto, Ruben	\$ 1,762.15	\$ -	-	\$ -	-	\$ -	\$ 1,762.15	
Gruce, Robert	\$ 2,478.00	\$ -	-	\$ -	-	\$ -	\$ 2,478.00	
Hearld, Douglas	\$ 542.94	\$ -	-	\$ -	-	\$ -	\$ 542.94	
Madrugá, Lydia	\$ 1,964.77	\$ -	-	\$ -	-	\$ -	\$ 1,964.77	
Ramirez, Manuel	\$ 1,830.92	\$ -	10.00	\$ 366.18	22.50	\$ 514.95	\$ 2,712.05	
Chavez, Fernando M.	\$ 1,184.08	\$ -	-	\$ -	-	\$ -	\$ 1,184.08	
Gastelum, Humberto	\$ 1,924.15	\$ -	-	\$ -	1.50	\$ 36.08	\$ 1,960.23	
Barajas, Michael	\$ 1,871.08	\$ -	-	\$ -	-	\$ -	\$ 1,871.08	
Castro, Joseph	\$ 1,785.69	\$ 893.05	20.00	\$ 736.60	21.50	\$ 479.90	\$ 3,895.25	
Arechiga, Pastor	\$ 1,639.38	\$ -	-	\$ -	-	\$ -	\$ 1,639.38	
Sanchez, Daniel	\$ 1,465.38	\$ -	-	\$ -	-	\$ -	\$ 1,465.38	
Zapata, Domingo	\$ 1,945.85	\$ -	-	\$ -	-	\$ -	\$ 1,945.85	4.50
Moore, Ken	\$ 3,853.85	\$ -	-	\$ -	-	\$ -	\$ 3,853.85	
Vallejo, Edward	\$ 1,992.55	\$ -	-	\$ -	-	\$ -	\$ 1,992.55	6.00
Palacios, Jesus	\$ 580.00	\$ -	-	\$ -	-	\$ -	\$ 580.00	
Isaak, Denise	\$ 1,396.62	\$ -	-	\$ -	-	\$ -	\$ 1,396.62	
Duarte, Leonardo	\$ 580.00	\$ -	-	\$ -	-	\$ -	\$ 580.00	
Tinoco, Alfonso	\$ 580.00	\$ -	-	\$ -	-	\$ -	\$ 580.00	
Garcia, Carlos Jr	\$ 590.00	\$ -	-	\$ -	-	\$ -	\$ 590.00	
TOTAL	\$ 33,943.57	\$ 893.05	\$ 30.00	\$ 1,102.78	\$ 45.50	\$ 1,030.93	\$ 36,970.34	10.50

PLANNING

Pimentel, Olivia	\$ 2,199.23	\$ -	4.00	\$ 164.94	-	\$ -	\$ 2,364.17	
Kufis, Chris	\$ 2,392.62	\$ -	-	\$ -	-	\$ -	\$ 2,392.62	
TOTAL	\$ 4,591.85	\$ -	4.00	\$ 164.94	-	\$ -	\$ 4,756.79	0.00

PLANNING

Epperson, R	\$ 50.00
Lopez, M	\$ -
Bandy, R	\$ 50.00
Harris, J	\$ 50.00
Melgoza, G	\$ -
Nehring, K	\$ 50.00
Kehler, E	\$ 50.00
Wettlaufer, K	\$ 50.00
Total	\$ 300.00

COUNCIL

Dhaliwal	\$ 125.00
Wilcox	\$ 125.00
Yep	\$ 125.00
Fox	\$ 125.00
Nijjer	\$ 125.00
Total	\$ 625.00

GRAND TOTAL:	\$ 123,272.92	\$ 1,692.90	118.58	\$ 4,692.55	857.35	\$ 1,116.27	\$ 130,774.64	38.25
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**CITY OF KERMAN
OVERTIME SUPPLEMENTAL PAYROLL REPORT**

PAY PERIOD 10/26/14-11/8/14

POLICE DEPARTMENT

Overtime Categories - Number of Hours

Regular Overtime	Court	Shift Coverage	SID	Detail	Avoid the 21 Grant	Special Events	Total
32.25		41				1.5	74.75
(see notes below for overtime description)							

DOUBLE TIME: (Sunday)

PUBLIC WORKS DEPARTMENT

Sub Total 0
74.75

Overtime Categories - Number of Hours

Water Service	Sewer Emergencies	Animal Control	Special Events	Other or Call Back	On Call Duties	Total
8	8			2	4	22
(see notes below for overtime description)						

DOUBLE TIME: (Sunday)

2 2

COMMUNITY SERVICES DEPARTMENT

Sub Total 4
8
30.0

Overtime Categories - Number of Hours

Regular Overtime	After Hour Event	Total
		0
		0
Sub Total		

FINANCE / PLANNING DEPARTMENTS

Overtime Categories - Number of Hours

Planning & Building	Utility Billing	Payroll	Dog Clinic	Year End Audit	Total
4	5.83	4			13.83
Sub Total					13.83

Total Hours (All Departments) 118.58

POLICE DEPARTMENT:

- Regular Overtime – 7.5 hrs explorer mtgs., 10.5 hrs FTO mtgs., 10.25 hrs rpt. Writing, 2 hrs. time change, 2 hrs range qualification
- Court – Officer attending court proceedings.
- Shift Coverage – 41 hrs., shift coverage due to vacations, training, sick leave, and officer(s) out on medical leave.
- Special Investigation Division (SID) – Special police action is required such as a search warrant, surveillance, and other crime patterns, etc.
- Training – Officers instructing or attending classes. Overtime may occur when officers cover the shift of those in training.
- Grant – Officers conducting Special Enforcement Control. Avoid the 21, Click It or Ticket, and Special Project. The City gets reimbursed for overtime through the Grant Programs.
- Special Events - 1.5 hrs. Neighborhood Watch

PUBLIC WORKS DEPARTMENT:

- Water Service - 8 hrs OT & 2 hrs DT Includes hrs overtime for shut-off and turn-on of service, all water related emergencies.
- Sewer Emergencies - 8 hrs OT & 2 hrs DT SCADA problems/Sewer emergencies. (SCADA controls pumps, wells and sewer, lift stations, all sewer and storm
- Animal Control - Vicious or dead animals (not normally used for stray animals)
- Special Events - Harvest Festival, Pageantry of Lights, National Night Out Water Conservation booth, Portuguese Parade, 3rd of July, including set up and clean up.
- Other - 2 hrs OT - Soil Compaction Test for Yarb's Project, Fence down at Katie's Park
- Call Back - Any emergencies where additional employees are called to assist.
- On-Call Duties 4 hrs OT and 4 hrs DT for reading and recording flow meters on wells and sewer plant, feed and clean kennels, verify WWTP running effectively, etc. OT is for two weekends. and/or any holidays

COMMUNITY SERVICES DEPARTMENT

- Regular Overtime – On occasion, but very rare due to the amount of part-time employees.
- After Hour Event – Occurs only if a full-time employee would have to stay for clean-up or as a facility attendant.

FINANCE / PLANNING DEPARTMENTS

- Planning & Building - 4 hrs OT Only as needed
- Utility Billing - 5.83 hrs OT Completed on the 1st of each month
- Payroll - 4 hrs OT Completed bi-weekly.
- Dog Clinic - Once a year clinic held after business hours
- Year-End Audit - Completed over a period of time at the end of each fiscal year.

Accounts Payable

Checks by Date - Detail by Check Number

User: jalvarez
 Printed: 11/14/2014 8:38 AM



Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Check Amount
5308	10078 10312014	CALIFORNIA STATE DISBURSEMENT *C WAGE ASSIGNMENT P/R DATE 10/31/201	10/30/2014	257.80
Total for Check Number 5308:				257.80
5309	10010	ACCONTEMPS	11/05/2014	
	41570384	FIN-TEMP AGENCY PERSONNEL 40		34.00
	41570384	FIN-TEMP AGENCY PERSONNEL 40		238.00
	41570384	FIN-TEMP AGENCY PERSONNEL 40		204.00
	41570384	FIN-TEMP AGENCY PERSONNEL 40		170.00
	41570384	FIN-TEMP AGENCY PERSONNEL 40		34.00
	41570385	FIN-TEMP AGENCY PERSONNEL 39.84		33.85
	41570385	FIN-TEMP AGENCY PERSONNEL 39.84		237.05
	41570385	FIN-TEMP AGENCY PERSONNEL 39.84		203.18
	41570385	FIN-TEMP AGENCY PERSONNEL 39.84		169.32
	41570385	FIN-TEMP AGENCY PERSONNEL 39.84		33.86
Total for Check Number 5309:				1,357.26
5310	10021 0434935-IN	ALERT O LITE STRT C-50 LB BAGS GLASS BEADS #20	11/05/2014	454.55
Total for Check Number 5310:				454.55
5311	10035 2271	AQUA NATURAL SOLUTIONS CTC-PROFESSIONAL DRAIN CLEANER	11/05/2014	265.91
Total for Check Number 5311:				265.91
5312	10039 OCT2343434597	AT&T PD-T-1 LINE 10/10/14-11/09/14	11/05/2014	262.99
Total for Check Number 5312:				262.99
5313	10040 287249141774	AT&T MOBILITY PD-OCT MDT WIRELESS SERVICE 09/20/14-	11/05/2014	274.22
Total for Check Number 5313:				274.22
5314	10452	CITY OF FRESNO WMD	11/05/2014	
	K101514	WTR-LAB ANALYSIS		30.00
	K101514	SWR-LAB ANALYSIS		77.00
	K102214	WTR-LAB ANALYSIS		30.00
	K102214	SWR-LAB ANALYSIS		67.00
Total for Check Number 5314:				204.00
5315	10098 76201	CLEANSTREET STRT-MONTHLY SWEEP FEE - OCT 2014	11/05/2014	6,672.90

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Check Amount
			Total for Check Number 5315:	6,672.90
5316	10577 243	COOMBS SERVICE GROUP SWR-CLEAN & REPAIR BIOLAC DIFFUSER	11/05/2014	10,751.50
			Total for Check Number 5316:	10,751.50
5317	10608 29743	CRISTANDO HOUSE, INC PD-ENROLLMENT IN POST & STC SUPERV	11/05/2014	279.00
			Total for Check Number 5317:	279.00
5318	10118 41097041	DAPPER TIRE V/E- TIRES FOR VEHICLE #1404	11/05/2014	456.52
			Total for Check Number 5318:	456.52
5319	10135 SO-2228	DISCOVERY DOOR, INC BPO- LOCKS-PD	11/05/2014	149.86
			Total for Check Number 5319:	149.86
5320	10607 102714	DON RAMIREZ PD-REIMBURSEMENT FOR CAR WASH FOI	11/05/2014	8.61
			Total for Check Number 5320:	8.61
5321	10154 CAFR249106 CAFR249106 CAFR249106 CAFR249106 CAFR249106	FASTENAL COMPANY V/E 14oz Ball & Roller Grease V/E 12oz Carb/Choke Cleaner BPO- Safety Glasses Strt C-Glass Black Paint BPO-Particle Respirators	11/05/2014	38.08 37.34 3.78 25.11 11.17
			Total for Check Number 5321:	115.48
5322	10572 10794983-85 10794983-85 10794983-85 10796772	FRESNO CITY COLLEGE PD-REG. RADAR OP./OFC. LEHMAN PD-REG. RADAR OP./OFC. LABERTEAUX PD-REG. RADAR OP./OFC. RODRIGUEZ PD-REGISTRATION LEADERSHIP DEVELO	11/05/2014	31.00 31.00 42.00 93.00
			Total for Check Number 5322:	197.00
5323	10162 SO11983	FRESNO COUNTY TREASURER PD-SEPT PRISONER PROCESSING SERVICE	11/05/2014	144.00
			Total for Check Number 5323:	144.00
5324	10167 103	FRESNO MADERA COUNTIES PD-2015 ANNUAL FMCPA MEMBERSHIP I	11/05/2014	100.00
			Total for Check Number 5324:	100.00
5325	10169 21435	FRESNO PET CEMETERY ACC-18 ANIMAL CARCASSES DISPOSED O	11/05/2014	276.30
			Total for Check Number 5325:	276.30
5326	10183 96891 96891	GRAFIX SHOPPE VE-ROOF NUMBERS - K20 & K21 VE-UNIT NUMBERS- 3 FOR EACH VEH, K2	11/05/2014	44.00 132.00

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Check Amount
	96891	VE-SHIPPING		19.77
			Total for Check Number 5326:	195.77
5327	10204	IDTS INC	11/05/2014	
	35019	PD- 1 INITIAL ENROLLMENT / A. CHACON		5.00
	35019	PD- 1 PRE-EMPLOYMENT DRUG TEST		60.00
			Total for Check Number 5327:	65.00
5328	10205	INDEPENDENT STATIONERS	11/05/2014	
	IN-000467330	ADM-OFFICE SUPPLIES		82.98
	IN-000467330	CC-GENERAL SUPPLIES		60.86
			Total for Check Number 5328:	143.84
5329	10213	INTERNATIONAL CODE COUNCIL INC	11/05/2014	
	3021722	BPO-ICC MEMBERSHIP 2014		125.00
			Total for Check Number 5329:	125.00
5330	10229	JUDICIAL DATA SYSTEMS CRP	11/05/2014	
	4818	PD-PARKING ACTIVITY FOR SEPT 4 CITES		100.00
			Total for Check Number 5330:	100.00
5331	10609	KERMAN CULINARY ARTS CLUB	11/05/2014	
	2014-004	PD-POLICE CHIEFS MTG/LUNCHEON		275.74
			Total for Check Number 5331:	275.74
5332	10236	KERMAN RADIATOR SERVICE	11/05/2014	
	021890	VE-RADIATOR REPAIR-60" tORO MOWER		133.00
			Total for Check Number 5332:	133.00
5333	10271	MUNISERVICES, LLC	11/05/2014	
	35311	ADM-STARS SERVICE TAX 2ND QT 2014		500.00
			Total for Check Number 5333:	500.00
5334	10276	NATIONAL METER & AUTOMATION	11/05/2014	
	S1056678.001	WTR-8-3/4' & 3-1" WATER METERS		3,286.24
			Total for Check Number 5334:	3,286.24
5335	10487	LORA NEHRING	11/05/2014	
	VARIOUS	REC-INSTRUCTOR FEE-ZUMBA 10/14		311.50
			Total for Check Number 5335:	311.50
5336	10282	OFFICE DEPOT	11/05/2014	
	733157198001	PD-OFFICE SUPPLIES CHAIRMATS, PEN, P1		77.26
			Total for Check Number 5336:	77.26
5337	10289	P.G.& E.	11/05/2014	
	4939626163-5	VE-MONTHLY SERVICE, GAS \$17.73, ELEC'		745.15
	9081203718-3	BPO-MONTHLY SERVICE-KATIES PARK SE		79.56
			Total for Check Number 5337:	824.71
5338	10296	PCS MOBILE	11/05/2014	

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Check Amount
	45424	PD-PURCHASE OF MDT STAND FOR VEH		982.70
Total for Check Number 5338:				982.70
5339	10301	PETTY CASH	11/05/2014	
	11042014	VAR-REPLENISH PETTY CASH		99.68
	11042014	VAR-REPLENISH PETTY CASH		26.66
	11042014	VAR-REPLENISH PETTY CASH		21.85
	11042014	VAR-REPLENISH PETTY CASH		7.73
	11042014	VAR-REPLENISH PETTY CASH		10.73
	11042014	VAR-REPLENISH PETTY CASH		25.00
	11042014	VAR-REPLENISH PETTY CASH		18.16
	11042014	VAR-REPLENISH PETTY CASH		30.00
	11042014	VAR-REPLENISH PETTY CASH		16.17
	11042014	VAR-REPLENISH PETTY CASH		27.15
	11042014	VAR-REPLENISH PETTY CASH		40.00
Total for Check Number 5339:				323.13
5340	10604 8328279	S & S WORLDWIDE, INC. REC-HACIENDA HEIGHTS SUPPLIES	11/05/2014	14.06
Total for Check Number 5340:				14.06
5341	10332	SEBASTIAN	11/05/2014	
	10279526	MONTHLY PHONE SERVICE		561.64
	10279526	MONTHLY PHONE SERVICE		17.18
	10279526	MONTHLY PHONE SERVICE		25.77
	10279526	MONTHLY PHONE SERVICE		214.78
	10279526	MONTHLY PHONE SERVICE		2.15
	10279526	MONTHLY PHONE SERVICE		7.73
	10279526	MONTHLY PHONE SERVICE		197.60
	10279526	MONTHLY PHONE SERVICE		300.69
	10279526	MONTHLY PHONE SERVICE		64.43
	10279526	MONTHLY PHONE SERVICE		81.62
	10279526	MONTHLY PHONE SERVICE		214.78
	10279526	MONTHLY PHONE SERVICE		322.17
	10279526	MONTHLY PHONE SERVICE		49.40
	10279526	MONTHLY PHONE SERVICE		214.78
	10279526	MONTHLY PHONE SERVICE		104.00
	10279526	MONTHLY PHONE SERVICE		73.03
	10279526	MONTHLY PHONE SERVICE		137.46
	10283615	ADM-MONTHLY FIRE ALARM SERVICE 10		50.03
	10283616	ADM-MONTHLY BURGLAR ALARM SERVI		50.03
Total for Check Number 5341:				2,689.27
5342	10336 80666192	SIMPLEXGRINNEL PD-REPAIR SPRINKLER HEAD CELL 1 THF	11/05/2014	307.00
Total for Check Number 5342:				307.00
5343	10337 C140366 D98961	SLUMBERGER LUMBER SWR-3/4 YD CONCRETE- RECLAIM LINE R SWR-5 GAL PLUG-RECLAIM LINE REPAIR	11/05/2014	110.38 30.27
Total for Check Number 5343:				140.65
5344	10354 2014939	T & T PAVEMENT MARKINGS STRT C-TYPE 1 GLASS BEADS-1000LBS	11/05/2014	454.55

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Check Amount
			Total for Check Number 5344:	454.55
5345	10371 1076	TIM J LAW & ASSOCIATES PD-LAW ENFORCEMENT BACKGROUND N	11/05/2014	600.00
			Total for Check Number 5345:	600.00
5346	10381 201283979	UNITED HEALTH CENTERS PD-PRE-EMPLOYMENT PHYSICAL NATHA	11/05/2014	150.00
			Total for Check Number 5346:	150.00
5347	10386 023975 050114 0861652-0028250 09092014 10-7 100944790 10122014 10162014 10162014 10162014 1042000314 192470 2677016-740468 36882 7465693P 922-26-929-1003 FCC2717661	US BANK CORPORATE PAYMENT CS-SF AIRPORT PARKING 4 KANNAMI CS-LOST RECEIPT FOR WALMART CS-AMAZON-PRINTER INK FIN-GROA BUDGET AWARD SUBMISSION FIN-KEYBRD WEDGE CABLE-SCANNER CS-REPLACEMENT BLUETOOTH EAR HOC FIN-USB CABLES-PRINTERS FOR NEW SOI REC-LOCK-IN CONCESSION DOLLAR TREI REC-LOCK-IN CONCESSION WALMART REC-LOCK-IN CONCESSION SMART N FIN. AAC-DOG FOOD 3-50LB BAGS PD-SUPPLIES FOR CHIEF'S MEETING/TRU CS-WALMART STERNA VAC CLRK-SUPPLIES MOCK STUDENT COUNCI PD-15 CPR MASKS PD-ROOM RESERVATIONS FOR SGT. BARC CS-LOCKIN PRIZE FRESNO CITY COLLEGI	11/05/2014	12.00 24.76 33.58 280.00 68.94 7.90 43.03 9.00 33.65 35.82 64.87 142.53 89.32 78.87 106.18 1,309.60 82.50
			Total for Check Number 5347:	2,422.55
5348	10399 209733	VETERINARY MEDICAL CENTER ACC- 1 EUTHANASIA OF ANIMALS	11/05/2014	22.40
			Total for Check Number 5348:	22.40
5349	10401 IN15624306	WALLY'S TIRE AND WHEEL V/E- VALVE STEM/LABOR-WATER TRUCK	11/05/2014	25.77
			Total for Check Number 5349:	25.77
5350	10410 2882	WORKINGARTS MARKETING, INC ADM-WE UPDATES/MAINTAINENCE OCT 2	11/05/2014	95.00
			Total for Check Number 5350:	95.00
5351	10613 42553	LYDIA PINA Z FACILITY USE REFUND- 11/01/2014	11/05/2014	400.00
			Total for Check Number 5351:	400.00
5352	10614 44991	Z- MARY HELEN REYNAGA CTC-FACILITY USE REFUND 11/01/14	11/05/2014	100.00
			Total for Check Number 5352:	100.00
5353	10611 42178	Z-SANDIP SIDHU CTC- FACILITY USE REFUND - 10/25/14	11/05/2014	400.00

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Check Amount
			Total for Check Number 5353:	400.00
			Report Total (46 checks):	37,393.04



City of Kerman

"Where Community Comes First"

MAYOR Gary Yep
MAYOR PRO-TEM Doug Wilcox
COUNCIL MEMBER Raj Dhaliwal
COUNCIL MEMBER Nathan Fox
COUNCIL MEMBER Bill Nijjer

DEPARTMENT: FINANCE
STAFF REPORT
CITY COUNCIL MEETING
COUNCIL MEETING DATE: NOVEMBER 19, 2014

To: Mayor and City Council
From: Toni Jones, Finance Director
Luis Patlan, City Manager/Director of Planning
Subject: Resolution Approving Update Purchasing Policy for the City of Kerman

RECOMMENDATION

Council by motion adopt resolution approving updated Purchasing Policy for the City of Kerman.

EXECUTIVE SUMMARY

On October 15, 2014, staff presented the draft Purchasing Policy to the City Council for review and input. The Purchasing Policy presented herein includes comments provided by the City Council. The Purchasing Policy is in final form and ready for adoption by the City Council.

OUTSTANDING ISSUES

None.

DISCUSSION

The City of Kerman's current Purchasing Policy was last adopted in January of 1997. The current policy is dated and in need of revision. Staff completed a comprehensive update of the City's Purchasing Policy in order to give management and staff a clear understanding of the policies and procedures to be used when making purchases and to ensure that purchases are made consistent with applicable laws and regulations. The goal is to ensure fairness, objectivity, accountability and transparency in the procurement of goods, services and equipment.

The Purchasing Policy includes procedures for all types of purchases in one single document as well as several new policies related to code of ethical conduct, conflicts of interest, sanctions for ethical violations and unauthorized purchases. The Policy provides procedures for purchasing goods, services and equipment; procuring professional consulting services; bidding public works contracts; handling travel expenses; and disposing of surplus property. The revised policy is intended as a guideline to ensure the City obtains high quality equipment, goods and services at a cost that provides the best value to the City and encourage competition among bidders.

The Purchasing Policy includes a section on how the policy relates to the Kerman Municipal Code and other established policies for the disposal of surplus property. The Council may amend the Purchasing Policy from time-to-time by resolution.

FISCAL IMPACT

No fiscal impact.

PUBLIC HEARING

None required.

ATTACHMENT

- A. Resolution w/Exhibit 'A'

Attachment 'A'

RESOLUTION NO. 2014-__

A RESOLUTION OF CITY COUNCIL OF THE CITY OF KERMAN
ADOPTING AN UPDATED PURCHASING POLICY

WHEREAS, the City of Kerman has adopted Chapter 3.20 of the Kerman Municipal Ordinance to establish a purchasing policy that complies with California law and sound principles for the ethical and efficient purchase of supplies, equipment and public facilities; and

WHEREAS, pursuant to Section 3.20.020 the City's purchasing policy may include such administrative regulations as the purchasing officer shall adopt and such other rules and regulations as shall be prescribed by the city council; and

WHEREAS, the City Council has previously adopted the Uniform Construction Cost Accounting pursuant to Sections 3.20.080 and 3.20.090 of the Kerman Municipal Ordinance; and

WHEREAS, California Government Code Section 4526 and following authorizes the City to establish by ordinance its procedures for the selection of providers of professional consulting for services including architectural, landscape architectural, professional engineering, environmental, land surveying, and construction project management services, and in accordance with such authority, the City has adopted Chapter 3.22 of the Kerman Municipal Ordinance; and

WHEREAS, The Kerman Municipal Ordinance does not include policies and procedures for the sale of surplus property, but the City has previously adopted Resolution No. 08-57 was adopted addressing Sale of Surplus Property; and

WHEREAS, the Finance Director, in her capacity as purchasing officer has proposed the attached Purchasing Policy which integrates and implements various ordinances and resolutions relating to the acquisition or disposition of goods, services and equipment.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF KERMAN DOES RESOLVE AS FOLLOWS:

1. The City Council finds that the efficient and ethical expenditure of public monies requires that the City's purchasing policies be updated and integrated so that the purchasing policies will provide appropriate direction to City staff when they are called upon to obtain goods, services or public facilities.
2. Pursuant to its powers pursuant to Section 3.20.020 of the Kerman Municipal Ordinance, the Council hereby adopts the Purchasing Policy attached hereto as Exhibit 'A', which shall be effective from and after the adoption of this Resolution.
3. The Purchasing Policy adopted herein shall be construed to supplement the provisions of Chapter 3.20 and 3.22 of the Kerman Municipal Ordinance and to provide guidance in implementing said Chapters in a manner consistent with currently existing State law.

4. The Purchasing Policy adopted herein supersedes Resolution No. 08-57 concerning policies and procedures for the sale of surplus property, and Resolution No. 08-57 shall have no further force or effect.

The foregoing resolution was introduced at a regular meeting of the City Council of the City of Kerman held on the 19th day of November, 2014, and passed at said meeting by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

The foregoing resolution is hereby approved.

Gary Yep
Mayor

ATTEST:

Marci Reyes
City Clerk

Exhibit 'A'

Purchasing Policy
(Provided under separate cover)



PURCHASING POLICY

ADOPTED: _____, 2014

UPDATED 11/14/2014

PURCHASING SYSTEM OVERVIEW

EQUIPMENT, GOODS AND SERVICES



PROFESSIONAL SERVICES



EQUIPMENT MAINTENANCE CONTRACTS



PUBLIC WORKS CONTRACTS



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Purpose

The purpose of this policy is to implement the City's purchasing ordinance and to provide guidance to City departments to instruct them in the procedures that are to be followed in obtaining materials, equipment and services that comply with applicable Federal, State and local laws and regulations and promote the cost-effective procurement of supplies, services, and equipment.

It is intended that the information contained in this policy will help staff in both understanding the laws and regulations that govern the procurement activity of the City, as well as assist staff in following the proper procedures necessary in completing the purchasing process in a timely manner.

These policies are not intended to address every issue, exception, or contingency that may arise in the course of purchasing activities. The basic standard that should always prevail is to exercise good judgment in the use and stewardship of City resources, including keeping within the budget authorized by the City Council and encouraging open competition.

Policy

The policy contained herein was developed under the authority of Chapter 3.20 of the City of Kerman Municipal Code. The City Manager is designated as the Purchasing Officer for the City and may delegate the administration of the program. The Purchasing Officer/Designee is charged with the responsibility and authority for coordinating and managing the procurement of the City's supplies, services, and equipment according to this policy.

The policy outlined herein is to be adhered to by the Purchasing Officer and all City Departments when procuring supplies, services, and equipment. This policy strives to define decision making with prudent review and internal control procedures and to maintain departmental responsibility and flexibility in evaluating, selecting, and purchasing supplies, equipment, and services.

Relationship Kerman Municipal Ordinance

The purchasing policies and procedures herein are consistent with Chapter 3.20, Purchasing System, and Chapter 3.22, Procedures & Policy for Selection and Compensation of Architectural, Engineering and other Consultants contained in the Kerman Municipal Code. This Purchasing Policy sets forth and adjusts the limits for the purchase of equipment, goods, and services as established by the City Council from time-to-time by resolution. The purchasing policies and procedures herein shall be referred to clarify any inconsistencies or to provide interpretation for all purchases.

Purchasing Authority and Responsibilities

The City Manager has assigned the responsibility for administering purchasing policies and procedures to individual departments through the Director of Finance ("Purchasing Officer"). This decentralized system of purchasing provides the Departments with the ability to contact vendors directly. It is the City's policy to establish efficient procedures for the purchase of goods and general services at the lowest possible cost commensurate with quality needed, to exercise positive financial control over purchases, to clearly define authority for the purchasing function, and to assure the quality of purchases.

The Purchasing Officer is responsible for 1) the procurement of general supplies, services and equipment; 2) the administration of the purchasing policy; and 3) the management of surplus City property. To perform these functions efficiently and assist Departments, the Purchasing Officer shall:

- A. Be charged with the responsibility and authority for coordinating and managing the procurement of the City's general supplies, services, and equipment from the lowest responsive and responsible bidder when required by this policy and as may be prescribed by the City Council.
- B. Ensure full and open competition on purchases as required by this policy.
- C. Identify, evaluate, and utilize purchasing methods, which best meet, the needs of the City (i.e., cooperative purchases, blanket purchase orders, contractual agreements, etc.).
- D. Verify the availability of funds and budgetary approval for requested purchases.
- E. Assist all departments with research and recommendations in developing specifications; review specifications for completeness of information to ensure specifications are not unnecessarily restrictive.
- F. Negotiate and recommend the execution of contracts for the purchase of supplies, materials, equipment, and services.
- G. Recommend to the City council revisions to the rules governing the purchase of supplies, materials, equipment, and services when necessary and keep informed of current developments in the field of public purchasing.
- H. Prescribe and maintain forms appropriate for the operations of the purchasing function.
- I. Apply the principles of total cost and life cycle cost analyses in the evaluation of equipment purchases.
- J. Supervise the inspection of all supplies, materials, equipment, and services purchased to ensure conformance with specifications.
- K. Recommend the transfer of surplus or unused supplies, materials, and equipment between departments as needed, and dispose of, through sale or other means, surplus property and scrap materials.
- L. Establish standard specifications, with department input, for items commonly used by City departments.
- M. Coordinate with City departments to track terms, extensions and other aspects of Lease-Purchase agreements and Consultant Agreements.
- N. Act as the City's agent in the transfer and disposal of surplus equipment and materials.
- O. Be charged with the responsibility and authority for coordinating and managing the City's Property and Inventory Control Program.
- P. Have authority to operate a central store for commonly used supplies and materials in order to take advantage of quantity purchases.
- Q. Apply the principles of total cost and life cycle cost analyses in the evaluation of equipment purchases.
- R. Head the IT Computer Maintenance and Replacement Committee as well as the Vehicle Maintenance and Replacement Committee.

Responsibilities of City Departments

City Departments are charged with the following responsibilities in the purchasing process:

- A. To provide the Purchasing Officer/Designee at the beginning of each fiscal year, an updated authorized signature list designating those individuals who are delegated the authority to make purchases per the policies and procedures as described herein.
- B. To anticipate requirements sufficiently in advance to allow adequate time to obtain goods in accordance with the best purchasing practices.
- C. To communicate and coordinate purchases with the Purchasing Officer/Designee, as necessary.
- D. To provide detailed, accurate specifications to ensure goods obtained are consistent with requirements and expectations.
- E. To prepare requisitions in accordance with instructions so as to minimize the processing effort.
- F. To inform the Purchasing Division of any vendor relations problems, shipping problems (i.e., damaged goods, late delivery, wrong items delivered, incorrect quantity delivered, etc.) and any situations that could affect the purchasing function.
- G. To minimize urgent and sole source purchases and to provide written documentation when such purchases may be necessary.
- H. To assist the Purchasing Division with the review of all bids received for compliance with specifications, and provide the Purchasing Division with written documentation regarding their findings.
- I. To notify bidders or vendors of purchase award when authorized by Purchasing Officer or City Council depending on the appropriate Purchasing System Classification for approval.
- J. To refrain from “splitting” orders for the purpose of circumventing procurement requirements.

Vendor Relations

Division and department staff shall conduct their dealings with vendors in a professional manner and shall promote equal opportunity and demonstrate fairness, integrity, and courtesy in all vendor relations. When feasible to do so, vendors within the City of Kerman should be utilized for supplies, services, and equipment. However, good vendor relations must also be balanced with fair and equitable selection to avoid possible conflicts of interest or the appearance as such.

Code of Ethical Conduct

The primary mission of city government is to serve the citizens of the City of Kerman. To perform its mission effectively, the City must have the trust and confidence of the public it serves. That trust is dependent upon City employees discharging their duties honestly, forthrightly, objectively and with personal integrity.

To secure and maintain the trust and confidence of the public, the City of Kerman is committed to upholding the highest standards of ethical conduct. Of key importance in determining whether a particular action is proper or improper, is how the action is perceived. The full measure of ethical review is not limited to the narrow confines of a specific job, task, or department. The review must also determine whether the action gives the appearance of wrongdoing, inequity, impropriety or the perception of misconduct when viewed by the public.

The City of Kerman subscribes to the following Principles and Standards of Purchasing Practice:

- A. Avoid the intent and appearance of unethical or compromising practice in relationships, actions, and communications.
- B. Demonstrate loyalty to the employer by diligently following the lawful instructions of the employer, using reasonable care, and only authority granted.
- C. Refrain from any private business or professional activity that would create a conflict between personal interests and the interests of the employer. Refrain from soliciting or accepting money, loans, credits or prejudicial discounts and the acceptance of gifts, entertainment, favors or services from present or potential suppliers that might influence or appear to influence, purchasing decisions.
- D. Handle confidential or proprietary information belonging to employers or suppliers with due care and proper consideration of ethical and legal ramifications and governmental regulations.
- E. Promote positive supplier relationships through courtesy and impartiality in all phases of the purchasing cycle.
- F. Refrain from reciprocal agreements that restrain competition.
- G. Know and obey the letter and spirit of laws governing the purchasing function and remain alert to the legal ramifications of purchasing decisions.
- H. To regard public service as a sacred trust, giving primary consideration to the interests of the governmental unit by whom we are employed.
- I. To purchase the best value obtainable, securing the maximum benefit for each tax dollar expended.
- J. To avoid preference practices, giving all qualified vendors an equal opportunity.
- K. To accord vendor representatives the same treatment we should like to receive, remembering that they are important sources of information and assistance in our buying process.
- L. To strive constantly for greater knowledge of purchasing methods and of the materials we buy.
- M. To conduct ourselves with fairness and dignity and to demand honesty and truth in buying and selling.
- N. To cooperate with all engaged in purchasing process.
- O. To remember that everything we do reflects on the entire purchasing profession and to govern our every action accordingly.

Conflict of Interest

Conflicts of interest occur when a conflict exists between the public interest and the private monetary interest of a public official or employee. Conflicts of interest can also occur with regards to individuals who have left government employment, when former public officials are able to exert undue influence over the purchasing process because of their past personal connections inside government.

No City employee or official of the City shall be or become interested in any contract for which bids are or may be required for the furnishing of labor or materials to or for the City, nor shall any of them receive any gratuity or advantage from any contract or from the contractor furnishing any labor or material under any contract, the cost or consideration of which is payable from the City treasury. Any such contract with the City in which any such officer or employee is or becomes interested shall be declared void by the Council.

Generally speaking, an employee or official should not participate directly or indirectly when the following conditions apply:

- The employee, official or any member of the employee's or officials' immediate family has a direct or indirect interest in the purchase.
- A business or organization, in which the employee, official or any member of the employee's or officials' immediate family has a direct or indirect interest, is involved in the purchase.
- Any other person, business or organization, with which the employee, official or any member of the employee's or official's immediate family is negotiating or has an arrangement concerning prospective employment, is involved in the purchase.

No City employee or official of the City shall aid or assist a bidder in securing a contract to furnish labor or materials or supplies at a higher price or rate than that proposed by any other responsible bidder, or shall favor one bidder over another, giving or withholding information, or shall willfully mislead any bidder in regard to the character of the materials or supplies of a quality inferior to that called for by contract, or shall knowingly certify to a greater amount of labor performed than has actually been performed or to the receipt of a greater amount of material or supplies than has actually been received.

Prohibition of Gifts, Gratuities, and Kickbacks

City employees or officials of the City are prohibited from accepting any gratuity or advantage from any contract or contractor. This section is designed to prohibit actions that may tend to unduly and improperly influence officers and employees in the discharge of their duties, or grant, in the discharge of their duties, any improper favor, service, or thing of value.

The City of Kerman regards the practice of accepting gifts or gratuities as unnecessary, undesirable and contrary to the mission of the City. The City recognizes the responsibility of its employees to maintain good relations with all members of the community and believes this can be accomplished in a professional manner without gifts or gratuities interfering with and/or influencing employees. The City prohibits an employee from accepting personal gifts or gratuities in his/her capacity as a City employee from business or individuals who either do business with, or are served by the City. As opposed to gratuities, which up to a financial point are not illegal, kickbacks are always illegal. Kickbacks are "financial payment for receiving a contract."

It shall be illegal for any payment, gratuity, or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor or any person associated therewith, as an inducement for the award of a subcontract or order.

Sanctions for Ethical Violations

Any employee who violates ethical standards may be disciplined in accordance with this policy, the City of Kerman Personnel Rules and Regulations, and/or applicable Memorandum of Understanding up to and including, termination, civil or criminal prosecution.

Unauthorized Purchases

Except for urgencies or other authorized exemptions stated in these guidelines, no purchase of supplies, services, or equipment shall be made without authorization as described within the manual or in Chapter 3.20 of the Kerman Municipal Code. Under no circumstances shall a purchase be considered approved or final until

approved by the City Council or City Manager as required by the appropriate purchasing classification. No representative of the City shall enter into a verbal agreement or make any arrangements until the final approval is granted.

In the event that an unauthorized purchase is made the following may apply:

- A. Such purchases are void and not considered an obligation of the City.
- B. Invoices without an authorization may be returned to the vendor unpaid.
- C. The person ordering the unauthorized purchase may be held personally liable for the costs of the purchase or contract.

Retroactive Contracts

No City contract shall be valid prior to approval by the City Council or their designated representative. Contractors and vendors shall be advised by the responsible department head that performance under the contract may not commence prior to such approval. The City shall not be obligated to pay for any work or service started before the contract is approved by the City Council.

The submission of a contract for approval after the date of service has begun or after the date of service has been completed, is counter to the City's best interest and prescribed approval process.

Types of Purchasing Transactions

There are many types of purchasing transactions in the City, summarized as follows:

Equipment, Goods and Services

Equipment, goods and services include tangible goods, supplies, equipment, vehicles, materials, printing and insurance including maintenance or nonstructural repair of City buildings, structures or improvements which does not require engineering plans, specifications or design (i.e., unscheduled replacement of broken window panes, fire extinguisher maintenance, minor roof repairs, plumbing, electrical, mechanical, custodial services, pest control, installation, repair, modification and maintenance of City equipment, repair, demolition or other work required to abate nuisances and leasing or rental of equipment).

Professional Consulting Services

Professional consulting services are those activities performed by a consultant who possesses a high degree or expertise in a particular profession such as, but not limited, to auditor, attorney, architect, engineer, land use consultant, financial advisor, appraiser, or expert.

Public Works Contracts

Public works projects contracts of \$45,000 are subject to informal and formal bidding and other requirements as set forth by public contract codes. Public works projects over \$1,000 are subject to prevailing wage law. Public works project as defined in the State of California Public Contract Code is:

- A. A project for the erection, improvement, painting, or repair of public buildings and works.
- B. Work in or about streams, bays, waterfronts, embankments, or other work for protection against overflow.
- C. Street or sewer work except maintenance repair.

- D. Furnishings supplies or materials for any such project, including maintenance or repair of streets, sewers, or water systems.

Acquisition Process

The City has several separate methods for acquiring goods, materials, services, and labor. The method used is determined by the dollar value of the final award, as follows:

Small Purchases

Less Than or Equal To \$1,000.00

All departments may purchase equipment, goods and services of less than \$1,000.00 (“small purchases”) without competitive bidding provided that an unencumbered appropriation for the item exists in the current approved budget. Every effort to utilize a local vendor shall be exercised. For small purchases, the authority to award a purchase contract is the Department Head or his/her authorized designee. Comparative pricing is not required but shall be used when practical. Prudent judgment shall be used at all times.

Informal Bid

Purchases Greater Than \$1,000.01 but less than \$10,000.00

All departments purchasing equipment, good and services of a value of one thousand and 01/100ths (\$1,000.01) dollars to ten thousand (\$10,000.00) dollars inclusive of taxes, shipping and other charges shall be purchased following the informal bid procedures prescribed below:

- A. Quotations. Informal bids shall, whenever possible and practicable, be based on at least three (3) written quotations and shall be awarded to the lowest responsible quotation. The requesting department shall use the Informal Bid Request form provided by the Purchasing Officer to provide specifications for the item to be purchased including a general description of the articles or general services to be purchased, and shall state the deadline for submittal of bid. All bids/quotes shall be in writing (including facsimile and email).
- B. Purchase Order. The requesting department shall submit a purchase order, which includes the recommended vendor, with all supporting documentation to the Finance Department. The City Manager or designee shall review and sign the purchase order and supporting documentation prior to making the purchase by the requesting department. Supporting documentation shall include competitive price quotes obtained, names of vendors contacted, description of the items required, and certificates of insurance as applicable on a form provided by the Finance Department. The Purchase Officer or the City Manager may contact additional sources for quotations as deemed necessary.
- C. Award of Contract. The City Manager or designee is authorized to award a purchase to the lowest responsive and responsible vendor whose quote fulfills the intended purpose, quality, and delivery needs of the solicitation, provided that the City Council has budgeted funds for the item(s) and the amount of the award is not more than the budgeted amount. In lieu of awarding the purchase, the City Manager or Designee may reject quotes or may negotiate further to obtain terms more acceptable to the City. The City Manager or Designee may also determine that the interest of the City is best served to require the Formal Contract Procedures for purchases within this range.
- D. Tie bids. If two (2) or more bids received are for the same total amount or unit price and quality, service and delivery being equal, and if the public interest will not permit the delay of re-bidding, the

City Manager may accept the one it chooses, or accept the lowest good faith offer by negotiating with the tie bidders.

Note: *Non-emergency repairs to equipment shall be diagnosed to determine repairs needed for bidding purposes.*

Exceptions. The informal bid procedure may be dispensed with:

- A. In an emergency;
- B. When the goods can be obtained from only one source that has been reviewed and approved in writing by the City Manager or designee;
- C. When processed through a cooperative purchasing agreement with another public agency whose procurement process is consistent with the provision of this policy.

Formal Bid

Purchases Greater Than \$10,000.01

The City shall purchase commodities, equipment, and general services of a value equal to or greater than \$10,000.01 dollars inclusive of taxes, shipping and other charges following the formal bid procedures prescribed below:

- A. Specifications. The requesting department shall provide specifications for the item to be purchased with as much detail as possible so that the prospective bidders understand the nature of the purchase.
- B. Notice Inviting Bids. The notice inviting bids shall include a general description of the articles or general services to be purchased, and shall state where bid forms and specifications may be secured and the time and place for opening bids.
- C. Published notice. The notice inviting bids shall be published at least ten (10) days before the date of the opening of the bids. Notice shall be published at least once in a newspaper of general circulation. The requesting department shall also cause the notice inviting bids to be posted on the City's website.
- D. Bidder's list. The City shall also solicit sealed bids from responsible prospective suppliers whose names are on the bidder's list.
- E. Bidder's security. When deemed necessary, the City shall require bidder's security. Bidders' security shall be in accordance with the provisions of the California Public Contract Code.
- F. Bid opening procedures. Bidders shall submit sealed bids to the City Clerk and shall provide the project number or other reference and identify them as bids on the envelope. Bids shall be opened in public at the time and place stated in the public notice. A tabulation of all bids received shall be open for public inspection during regular business hours for a period of not less than thirty (30) calendar days after the bid opening.
- G. Rejection of bids. At its discretion, the City Council may reject any and all bids presented and may re-advertise for bids.
- H. Award of Contracts. The City Council shall award a contract for the purchase of commodities or equipment or general services with a value of ten thousand and 01/100ths (\$10,000.01) dollars or more. A contract shall be awarded to the responsible bidder with the lowest responsive bid, except as otherwise provided here. A contract may be awarded to the next lowest bidder if the successful bidder refuses or fails to execute the contract.

- I. Tie bids. If two (2) or more bids received are for the same total amount or unit price and quality, service and delivery being equal, and if the public interest will not permit the delay of re-advertising for bids, the City Council may accept the one it chooses, or accept the lowest good faith offer by negotiating with the tie bidders.
- J. Performance bonds. The City has the authority to require a performance bond before entering a contract, in such amount as is reasonably necessary to protect the best interest of the City. If a performance bond is required, the form and amount of the bond shall be described in the notice inviting bids.

Exceptions. The open-market procedure may be dispensed with:

- A. In an emergency;
- B. When the goods can be obtained from only one source that has been reviewed and approved in writing by the City Manager or designee;
- C. When processed through a cooperative purchasing agreement with another public agency whose procurement process is consistent with the provision of this policy.

Purchase of Used Equipment

Purchase of used equipment is allowed if determined to be in the best of the City. Used equipment must be purchased through the competitive bid process unless the purchase meets the requirements of sole source. The following criteria should be considered in making the determination to purchase used equipment versus new equipment.

- A. Consideration of the type, use and life expectancy of new versus used equipment
- B. Comparing the purchase price of new and used equipment
- C. Comparing the price and general condition of used equipment among several suppliers
- D. Consideration of freight charges
- E. Investigation of manufacturer or brand and availability of warrant, maintenance and parts

Departments must provide a Purchase Order with the following information:

- A. Type of used equipment;
- B. Manufacturer or brand name;
- C. Model;
- D. Year of manufacture;
- E. General condition;
- F. Available warranty;
- G. Purchase price;
- H. Cost of transportation, if any;
- I. Justification for considering used rather than new equipment;
- J. Listing of reputable dealers contacted, type of equipment viewed and purchase price for comparison purposes.

Professional Consulting Services

The need for assistance in the performance and delivery of City services will periodically necessitate the utilization of outside service providers. Outside service providers are individuals or companies that provide a service to the City for remuneration such as, but not limited to, architects, engineers, attorneys, auditors, financial advisors, and land use consultants. These policies and procedures are consistent with Chapter 3.22 of the Kerman Municipal Code.

Criteria and Guidelines for Utilization

Outside service providers are utilized when:

- Staff resources are not sufficient to perform these services and when the services are not of an on-going nature that would require a full-time employee, or;
- Staff does not possess the required expertise, or;
- The nature of the services requires third party objectivity, or;
- State or Federal law prohibits assigning such services to staff, or;
- The required services cannot be provided more economically by staff, or;
- There exists an emergency or urgent need for services to preserve public health and safety.

Criteria and Guidelines for Selection

The selection of consultant or professional services is provided for in Section 4526 of the California Government Code and based on the Kerman Municipal Code Chapter 3.22.

Competitive bidding for specialized services is not in the best public interest because it may lead to employment of the least qualified, rather than the best qualified, as should be the objective. The objective of competitive bidding is low cost. Only when services or a product can be described in sufficient detail, where all parties can bid on the same basis for comparison, should bidding be considered. Professional services in engineering, law, architecture, land surveying, and planning, to name a few, are not recognized as being amenable to detailed specifications.

The selection of consultants will be on the basis of demonstrated competence and professional qualifications necessary for the satisfactory performance of the services required, by assuring engagement of services on the basis of demonstrated competence and professional qualification for the type of services to be performed and at a fair and reasonable price to the city.

The following guidelines have been developed to establish the City's policy for selection of consultants. Separate guidelines are established for two levels of anticipated fee:

- Informal Selection Process (Request for Qualifications) – Contracts less \$25,000.00
- Formal Selection Process (Request for Proposals) – Contracts greater than \$25,000.01

Informal Request for Qualifications (RFQ) – Contracts less \$25,000.00

For projects where the estimated consultant fees will be less than twenty-five thousand (\$25,000.00) dollars, the requesting department, with the approval of the City Manager or designee, shall prepare a qualified list by having interested professional consultants respond to a request for qualifications (RFQ). The purpose of the RFQ is to obtain all pertinent information required of consultants for placement in a pool of consultant candidates with demonstrated competence and professional qualifications necessary for the types of services to be performed. Additional interested firms may be added to the list at any time by submitting a statement of qualifications.

The procurement of services with a value of less than twenty-five thousand (\$25,000.00) dollars shall be made following the procedure prescribed below:

- A. Request for qualifications. The requesting department may solicit proposals by written request for qualification (including facsimile or e-mail) or verbal request to prospective consultants. Informal requests for qualifications shall, whenever possible and practicable, be based on at least three (3) proposals and shall be awarded to the best qualified and most responsible proposer. The dollar amount of the proposal shall be considered but the award need not be made to the lowest dollar proposal.
- B. Retention of proposal. The requesting department shall retain all proposals in accordance with the City Council approved retention schedule.
- C. Award of contracts. The City Council shall award a contract in accordance with this policy.

Formal Request for Proposals – Contract exceeding \$25,000.01

The City shall procure services with a value of twenty-five thousand and 01/100ths (\$25,000.01) dollars or more following the procedure prescribed below:

- A. Request for proposals. The requesting department, with the approval of the City Manager or designee, shall prepare a request for proposal (RFP) providing a scope of work providing with a general description of the services to be procured including the time and place for submission of proposals. A notice requesting proposals shall be distributed to at least three (3) consultant firms and shall be posted on the City website at least ten (10) days prior to the deadline for submission of proposals. Proposers shall submit sealed proposals to the City Clerk and shall identify them as proposals on the envelope.
- B. Selection review committee. A Selection Review Committee should be established by the requesting department to evaluate qualifications, interview candidates and rank the firms for selection. The group should include at a minimum one representative from the department responsible for the administration of the consulting contract, the Purchasing Officer or designee, as well as one such other qualified professional individuals who have knowledge or capabilities that are valuable in interviewing the prospective consultants including experts from surrounding public agencies or private consultants with expertise on projects with similar scope to that required for the anticipated project.
- C. Evaluation of proposals. All responsive proposals shall be reviewed and evaluated by the City in order to determine which proposer best meets the City's needs by demonstrating the competence and professional qualifications necessary for the satisfactory performance of the required service. The City reserves the right to reject any and all proposals or waive any irregularities in any proposal or the proposal process. The criteria by which the City shall evaluate proposals will be set forth in the request for proposals, and shall generally be based upon the following considerations:
 - 1. Professional experience of the firm in performing services of similar nature;
 - 2. Quality and relevance of recently completed or ongoing work;
 - 3. Reliability, continuity, and location of firm to the project site;
 - 4. Staffing capability; ability to meet schedules;
 - 5. Education and experience of key personnel to be assigned; knowledge of applicable regulations (including but not limited to regulations applicable to federally funded activities and projects) and technology associated with the services required; specialized experience of the firm in the services to be performed;
 - 6. Demonstrated record of success
 - 7. Proposed method of addressing the work
 - 8. Ability to make public presentations

9. Adequate knowledge of local conditions
 10. Demonstrated record of keeping costs within project budgets
 11. Current workload and relationship to proposed project
 12. Participation as a small business firm; and other factors the executive deems relevant to the specific task to be performed.
- D. Establishing short list of firms to be interviewed. Based on evaluation of qualifications submittals and reference checks, the City can establish a short list of three to five firms to be interviewed. The Selection Review Committee will interview and evaluate the short-listed firms. Firms selected for interviews should immediately be sent information regarding interview date and place.
 - E. Ranking the Firms in Contention for Selection. The Selection Review Committee will evaluate the firms interviewed using an evaluation form that includes a weight and a score for each criteria or question is useful for evaluating, ranking, and, finally, selecting the most qualified firm. Each firm should be evaluated separately by each interviewer during the presentation and interview. When all interviews have been concluded, the head of the selection committee should compile the individual score sheets. This system provides a documented selection process as support for the committee's actions. It is recommended that committee members take the time to achieve consensus rather than just ranking and selecting by majority vote.
 - F. Negotiating an agreement with the selected firm. As soon as possible after the selection, the requesting department should begin negotiations with the firm deemed most qualified. Normally it is not difficult to reach an agreement on fee, since the RFP process facilitates an early understanding of the project scope and requirements. If agreement on the scope of services and compensation cannot be reached, negotiations with the first-ranked firm should be terminated, and the City should open negotiations with the second-ranked firm.
 - G. Selection of firm. After the finalists have been identified, the Selection Review Committee will recommend to the City Council selection of the preferred consultant(s) among the finalists who shall provide the services upon terms and conditions most advantageous to the city. Upon direction by the City Council, the executive will enter into negotiation with the selected consultant over the final terms and conditions for the engagement of such services.
 - H. Award of contract. The City Council shall award a final contract for the services and authorize the City Manager or designee to execute the agreement.

Extension of Existing Contract or Multiphase Contracts

It may be more efficient or economical in certain cases to extend an existing contract or to enter into a multiphase or multiyear contract. Extension of an existing contract is limited to cases where services are logically connected to an ongoing contract and should be constructed as a single project. A multiphase contract is negotiated under the RFP procedure but may not include feasibility studies, master plans, or programming services. Negotiation for such services may be required at the end of each phase and prior to proceeding to the next phase. A multiyear contract is negotiated at the time of the original agreement to permit the City the option to extend the contract into future years.

Agreements for these services are to be negotiated by the executive when appropriate and to be submitted to the City Council for approval.

On-Call (Ongoing) Professional Services

In some instances it is in the best interest of the City to have on-call contracts with multiple consultants for the same or very similar services (i.e. services that can be defined as to scope of work but not as to required events such as contract building inspection services, building plan check services, planning consultants, etc.) These services would best be handled by establishing an eligibility list and by entering into annual on-call professional service contracts.

The process for selecting firms for annual ongoing professional service contracts shall be generally the same as for other professional services contracts. However, multiple firms may be awarded an on-call contract based on the RFQ/RFP process and may be placed on the eligibility list. Additional firms/individuals may also be awarded contracts and placed on the eligibility list at a later date, using the RFQ/RFP process without impacting contracts currently in place.

As events occur and need arises, work may be assigned to the consultants on the eligibility list. The Department Head shall make a reasonable attempt to rotate work between consultants subject to availability and special needs or by soliciting proposals from the consultants on the eligibility list.

Professional firms providing engineering, plan checking, planning, legal, auditing, or other services may be retained on a continuing basis to provide professional services. The City Department Head, with the approval of the City Manager, may contract on a project-by-project or on a retainer basis for additional work/services without going through the RFP and selection process. At least every five (5) years these arrangements shall be reviewed by the Purchasing Officer or designee. This is to ensure the City is receiving the best professional services and there is no stoppage in the provision of these services. The City Council shall determine if an RFQ/RFP is warranted for such services.

Public Works Projects

Purpose

Provide guidelines for “Public Project” procurement. Public Project means construction, reconstruction, erection, alteration, restoration, improvement, demolition, and repair work involving any facility owned, leased, or operated by the City. The definition also includes painting or repainting any facility owned, leased or operated by the City.

A public project does not include maintenance work, consisting of routine, recurring, and usual work for the preservation or protection of facilities owned or operated by the City, including minor repainting. Street and highways resurfacing at less than one inch (1”) deep, landscape maintenance (mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems) are not a public project.

Policies

It is the City of Kerman’s policy to follow the uniform Construction Cost Accounting Procedures for all Public Projects, as set forth in the Public Contract Code (Article 2, commencing with Section 22010). It is also the City of Kerman’s policy to adopt the purchasing limits and policies as set forth in Public Contract Code Sections 22030 to 22045 attached hereto in Appendix A.

Bidding, Contracting and Purchasing Procedures

- A. Small Contract Procedures. Public projects, maintenance work, and the purchase of any supplies, equipment and services, which are (under \$45,000 or as revised annually) in accordance with the

limits established in Public Contract Code Section 22032(a), may be performed by the employees of the City by force account, negotiated contract, or by purchase order.

B. Informal Contract Procedures. Public projects, maintenance work, and any purchase of supplies, equipment and services which are (between \$45,000.01 and up to \$175,000 or as revised annually) in accordance with the limits in Public Contract Code Section 22032(b), may be let to contract by following the Act's informal procedures. The informal procedures include the following:

1. Contractors List. A list of contractors, identified according to categories of work, shall be developed and maintained in accordance with the requirements of Public Contract Code Section 22034, together with any criteria promulgated by the Commission from time to time.
2. Notice Inviting Bids. At least ten calendar days before bids are due, a notice inviting informal bids shall be mailed to all contractors on the list for the category of work being bid, and to all construction trade journals specified pursuant to the requirements of Public Contract Code Section 22036; provided however:
 - i. Additional contractors and trade journals may be notified at the discretion of the purchasing agent.
 - ii. For public projects, if there is no list of qualified contractors maintained by the City for the particular category of work to be performed, the notice inviting bids shall be sent to the construction trade journals specified by the Commission.
 - iii. For circumstances not involving public projects, where there is no list of qualified contractors maintained by the City for the supplies, equipment, services or maintenance work to be procured, the notice inviting bids shall be made in conformity with the procedures established by the Purchasing Agent from time to time. Whenever possible, bids should be solicited from at least three qualified bidders.
 - iv. If the product or service is proprietary in nature, such that it can be obtained only from a certain contractor or contractors, the notice inviting informal bids may be sent exclusively to those contractor(s).
3. In situations where a contract was originally presumed to fall within the informal bid limits in Public Contracts Code Section 22032(b), but where all bids received are in excess of those limits, the City Council may still award the contract if the requirements of Public Contract Code Section 22034(f) have been met.

C. Formal Contract Procedures. Public projects which are in accordance with the limits (over \$175,000.01 or as revised annually) established in Public Contract Code Section 22032(c), shall be let to contract pursuant to the formal procedures set forth in the UPCCAA and as described in this Article. Except as provided in this code or under law to the contrary, contracts for maintenance work, and any purchase of supplies, equipment and services in accordance with the limits established in Public Contract Code Section 22032(c) may also be let to contract pursuant to the formal procedures in this section.

1. Notice Inviting Bids (NIB).
 - i. Formal bids shall state the time and place for the receiving and opening of sealed bids and distinctly describe the project. The notice shall be published at least fourteen calendar days before the date of opening the bids in a newspaper of general circulation pursuant to the requirements of Public Contract Code Section 22037.

- ii. The notice inviting formal bids shall also be sent electronically, if available, by either facsimile or electronic mail, and mailed to all construction trade journals specified in Public Contract Code Section 22036. For circumstances not involving a public project, where there is no construction trade journal for the supplies, equipment, services or maintenance work to be procured, the notice inviting bids shall instead be made in conformity with established procedures. All notices under this paragraph shall be sent at least fifteen calendar days before the date of opening the bids.
 - iii. In addition to notice required by this Article, the City may give such other notice as it deems proper.
2. The City Council shall adopt plans, specifications, and working details for all public projects requiring the formal bid procedure, pursuant to Public Contract Code Section 22039.
3. All public projects shall be awarded as provided in the UPCCAA.
4. Contract Approval.
 - i. All contracts for public works project shall be presented to the City Council for review and approval.

Bid Acceptance or Rejection

- A. Processing bids. Sealed bids shall be submitted to the City Clerk and shall be identified as bids on the envelope. It is the responsibility of the bidder to ensure receipt of the bid document by the City Clerk by the designated hour. Bids shall be opened in public at the time and place stated in the public notice. A tabulation of all bids received shall be open for public inspection during regular business hours for a period of not less than thirty calendar days after the bid opening.
- B. Bid acceptance or rejection.
 1. Rejection of All bids. In its discretion the City Council may reject all bids presented, if City, prior to rejecting all bids and declaring that the project can be more economically performed by City employees, furnishes a written notice to the apparent low bidder. The notice shall inform the bidder of the City's intention to reject the bid, and shall be mailed at least two business days prior to the hearing where the bid will be rejected. If after the first invitation of bids all bids are rejected, after reevaluating its cost estimates of the project, the City may:
 - i. Abandon the project or re-advertise for bids; or
 - ii. Following passage of a resolution of the City Council by a four-fifths vote stating the project can be performed more economically by the employees of the City, the City may have the project done by force account without further complying with the requirements of the Act.
 - iii. All contracts for public project shall be awarded to the lowest responsible bidder as provided in the UPCCAA. All other informally or formally bid contracts shall be awarded to the lowest responsible bidder, unless otherwise provided in this code. If two or more bids are the same and the lowest, the City may accept the one it chooses.
 - iv. If no bids are received through the formal or informal procedure, the project may be performed by the employees of the City by force account or negotiated contract without further complying with this article.

Exceptions to bidding requirements.

- A. Except as otherwise provided by law, the following purchases of services, supplies, and equipment shall be negotiated contract without requiring a bidding process:
1. Contracts for professional services, including but not necessarily limited to contracts with accountants, auditors, attorneys, plan checkers, inspectors, surveyors, architects, engineers, CEQA consultants, information system consultants, financial consultants, election services consultants, public relations consultants and related activities, negotiation for or acquisition of land, insurance, bonds, and other similar contracts, subject to the requirements in Sections 4526 through 4529.5 and Section 37103 of the Government Code.
 2. Contracts where a commodity or service is offered by only one vendor, or when only one vendor is able to supply a commodity within the time frame or under terms and conditions that reasonably meet the needs of the City (sole source).
 3. Contracts where the purchase is procured pursuant to a competitively bid contract awarded by another public entity.
 4. Where the services, supplies, and equipment are procured under a contract set forth on the California multiple award schedules (CMAS). Contracts under this exemption must be approved by the City Council upon a finding that the proposed contract offers the best pricing. Whenever possible, the proposed contract should be based on at least three bids. City's agents shall attempt to negotiate a lower price from the CMAS contractor(s) whenever possible.
 5. The day-to-day operation of the City's self-insurance, or insurance retention programs are exempt from these requirements, when performed in cooperation with the City's risk manager.
 6. Other exceptions authorized by law.

Emergency contracting and purchases.

- A. In cases of emergency when repair or replacements are necessary, the City Council may proceed at once to replace or repair any public facility without adopting plans, specifications, strain sheets, or working details, or giving notice for bids to let contracts. The work may be done by day labor under the direction of the City Council, by contractor, or by a combination of the two.
- B. In case of emergency, if notice for bids to let contracts will not be given, the City shall comply with Chapter 2.5 of the Public Contract Code, commencing with Section 22050.
- C. In emergency situations to preserve life, health, or property, the appropriate requesting department may dispense with obtaining quotes/bids/proposals to obtain materials/services necessary in dealing with the emergency. The requesting department shall submit a written request to the Purchasing Officer and City Manager for review and approval. If the purchase exceeds \$10,000.01, the requesting department head shall prepare an agenda report to the City Council explaining the emergency and the items purchased at the next regularly scheduled City Council meeting. Emergency procurements should be made only to preserve life, health, or property:
 - Upon a natural disaster
 - To correct or forestall a shutdown
 - To maintain essential public services
 - Other unforeseeable events

- D. When one known supplier is available, the requesting department may do a sole source purchase. A sole source is the only possible source, not a preferred source. Purchases by sole source must be approved by the City Manager or designee. If the purchase is under \$10,000 the City Manager or designee must also approve the sole source. If the purchase exceeds \$10,000.01, an agenda report for City Council approval requesting an exception from the solicitation process and requesting awarding the purchase to the "Sole Source Vendor" must be prepared. The requesting department shall submit a completed "Sole Source Vendor Form" along with purchase order/warrant request.

Purchasing and Payment Procedures

Purchase Order

Purchase Orders represent a commitment related to unperformed contracts for equipment, goods or services between a City department and a vendor. Purchase Orders are created using the Springbrook Accounting Software program by choosing Purchase Orders on the drop down module. Once a Purchase Order "batch" has been approved by the Department Head, Finance Director and City Manager the initiating department will receive notice that the Purchase Order has been approved. Upon notification of approval the requesting department can notify the vendor and proceed with the purchase. The Purchase Order will then encumber the budgeted funds and will remain pending until the purchase is finalized and a warrant request is processed through the Finance Department. The use of encumbrance accounting is a critical element of budgetary control in governmental accounting systems and serves three distinct purposes:

- A. Provides a written contract between the City of Kerman and a vendor.
- B. Decreases the available budget by an amount equal to the purchase order. This procedure lessens the chance of overspending a line-item budget.
- C. At the end of the fiscal year, unexpended encumbrances are added to the next fiscal year's line item budget so that sufficient budget is available to meet the prior fiscal year's commitments. Encumbrances without any activity for a period of one year will be released at the end of the fiscal year (with prior departmental notification).

All purchases for equipment, goods and services with an estimated cost of \$1,000.01 or more shall be requested through the Purchase Order request module in Springbrook along with scanned in copies of the bids/quotes obtained. The PO will identify the equipment, material, services or supplies required along with details of vendor selection and budgeted account number. The Purchase Order will be routed for approval to the requesting department head, then the Finance Director and final approval or denial by the City Manager. Once the City Manager has approved or denied the Purchase Order the requesting department will be notified. The Department Head or Finance Director can reject the Purchase Order if the request is incomplete or if funds are not budgeted.

Purchases or contracts shall not be made until the Purchase Order is authorized by all department levels.

Processing Payments Against a Purchase Order

A warrant request is required to pay the vendor even though a PO has been issued. When an invoice is received against a PO, the requesting department shall indicate the PO number on the Warrant Requisition. This action will ensure that the invoice payment will be deducted from the outstanding encumbrance associated with the PO. You should track the payments against a PO on your department's copy to know how much is remaining on the PO.

Purchase Order Exemptions

Certain purchases are not readily adaptable to the open market and formal bidding process. These purchases are generally for items where the competitive bid process or obtaining quotes is not applicable or where a check is required to accompany the order. Following is a list of allowable exemptions:

- Advertisements and Notices
- Courier/Delivery/Messenger
- Dept. Purchases under \$1,000.00
- Insurance Claims and Premiums
- Medical Payments (Physicians, lab)
- Membership dues
- Payments to Other Governmental units
- Petty Cash Replenishment
- Utility Payments
- Real-property/easement acquisition
- Subscriptions
- Trade circulars or books
- Travel Expense/Advances

Exemptions are limited to those items listed above. Departments may submit written requests for additional exemptions to the Purchasing Officer. If warranted, additional exemptions will be added to this list.

If a vendor requires a Purchase Order to process an order, the department shall submit a purchase order requisition to the Finance Department to initiate a purchase order.

Open Purchase Order

An Open Purchase Order is an agreement whereby the City contracts with a vendor to provide equipment or supplies on an as-needed or ongoing over-the-counter basis. These items would typically be less than \$1,000.00 per order and therefore would be exempt from Centralized Purchasing. Open Purchase Orders provide a mechanism whereby items that are uneconomical to stock may be purchased in a manner that allows timely access to necessary materials.

An open account may be requested by a department by contacting the Purchasing Officer and/or designee. The Purchasing Officer shall review Open Purchase Orders annually, before the beginning of the fiscal year.

Once an Open Purchase Order is issued to a vendor, any authorized City employee may contact the vendor directly to place orders per the terms and conditions specified in the Open Purchase Order. City Departments shall develop a list of eligible employees that may purchase through the Open Purchase Order and submit the list to the Purchasing Officer or designee. The City Department shall limit the list of authorized employees in order to control and track purchases. The list of authorized city employees shall be provided to the vendors for verification purposes.

When an employee purchases an item on an open account, he/she should sign the receipt (legibly) and show a City photo identification card. Examples of open accounts include: Slumburger Lumber, Reno's Hardware, Napa Auto Parts, Smith Auto, O'Reilly Auto Parts, Kerman Farm Supply, etc.

Change Orders

Purchase Orders represent a contract between the City and the Vendor. Any substantial change to a Purchase Order shall be documented as a change order. Change orders shall be reviewed by the Purchasing Officer and shall be approved by the City Manager. A Purchase Order may not be increased by more than 10% or \$1,000, whichever is less, without a change order, excluding taxes, shipping and handling. Change orders exceeding \$1,000 shall be presented to the City Council for approval.

Taxes, shipping and handling may cause the Purchase Order to exceed the authorized purchase order amount. These items do not require a change order, even if they exceed 10% of the original order amount.

Warrant Request

The Warrant Request is a multi-purpose document serving the ordering, receiving and payment functions. The Warrant Request is intended to facilitate the economical, timely and limited procurement of specified materials by the City departments that are less than \$1,000. The Warrant Request can be used to issue advance payments such as for lodging, per diem, car rental, etc.

Warrant requests shall be completed, signed by the authorized signer and the original invoice and a copy of the invoice shall be attached to substantiate payment. (If the request is for a partial payment on a Purchase Order, the purchase order number must be written on the "P.O. No." line on the Warrant Request.)

Emergency Purchases

Only the following situations will constitute an emergency:

- A. A purchase that requires immediate procurement for the preservation of life or safety of the public or City employees, its officers and agents.
- B. Procurement of materials or supplies to complete a maintenance project already in progress that was unforeseeable prior to starting the project.
- C. To forestall a shutdown of essential public services.

Since emergency purchases do not normally provide the City an opportunity to obtain competitive quotes or properly encumber funds committed, sound judgment shall be used in keeping such orders to an absolute minimum. In addition, the following requirements shall apply:

- A. The Purchasing Officer shall be contacted as soon as possible for an advance purchase order number, which may be given verbally, to cover the urgent transaction. If unable to contact the Purchasing Officer, place the order and contact the Purchasing Officer the next workday.
- B. A completed Purchase Order shall be submitted to the Purchasing Officer within two working days, or as soon as the information is available. All purchase requisitions for urgent purchases shall be signed by the appropriate department head.
- C. Documentation explaining the circumstances and nature of the urgency purchase shall be submitted by the appropriate department head as follows:
 1. Purchases less than \$1,000.01: use standard purchasing procedures.
 2. Purchases greater than \$1,000.01 but less than \$10,000.01: Report to the City Manager for review and approval.

3. Purchases greater than \$10,000.01: Report to the City Manager for review and approval and an informational report providing details of the emergency expenditure must be made to the City Council at the next Council meeting following the emergency expenditure.

Local Vendor Preferences

Purchasing goods and services from local vendors is desired because it stimulates the local economy and recognizes that our local vendors are valued members of our community. If factors such as quality, previous performance, and availability are equal among vendors, a vendor whose business is located in Kerman shall be awarded a contract if their quote or bid is within 5% of the low bid.

Sole Source Purchases

Commodities and services that can be obtained from only one vendor are exempt from competitive bidding. Sole source purchases may include proprietary items sold directly from the manufacturer, items that have only one distributor authorized to sell in this area or a certain product has proven to be acceptable. All sole source purchases shall be supported by written documentation signed by the appropriate department head and forwarded to the Purchasing Officer. Final determination of whether or not an item is a valid sole source purchase will be made by the Purchasing Officer or designee. The requesting department shall submit a completed "Sole Vendor Form" to the Purchasing Officer or designee along with PO/Warrant Request.

Cooperative Purchases

The Purchasing Officer is authorized to join with other public and private entities for the purpose of collectively preparing specifications; requesting and receiving bids, quotations or proposals; and making award to the lowest responsive responsible bidder, provided that the source selection method used is substantially in compliance with the requirements of this chapter.

The City may use State of California Cooperative Purchasing Contracts if the item on the state contract meets the City's needs and if it is unlikely that a separate City bid would result in more favorable prices, terms and/or conditions. Contracted buying groups are considered to take the place of competition if, in the opinion of the Purchasing Officer, it is in the best interest of the City. Notwithstanding all other provisions of this article, in the purchase of necessary goods and/or services the City may, in lieu of other City competitive bidding procedures, accept a competitive bid which has been secured by or on behalf of any federal, state, county or municipal government or from any other governmental entity, state funded institution and not-for-profit organization, subject to a determination by the Purchasing Agent that the contract was entered into pursuant to a competitive process in compliance with City laws, policies and procedures.

Purchasing is authorized to "piggyback" contracts for products and equipment entered into by other governmental agencies through a competitive bid providing the contract contains an assignability clause that provides for the assignment of all or a portion of the specified deliverables as originally advertised, competed, evaluated and awarded.

Purchasing will obtain documentation to verify the contract and bid process. All products or equipment purchased under this provision must substantially meet the technical specifications of the bid. Major deviations from the product specification will not be allowed. However, minor modifications, which result in a price differential of 5 percent or less, are authorized.

Credit Card Purchases

City credit cards are issued by the Finance Department on as-needed basis to authorized staff at the sole discretion of the Purchasing Officer or designee.

Credit card purchases are limited to Small Purchases only not to exceed \$1,000. Guidelines and conditions for Small Purchases are set forth in this policy and will be followed. Credit cards shall be used for City business only – no cash withdrawals are allowed.

Under certain circumstances, the use of a City issued credit card may be the most appropriate method for certain purchases. The use of a City credit card should not be used as a shortcut of the Accounts Payable cycle. In other words their use should be the last resort. The following policies and procedures are established to insure internal control and timely payment of charges.

Credit cards are issued to individual employees and are to be used for official City business only. City employees issued a city credit card shall be responsible for any purchases made from their authorized credit card. Credit cards belong to the City and can be cancelled or revoked at any time at the discretion of the City Manager. No personal items shall be charged on any City credit card. Under no circumstances shall a single personal charge be made on a City credit card.

City credit cards may be available to the City Council and City Employees for the conduct of official City business, included, but not limited to the following purposes:

- A. Gasoline purchases
- B. Telephone charges
- C. Authorized travel expenses and hotel charges which shall subsequently be documented on the travel reconciliation report.
- D. To charge the cost of meals when required in the conduct of official business, except when an employee is traveling on a per diem basis.
- E. Other circumstances where the use of a credit card best meets the City's purchasing needs as determined by the Purchasing Agency or the appointed designee.

Only the City Manager, City Department Heads and designated management city staff are authorized to carry a city credit card. City gasoline and other credit cards may be signed out by the Purchasing Officer or designee to an employee authorized to purchase items. Once the purchase is complete the credit card shall be returned. The following items shall be adhered to when making a purchase using a City credit card:

- A. All purchases and payments made by City credit card must be properly budgeted.
- B. All purchase and payments made by City credit card must result in a receipt or other sales acknowledgement. These must be signed legibly by the purchaser and approved by the appropriate Department Head.
- C. Signed receipts and sales acknowledgements must be attached to a Warrant Request for payment.
- D. Payment for purchases without receipts may become the responsibility of the employee.
- E. Should any employee lose or have his/her credit card stolen, it is their responsibility to contact the Purchasing Officer immediately.

Petty Cash

Petty cash is available to reimburse purchases which were originally paid out-of-pocket by a City staff or as an advance for City purchases without the need to use personal funds. A petty cash fund is maintained in the Finance Department. Petty Cash reimbursements will be paid either in cash or by check, depending on the

amount. Reimbursement requests less than \$50 will be paid in cash. Reimbursement requests greater than \$50 will be paid by check on the next accounts payable check processing date.

For reimbursement of personal funds already spent:

- A. Complete the petty cash form including the date, amount, account code, and description. (A copy of this form appears in the forms section of this manual).
- B. Attach the receipt to the form.
- C. Write the name of the person being reimbursed on the "Received By" line.
- D. If someone other than that person collects the funds, they must initial the form.
- E. Have an authorized signer for that department sign.

For a petty cash advance:

- A. Follow steps a, c, and d above. The description should be "Advance for..." with a clear description of how the advance will be used.
- B. After all purchases are complete, return the store receipt and any change to the Finance Cashier.

Insurance and Bond Requirements

Insurance is required in connection with a purchase or contract: which involves service performed on City property; is a professional services contract; or whenever there is an inherent risk of personal injury in the activity involved. When insurance and indemnity are required, the contractor should hold the City harmless, agree to defend, and maintain insurance for commercial general liability, automobile liability and workers' compensation (if there are any employees) in the form and amounts determined by the City Attorney. The City Attorney has prepared standard insurance requirements which should be attached to any vendor-provided contract whenever insurance and indemnification are required. It is the responsibility of the department staff preparing the contract to obtain insurance certificates from the contractor evidencing the required insurance and naming the City of Kerman as a certificate holder.

General Liability Insurance

Each contractor engaged in service on City property is required to maintain commercial general liability insurance in an amount not less than \$1,000,000 per occurrence for bodily injury, personal injury and property damage. The City of Kerman shall be named as an additional insured. Certain high-risk activities may require higher limits.

Automobile Liability Insurance

Each contractor engaged in service on City property is required to maintain automobile liability insurance in an amount not less than \$1,000,000 covering bodily injury and property damage. The City of Kerman shall be named as an additional insured. Certain high-risk activities may require higher limits.

Worker's Compensation Insurance

Each contractor engaged in service on behalf of the City is required to maintain workers' compensation insurance and employer's liability insurance for his/her employees in accordance with the laws of the State of California. If contractor has no employees, he/she shall sign or initial an Exemption from Workers' Compensation Insurance statement. An exemption form is attached to the City's standard Professional Services Agreement form.

Professional Liability Insurance

Each professional retained under a professional services agreement shall maintain professional liability insurance in an amount not less than \$1,000,000 unless this requirement is waived by the City Attorney.

Policy Endorsements

Each general liability and automobile liability insurance policy shall be with insurers possessing a Best's rating of no less than A and shall be endorsed with the following specific language:

- A. The City of Kerman, its elected or appointed officers, officials, employees, agents and volunteers are to be covered as additional insured with respect to liability arising out of work performed by or on behalf of the Consultant, including materials, parts or equipment furnished in connection with such work or operations.
- B. This policy shall be considered primary insurance as respects to the City, its elected or appointed officers, officials, employees, agents and volunteers. Any insurance maintained by the City, including any self-insured retention the City may have shall be considered excess insurance only and shall not contribute with it.
- C. This insurance shall act for each insured and additional insured as though a separate policy had been written for each, except with respect to the limits of liability of the insuring company.
- D. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the City, its elected or appointed officers, officials, employees, agents or volunteers.
- E. The insurance provided by this policy shall not be suspended, voided, canceled, or reduced in coverage or in limits except after 30 days written notice has been received by the City.

Insurance Certificates

Insurance certificates providing evidence of coverage must be provided by the following categories of persons:

- A. Any individual or non-City organization using a City facility.
- B. Any individual performing a service or delivering a product under contract to the City.
- C. Any individual or organization constructing something for the City.
- D. Any agency required to provide such evidence as a condition of participating with the City in any endeavor, such as a joint powers authority.

The department designated as contract administrator for each agreement is responsible for obtaining insurance certificates and maintaining current insurance certificates.

Indemnification Clauses

Defense and indemnification clauses require the contractor to reimburse the City for any costs the City may incur to defend and/or pay damages to a third party because of the contractor's actions. The City is not permitted to require the contractor to assume the responsibility for the City's actions, but the City can require the contractor to defend it and reimburse it for any loss arising out of the contractor's performance of the contract.

Occasionally, a contractor will demand that the City defend and indemnify the contractor against losses arising from the City's acts. Risk Management and the City Attorney must be consulted in these instances.

Bonds

Bonds are policies issued by surety companies which guarantee that the contractor will meet the stated obligation. Except as stated below in the payment bond section, the requesting department must advise Purchasing of the need to include bonds in the bid requirements or not.

Types of Bonds

The surety bonds which are most likely to be used by the City are:

- Fidelity Bond: Reimburses an employer for loss sustained because of dishonest acts of employees covered by the bond.
- Bid Bond: Guarantees that a contractor will enter into the contract under consideration if it is awarded to him/her and that he/she will comply with all terms and conditions of the bid or proposal.
- Payment or Labor and Materials Bond: Guarantees that contractors will pay their subcontractors, employees and suppliers for labor, services and goods provided in performance of contracts for "public projects".
- Performance Bond: Guarantees performance by the contractor of all work under the contract, including replacement or repair of any defective materials or faulty workmanship and compliance with all the terms and conditions of the contract.

Receiving of Goods and Services

Inspections and Testing

The ordering Department shall inspect and/or test all goods upon receipt (or services upon completion), to assure conformance with the specifications set forth in the order. If a product is determined to be unusable, or not what was ordered, the Department shall reject it and return it to the vendor as the vendor directs, and at the vendor's expense, for credit or replacement.

Acceptance

When goods have been received or a project has been completed to the satisfaction of the ordering Department and the specifications, the packing slip and/or other completion documentation shall be signed-off by the employee receiving or inspecting. Information to be noted on the documents must include, at a minimum, the employee's signature and a legible rendering of their name and the date of receipt/completion. The employee signing must note on the receiving documents any deviation from the exact ordering specifications.

Contracts

Filing with City Clerk

A signed original of each contract entered into under this policy shall be filed with the City Clerk's office, except for transactions involving the purchase of commodities, equipment or general services documented with a purchase order, which is filed with the Finance Department. Contracts shall be retained in accordance with City Council adopted retention schedule.

Travel and Expense Reimbursements

Purpose

The City of Kerman travel policy prescribes procedures for Elected Officials and Employees to report and be reimbursed for official travel and business expenses. The following guidelines and procedures are set forth to minimize costs, improve accountability and ease management review of reimbursement claims.

This policy applies to elected and appointed Officials of the City and all Employees of the City. Department Heads may adopt more restrictive policies due to budget limitations or requirements of other government agencies. Compensation to Employees for travel time shall be consistent with the requirements of the Fair Labors Standards Act.

This policy assumes a mutual trust between the City and its Officials and Employees. The City shall reimburse Officials and Employees for all reasonable costs incurred on behalf of the City. Officials and Employees are expected to use good judgment in spending public funds which have been entrusted to them. Misuse or misappropriation of City funds and equipment not in conformance with this policy may result in disciplinary action, which for Employees may include termination of employment.

Policies

Travel shall be authorized only when necessary and in the best interest of the City. The City shall reimburse actual, reasonable and necessary expenses incurred while on City business, not to exceed established guidelines. Expenses incurred in connection with the following types of activities are hereby deemed authorized expenses, as long as the other requirements of this policy are met:

- A. Communicating with representatives of regional, state and national government on the City's adopted policy positions; and
- B. Attending educational seminars designed to improve an Elected Official's or Employee's skill and/or knowledge; and
- C. Participating in regional, state and national organizations whose activities affect the City's interests; and
- D. Implementing a City-approved strategy for attracting or retaining businesses to the City, which shall typically involve at least one staff member; and
- E. For any Employee, any other general City business authorized by that Employee's Department Head.

Expenditures for any other type of activity require prior approval by the City Council for Officials and City Manager for Employees.

The City shall NOT reimburse personal expenses, including but not limited to:

- A. The personal portion of any trip;
- B. Political or charitable contributions or events;
- C. Family expenses, including a partner's expenses when accompanying an Elected Official or Employee on agency-related business, as well as children- or pet-related expenses;
- D. Entertainment expenses, including theater, movies (either in-room or at the theater), sporting events (including gym, massage and/or golf-related expenses), or other cultural events;

- E. Non-mileage personal automobile expenses, including repairs, traffic citations, insurance or gasoline;
- F. Personal losses incurred while on City business.

City Officials and Employees should neither enrich themselves nor be required to use their own funds while traveling on City business.

The City Manager or his/her designee must approve all proposed travel out of the Fresno County area for City Employees. References in this policy to out-of-area travel shall mean travel outside the Fresno County area.

Travel and expense funded by the Commission of Peace Officer Standards and Training (POST) Commission shall be subject to restrictions currently in effect from POST. POST shall govern expenditure limitations for meals and lodging, superseding this policy. When preparing reimbursements for POST, a copy of the reimbursement request shall be forwarded to the Administrative Services Department to track the receivable.

Authorization for Travel at City Expense

Authorization Levels

- A. Within the Fresno County Area: Employees must obtain department head approval prior to official same-day travel within Fresno County.
- B. Outside the Fresno County Area (Within California): Employees must obtain Department Head and City Manager or the Director of Administrative Services approval prior to travel and overnight stay outside the Fresno County area on City business.
- C. Out of State: Employees must obtain the City Manager's prior written approval for any out-of-state travel. The City Manager may present this request to the City Council for approval.

Employees or Elected Officials should use City vehicles for any travel within the City, County, or state.

Format for Request

The information to be submitted with all requests for out-of-area travel is as follows:

- A. Requests must be submitted in advance of the actual travel.
- B. Department Head or his/her designee shall confirm by means of their authorization that the appropriate budget is available for the travel.
- C. Total cost of the proposed travel shall be itemized, including all costs for registration fees, lodging, meals, transportation, etc.
- D. City vehicle to be assigned by Department Head or his/her designee. A City vehicle should be used for any travel within the City, County, or state.

Lodging

Lodging expenses consist of charges for out-of-area overnight accommodations as required for conduct of official City business. Lodging expenses shall be reimbursed or paid for when travel on official City business reasonably requires an overnight stay.

Stay Reasonably Required

An overnight stay is reasonably required when the traveler would otherwise have to leave his or her residence before 6:00 a.m. on the day of the event to arrive at the destination at the designated time. Lodging expense is allowable for the evening after an out-of-town meeting or business event when the traveler would otherwise arrive at his/her residence after 9:00 p.m.

Lodging Rates

If possible, Employees and Officials should make hotel/motel reservations well in advance and take other actions to incur the lowest possible lodging expenses (e.g. compare rates, request occupancy tax exemptions, etc.):

- A. Government Rates Employees and Official must request government rates when making reservations or registering at hotels/motels. If possible, Employees and Official should make hotel/motel reservations well in advance and take other actions to incur the lowest possible lodging expenses (e.g. compare rates, request occupancy tax exemptions). Lodging rates that are equal to or less than government rates are presumed to be reasonable and hence reimbursable for purposes of this policy.
- B. Group Rates: If such lodging is in connection with a conference, lodging expenses must not exceed the group rate published by the conference sponsor for the meeting in question if such rates are available at the time of booking. If the group rate is not available, see next section.
- C. Alternatives: In the event that government rates or group rates are not available at a given time or in a given area, there are three options available to Employees and Officials.
 1. Option #1 (Median Hotel Cost). Lodging rates that do not exceed the median retail price for moderate lodging for that area listed on websites like www.priceline.com or an equivalent service shall be considered reasonable and hence reimbursable.
 2. Option #2 (Flat Cap). Lodging rates that do not exceed one hundred twenty-five dollars (\$125) per night are presumed reasonable and hence reimbursable.
 3. Option #3 (IRS Rates). Lodging rates that do not exceed the Internal Revenue Service per diem rates for a given area are presumed reasonable and hence reimbursable.
- D. Reservations for lodging shall be scheduled in advance. Employees shall submit a warrant request for lodging and registration for issuance of a check prior to the event.

Meals

Allowable meal expenses include food and beverages purchased and consumed while on official City business, provided these items are not covered by other expenses, i.e., conference fees, airline fares, lodging, etc. AB1234 prohibits per diem reimbursements for Officials; therefore the per diem method of reimbursements is for City Employees only.

Rate of Reimbursement

Officials may be reimbursed for eligible meal expenses, while Employees may either receive a per diem or be reimbursed for eligible meal expenses.

- A. Per Diem Method: A per diem of \$38.00 shall be paid to Employees for meals associated with each day of travel as follows:
 1. Breakfast \$7.00
 2. Lunch \$12.00
 3. Dinner \$19.00
- B. Reimbursement Method: Each meal, including gratuity, shall be reimbursed to Official or Employee up to the Domestic Per Diem Rates per US General Services Administration per-meal guideline and must

be accounted for separately on a reimbursement claim. Under special circumstances, the City Manager may approve individual meal expenses (for Employees only) above the guideline with written justification, copies of restaurant bills, and evidence of department head approval. If an individual claims meal expenses for more than one Employee, she/he must list all Employees on the expense reimbursement form.

C. Normally, meals are reimbursable under the following time criteria:

Meal	Travel Begins Before &	Travel Ends After
Breakfast	7:00 a.m.	8:00 a.m.
Lunch	11:00 a.m.	1:00 p.m.
Dinner	5:00 p.m.	6:00 p.m.

Meals Purchased on Travel That Do Not Include an Overnight Stay

The City will NOT reimburse employees for meals purchased within the City of Kerman or surrounding areas, while they are engaged in day-to-day job duties, or engaged in any one-day travel that does not include an overnight stay.

Transportation

Transportation expenses are the direct costs of transporting Employees from authorized points of departure, to travel destinations and authorized points of return. These expenses normally include, but are not limited to, common carrier tickets, private vehicle mileage and car rental charges.

Other transportation expenses include taxi, bus, and streetcar fares; road, bridge, and ferry tolls; parking fees; and other costs directly related to transporting Employees to and from temporary work locations.

Transportation expenses not covered include: personal travel, traffic and parking violations and emergency repairs on private vehicles.

NOTE: City gas cards and Cal-Cards should not be used for fuel purchases on personal vehicles.

Mode of Transportation

When traveling on City business, Officials and Employees should use the least expensive modes of transportation consistent with time requirements and work schedules. The City shall reimburse travelers for the most cost-effective transportation means, considering both direct costs and Employee time management.

City Vehicles:

Officials and Employees shall use City vehicles in lieu of private vehicles when available. Use of privately owned vehicles shall be approved by the Purchasing Officer or designee in advance.

Rate of Reimbursement:

Officials and Employees shall be reimbursed for travel mileage incident to the authorized use of privately owned vehicles on City business. Reimbursement shall be at the IRS rate currently prescribed and necessary. The City shall not reimburse individuals for gasoline purchases when they claim the per-mile reimbursement rate for private vehicles. This amount does not include bridge and road tolls which are also reimbursable.

Commercial Auto Rental

The City shall reimburse Officials and Employees for actual and necessary costs of rental when substantiated by invoice. Rental of an automobile should be limited to those situations where it is determined that it the most economical method of transportation or with Department Head approval, in those situations where a City vehicle is not available or if it would create a hardship for the Employee to use a personal vehicle. The size of an auto rented shall be the least expensive size appropriate to the use required by the Employee. Rental rates that are equal or less than those available through the State of California's website (www.catravelsmart.com/default.htm) shall be considered the most economical and reasonable for the purpose of reimbursement under this policy. If possible, travelers should refuel rental vehicles before returning them to rental agencies. Employees may use City credit cards to pay for rental vehicles.

Air Travel

When an Employee claims commercial airline expenses, the cost shall be limited to the least expensive class available, unless prior approval of City Manager for upgrade. Travelers shall attempt to use the lowest airline rates available. Airfares that are equal or less than those available through the Enhanced Local Government Airfare Program offered through the League of California Cities (www.cacities.org/travel), the California State Association of Counties (www.csac.counties.org/default.asp?id=635) and the State of California are presumed to be the most economical and reasonable for purposes of reimbursement under this policy. Reservations should be made as far in advance as possible to take advantage of available discounts. Frequent flier mileage and bonus points or premiums, such as discounts on future fares, received, as a result of travel on Official City business shall accrue to the City.

Taxis and Other Local Transportation

The City shall reimburse the cost of taxi fare to and from places of business, hotels, airports, or railroad stations in connection with official activities and meals. Taxis are permitted only when suitable and more economical services are not reasonably available. Whenever available, Employees must attempt to use complimentary hotel/motel shuttle services.

Business Expenses

Business expenses are those incidentals to official travel other than transportation, lodging, and meals. Receipts shall be required for all business expenses.

General

The City shall reimburse Employees for business expenses, provided they do not include the costs of discretionary items intended for personal benefit or pleasure, such as entertainment, or barber and beauty shop charges. Business expenses normally include, but are not limited to, the following:

- Conference registration fees (if not paid by separate claims)
- Officials and Employees shall be reimbursed for actual telephone and fax expenses incurred doing City business. Telephone bills should identify which calls were made doing City business. For cellular telephone calls when the Official or Employee has a particular number of minutes included in his or her plan, the Official or Employee can identify the percentage of calls made doing public business. Employees shall be reimbursed for one personal telephone call per day. All other personal telephone calls are the Employee's responsibility. More calls per day may be authorized by the Department Head in special circumstances.

- Reasonable amounts paid to baggage handlers, porters, and other service personnel.

Reimbursement Claims

General

- A. Officials and Employees must submit expense claims upon return.
- B. Officials and Employees should submit approved travel claims (along with supporting vouchers and receipts) the next regular work day or no longer than one week after completion of travel. All claims must have travelers' signatures and, for Employees, Department Head approval.
- C. Receipts documenting each expense must be submitted with the appropriate paperwork to accounts payable. Inability to provide documentation in a timely fashion may result in the expense being borne by the Official or the Employee.
- D. All expenses are subject to verification that they comply with this policy.

Claim Forms

Claim forms shall include:

- Consistent with this Policy, the City business involved.
- Dates of travel.
- Travelers' names.
- Travel destinations.
- Expense identification, i.e., seminars, meals, plane fare, etc.
- Dollar amounts of all expenses.
- Personal expenses only if part of City credit card charges. These must be subsequently subtracted from claim totals.
- Additional explanations as needed to substantiate claims.

Registration/ Expense Advances

Minimum

City Employees may request advances for reimbursable travel expenses. The minimum advance shall be \$50. City Officials may not receive cash advances from the City. If advances exceed actual expenses, Employees must remit the difference when they file their claims. If a trip is canceled, the advance must be remitted within one week of the cancellation.

Reservation and Registration

Officials and Employees may use City credit cards for reservations and registration if time does not permit for normal warrant processing. Regardless of the method of payment the traveler must request a receipt and submit to the Finance Department for documentation.

Reports to Governing Boards

At the City Council meeting following the conference or other business for which any reimbursable expenses were incurred by an Elected Official, each Elected Official shall briefly report on meetings or other business attended at the City's expense. If multiple Elected Officials attend, a joint report may be made.

Responsibility and Accountability

Administration

Each Department Head shall be held responsible and accountable for the administration of this policy within his/her department. Department heads should consult with the Administrative Services Director and/or City Manager on questions related to this policy. The City Manager shall annually review the practices and reports of the various departments in regard to the administration of this policy.

Each City Official shall be held responsible and accountable for the administration of this policy for his/her own travel. City Officials should consult with the Administrative Services Director and/or City Manager on questions related to this policy.

Compliance with Laws

Officials and Employees should keep in mind that some expenditure may be subject to reporting under the Political Reform Act and other laws. All agency expenditures are public records subject to disclosure under the Public Records Act and other laws.

Violation of This Policy

- A. Loss of reimbursement privileges;
- B. A demand for restitution to the City;
- C. The agency's reporting the expenses as income to the elected Official to state and federal tax authorities;
- D. Civil penalties of up to one thousand dollars (\$1,000) per day and three times the value of the resources used; and
- E. Prosecution for misuse of public resources.

Surplus Property

Purpose

This policy shall govern the sale by the City of any and all vehicles, tools, equipment, or other personal property which has been deemed excess or unnecessary for City operation consistent with Resolution No. 08-57 adopted by the City Council on August 6, 2008. For the purpose of this policy, "property" or "personal property" shall mean any time, object, and thing or right which is not real property. Sale of real property shall be governed by the applicable requirements of the California Government Code, California Redevelop Law or other applicable rule or regulation, and not by this policy.

Responsible Authority

The Purchasing Officer is responsible for the transfer and disposition of surplus City property. "Surplus property" is used generically to describe any City property that is no longer needed or useable by a Using or Holding Department of the City. The Purchasing Officer or designee shall request City Council approval to declare item(s) surplus.

Each department shall periodically review its equipment, material, and inventory, and shall promptly notify the Purchasing Officer of any surplus property which is no longer used or which have become obsolete or worn out. A Surplus Property Form shall be completed and submitted to the Purchasing Officer for each surplus property item. Surplus property shall be disposed of at such times as the Purchasing Officer prescribes, but no less than once per year.

Determination of Value

In determining the fair market value, each department shall document the methods used to make such determination including tools such as Kelly Blue Book, classified advertisements, and local vendors with similar products available.

Method of Disposition

The Purchasing Officer or designee shall determine or approve one of the following methods of disposition that is most appropriate and in the best interests of the City.

- A. Transfer to another Department: Surplus property may be transferred between City Departments. Departments wishing to transfer surplus property to or from another department shall complete the Surplus Property Form and submit it to the Finance Department for review. All transfers of items with an estimated value of \$1,000 or more require approval of the Department Heads from each department affected by the transfer.
- B. Trade-In: Property declared as surplus may be offered as a trade-in for credit toward the acquisition of new property. All trade-in offers will be submitted for the review and approval of the Purchasing Division. If surplus property is to be applied to a purchase order, the trade-in value shall be itemized on the Purchase Order. The amount charged against the expenditure account will be the value of the purchase before application of the trade-in credit.
- C. Return to Manufacturer: Surplus property may, when possible, be returned to the manufacturer for buy-back or credit toward the purchase of new property.
- D. Disposal: Surplus property may be offered for sale by the Purchasing Officer. All surplus property is for sale “as is” and “where is”, with no warranty, guarantee, or representation of any kind, expressed or implied, as to the condition, utility or usability or the property offered for sale. Appropriate methods of sale are as follows:
 1. Negotiated Sale: Value less than \$100.00 – Any surplus property with an estimated value of less than one hundred dollars (\$100.00) may be sold without any public bidding to any eligible party paying a fair price. Notice of such proposed sale shall be posted at City Hall listing the item and sale price for at least one week prior to such sale being approved by the City Council. Prior to Council approval of the sale, any eligible person may offer to pay a higher price for the item to be sold. If a higher price than the one posted is offered, the item may be sold at the highest price offered without further posting. If more than one eligible party has offered only the posted price for the item, then the City Clerk shall determine by drawing lots or other random method which of those offering the posted price shall purchase. If no bids are received, the Purchasing Officer shall have discretion to re-post the item for sale.
 2. Selling for Scrap - Surplus property may be sold as scrap if the Purchasing Officer deems that the value of the raw material exceeds the value of the property as a whole.

3. Sealed Bids: Value between \$100.01 and \$500.00 – Any surplus property with an estimated value of between one hundred dollars and .01/100ths (\$100.01) and five hundred dollars (\$500.00) shall be sold to the highest responsible bidder by sealed bids in the following manner:
 - i. Notice of such sale describing the items to be sold along with notice of where the item may be inspected shall be posted in three public places at least four (4) weeks prior to the bid opening.
 - ii. Notice of invitation for sealed bids shall also be published at least twice in a paper of local circulation. Such publication shall occur between the twenty-eighth to the twelfth day prior to the bid openings. The Purchasing Officer or designee may wish to also publish notice of such sale in appropriate trade or other publications.
 - iii. If no sealed bids or no acceptable sealed bids are received, the process set forth in this section shall be repeated. If a second bid period does not obtain any acceptable sealed bids then the property may be sold under the procedures outlined in in D (1) above

For purpose of this policy, “acceptable sealed bid” means a bid of not less than 50% of the estimated value of the item, and which has been delivered to the City Clerk in a sealed envelope which identifies the item being bid upon, but the envelope does not bear any indication of the identity of the bidder or the amount of the bid.

4. Notice Inviting Bids: Value over \$500.01 – Any property to be sold with an estimated value of over five hundred dollars and .01/100ths (\$500.01) shall be sold by inviting public bids in the following manner: Notice of such sale describing the items to be sold along with where the item may be inspected shall be posted in three public places at least four weeks prior to the bid opening. Notice of inviting bids shall be published at least twice in a paper of local circulation. Such publication shall occur between the twenty-eighth to the twelfth day prior to the opening of bids. The Purchasing Officer or designee may also publish notice of such sale in appropriate trade or other publications. If no bids or no acceptable bids are received, the process set forth in this section shall be repeated. If a second bid period does not obtain any acceptable bids then the property may sold under the procedures outlined in Section 3(iii) above.
5. Donation: The Purchasing Officer with the approval of the City Council may donate surplus property to public bodies, charitable, civic or non-profit organizations and may include property which has no commercial value or for which the estimated cost of continued care, handling, maintenance or storage would exceed the estimated proceeds of sale.
6. Eligible Persons: A person shall be eligible to offer to purchase and to purchase surplus property pursuant to this policy, if the person is:
 - i. A member of the public unless that member is related as a parent, sibling, spouse, child or grandchild to, or is owned in part, or controlled or influenced by, an ineligible City Employee or Officer of the City; or
 - ii. A City employee or Officer of the City, but only if the property is offered for sale through the process of a sealed bid, or offered for sale through an auctioneer, where the auction is to be appropriately announced as being open to the general public.

When an employee submits a sealed bid or takes title to surplus property, the employee shall sign a disclaimer under penalty of perjury stating he/she is eligible to complete such purchase because the officer or employee did not participate in the decision that the City property involved was surplus or could be sold, or in the valuation process, or in the advertising or posting process, and that such sale is not prohibited by other applicable law or regulation.

A City employee or Officer shall be ineligible to purchase the property when the employee or officer participated in the decision that the City property involved was surplus or could be sold, or in the valuation process, or in the advertising or posting process, or if such sale is prohibited by other applicable law or regulation.

These prohibitions shall be construed to prohibit an employee or officer from purchasing or coming into ownership of said property, either directly or through intermediaries or persons or entities related as a parent, sibling, spouse, child or grandchild to, or is owned in part, or controlled or influenced by, an eligible City employee or officer.

Any violation of this policy may result in disciplinary action, including termination of the employee or officer, and civil or criminal prosecution.

Mailing Notice of Proposed Sale

The Purchasing Officer or designee may in his discretion mail notice to dealers or other individuals that might be interested in any surplus property to be sold by the City. Additionally, any individual may file a request with the City to receive notice of any property of the City to be sold. Any person requesting notice of the sale of surplus property must pay an annual fee of twenty-five dollars (\$25.00) to cover the cost of handling and mailing notices.

Sale or Auction of Certain Police Items

Sale and/or auction of standard items such as office furniture and computers, etc. will be handled as delineated in this policy. However, disposal of excess weapons, ammunition, bullet resistant vests and vehicle light bars and similar equipment used for law enforcement must be handled separately by the police department. These and similar items are very sensitive and should not be sold or auctioned to the general public. Disposition of these and similar items shall be governed by Police Department Policy and Procedures.

Approval by Council

No sale of any City-owned property will be final until presented to and approved by the City Council at a regular meeting. All sales made will be subject to such approval. Approval by the Council shall be deemed conclusive proof of reasonableness and fairness of the price paid, and that such sale was for common good of the City and its residents.

Changes to Purchasing Policy

Any material changes to the Purchasing Policy in terms of dollar amounts and authorizations shall be presented to the City Council for review and approval by resolution. Any revisions, corrections or clarifications to procedures or definitions will be made by the City Manager.

Definitions

TERM	DEFINITION
AGREEMENT	An understanding or arrangement between two or more parties. Also see “Contract” and “Purchase Order”.
AMENDMENT OR CHANGE ORDER	“Amendment” or “Change Order” means change, or modification, or addendum to a contract after it has been executed.
APPROPRIATION	City Council authorization to expend public funds for a specific purpose.
AS IS	A term indicating that goods offered for sale in existing condition are without Warranty or Guarantee.
AWARD	The acceptance of a Bid, Quote, or Proposal.
BID	A written offer, more formal than a quote, to furnish supplies, equipment, vehicles, services in conformity with the specifications, delivery terms, and conditions required at a guaranteed maximum cost Submitted by a Bidder in response to a Notice Inviting Bids (NIB), a Proposal, or a Request for Proposal.
BIDDER	A person or legal entity who submits a bid in response to a solicitation. Proposer. See Bid or Proposal.
BID SECURITY	Financial security provided to guarantee that a bidder will enter into a contract with the City if a bid is awarded. It may be in the form of cash, cashier's check, certified check, or surety bond, in an amount not to exceed 10% of the aggregate amount of the bid.
COMMODITIES	Means any tangible goods or items such as supplies, parts and materials. Generally, they are consumable in City operations, become part or a component of the City equipment or City facilities and/or have a useful life of one year or more les.
OPEN PURCHASE ORDER	An Agreement of no more than one year between the City and a Vendor allowing authorized City employees to charge repetitive Purchases of supplies, equipment or services at pre-arranged prices, dollar limits and/or other terms and conditions.
CHANGE ORDER	Written modification or addition to a Purchase Order or Contract/Agreement authorized by the appropriate authority.
CITY	City shall mean the City of Kerman, and other such districts, authorities, or agencies as may be governed by the members of the City of Kerman City Council.
CITY ATTORNEY	Shall mean and include the City Attorney of the City of Kerman.
COLLUSION	Any secret agreement to purposefully be fraudulent or deceitful for purposes of influencing the outcome of a bid process or quote process. Collusion may occur between an agent, employee, or representative of the City with a prospective bidder or vendor or in some cases one or more bidders or vendors may collude to manipulate a purchase award.
COMPETITIVE BID	The submission of prices by individuals or firms competing for a Contract, privilege, or right to supply merchandise or services.

TERM	DEFINITION
CONFLICT OF INTEREST	The City's Conflict of Interest Code applies to each and every transaction entered into pursuant to the provisions of the Purchasing System and this manual. The Conflict of Interest Code adopted by the City of Kerman has adopted the State of California Administrative Code Section 18730 which contains a standard model and is adopted by reference by the City.
CONSULTANT OR PROFESSIONAL SERVICE	The services of an architect, attorney, landscape architect, engineer, doctor, financial consultant, planning or environmental consultant, investment advisor, banking and trustee services, or other similar professional services as defined in California Government Code section 37103, as may be amended from time to time.
CONTRACT	Any agreement to do or not do a certain thing.
COST	When used in this chapter, shall mean the amount charged, exclusive of sales tax, use tax, delivery charge, shipping and/or handling, and which will be incurred on a fiscal year basis.
DESIGNEE	A duly authorized and appointed representative of an employee that holds a superior position to the person appointed to represent him or her.
EMERGENCY PURCHASE	A purchase which may be done without competitive bidding or obtaining quotes when time is of the essence and is made only for the following reasons: (1) To preserve or protect life, health or property; or (2) Upon natural disaster; or (3) To forestall a shutdown of essential public services.
EMPLOYEE:	When used in section, an Employee shall refer to anyone who volunteers on behalf of the City or anyone who holds a paid position with the City. For purposes of section, an independent contractor shall not be considered an Employee.
ENCUMBRANCE	Committing budgeted funds prior to receiving supplies, equipment or services; funds are shown as an encumbrance until supplies, equipment or services are received, at which time funds are actually expended.
EQUIPMENT	Tangible personal property with a useful life of more than one year. It may be mobile, portable or fixed; and is independent functioning unit, as opposed to parts which are components. Examples include, but are not limited to, office equipment, furniture, field equipment, shop, lab, and plant equipment, vehicles and rolling stock.
FORMAL BID	A Bid which must be submitted in a sealed envelope and in conformance with a prescribed format, to be opened and announced at a specified time at a public opening.
GENERAL SERVICES	Any work performed or services rendered by an independent contractor, with or without furnishing of materials, excluding any work defined as a “public project” under Public Contract Code section 20161 and including, but not limited to, the following: a) Maintenance or nonstructural repair of City buildings, structures or improvements which does not require engineering plans, specifications or design, including, but not limited to, unscheduled replacement of broken window panes, fire extinguisher maintenance, minor roof repairs, plumbing, electrical, mechanical, elevator maintenance, custodial services, and pest control;

TERM	DEFINITION
GENERAL SERVICES	b) Installation, repair, modification, and maintenance of City equipment; c) Cleaning, analysis, testing, moving, removal or disposal (other than by sale) of City supplies, equipment, and waste products; d) Providing other technical services to facilitate City operations such as communications, transportation, utilities; e) Performing repair, demolition or other work required to abate nuisances under the Kerman Municipal Code; f) Leasing and rental of equipment (personal property) for use by the City; g) Maintenance agreement for equipment owned or leased by the City. “General services” does not include work defined as a public project under the Public Contract Code or services that are established as professional services under this policy.
GUARANTEE	A pledge or assurance that something is as represented and will be replaced or repaired if it fails to meet the stated Specifications.
INFORMAL BID	Written or verbal Quotations for supplies, equipment and services which pursuant to this policy are not required to meet the formal bidding requirements. Informal Bids include unsealed written quotes, verbal quotes and quotes received via fax.
LOWEST BIDDER	The Bidder submitting the lowest price and capable of performing the proposed Contract. See also “Responsive Bidder” and “Responsible Bidder”.
LOCAL VENDOR	Any individual, partnership, or corporation which regularly maintains a place of business within the incorporated City Limits of the City of Kerman and has obtained a business license issued by the City of Kerman.
MALFEASANCE	An act which is, in itself, unlawful or unauthorized; acting in a manner wholly beyond one's jurisdiction.
MISFEASANCE	Performance of a lawful action (an action in one's jurisdiction) in an illegal or improper manner.
OFFICIAL	When used in section, an Official shall refer to any individual elected to a City office (e.g., a City Council member, City Clerk, or City Treasurer) or any individual appointed to an office by the City Council (e.g., a member of the Planning Commission). For purposes of section, an Official is never considered to be an Employee.
NON-FEASANCE	Failure to act when one has the affirmative duty or authority to do so.
NON-LOCAL VENDOR	Any individual, partnership, or corporation which does not have a place of business within the incorporated City Limits of the City of Kerman.
NON-RESPONSIVE BID	A Bid that does not conform to the essential requirements of the Notice Inviting Bids. Non-Conforming Bid. Unresponsive Bid
NOTICE INVITING BIDS	A formal notice published in the newspaper or elsewhere or sent directly to potential Bidders, notifying them that the City is accepting bids for a specific purpose.

TERM	DEFINITION
PROFESSIONAL SERVICES OR CONSULTANT	The services of an architect, attorney, landscape architect, engineer, doctor, financial consultant, planning or environmental consultant, investment advisor, banking and trustee services, or other similar professional services as defined in California Government Code section 37103, as may be amended from time to time.
PROPOSAL	The executed document submitted by an offer or in response to a Request for Proposals (and the basis for subsequent negotiation).
PUBLIC CONTRACT CODE	Shall mean the Public Contract Code of the State of California.
PUBLIC PROJECT	(1) construction, reconstruction, erection, alteration, renovation, improvement, demolition or repair work involving any publicly owned, leased, or operated facility; or (2) painting or repainting of any publicly owned, leased or operated facility. Public project does not include maintenance work: (1) routine, recurring, and usual work for the preservation or protection of any publicly owned or operated facility for its intended purposes; (2) minor repainting; (3) resurfacing of streets and highways at less than one inch thickness; or (4) landscape maintenance. (Public Contract Code 22002.)
PURCHASE	Renting, leasing, licensing, trading or in any other way acquiring Equipment or Supplies or Services is determined to be a purchase on behalf of the City of Kerman.
PURCHASE OFFICER	The Finance Director or his/her designated representative.
PURCHASE ORDER	A document generated to formalize a purchase transaction with a vendor or to assure the proper set-aside of funds for a purchase. The purchase order should contain sufficient information to fill the order in an accurate and timely fashion. The vendor's acceptance of a purchase order constitutes a contract.
QUOTE	A verbal or written promise from the vendor/contractor guaranteeing that the cost of specific goods, supplies, or services will not be exceeded.
REQUEST FOR PROPOSAL	All documents used for soliciting competitive proposals. The RFP defines, in detail, the terms, conditions, and specifications of goods or services required by the City. An RFP is primarily intended for large, complex, projects where cost and performance are equally important. The RFP procedure permits negotiation of Proposals and prices as distinguished from Competitive Bidding and a Notice Inviting Bids. The procedure allows changes to be made after Proposals are opened and contemplates that the nature of the Proposals and/or prices offered will be negotiated prior to Award.
REQUEST FOR QUALIFICATIONS	A request seeking a written presentation of the professional qualifications and experience of a proposed contractor.
RESPONSIVE BIDDER/VENDOR	A person who has the capability in all respects to perform in full the Contract requirements, and the integrity and reliability which will assure good faith performance.

TERM	DEFINITION
RESPONSIVE BIDDER	(1) A person who has submitted a Bid which conforms in all material respects to the Notice Inviting Bids (NIB) or (2) One whose Bid conforms in all material respects to the terms and conditions, Specifications and other requirements of the NIB.
SEALED BID	A Bid which has been submitted in a sealed envelope to prevent its contents from being revealed or known before the deadline for the submission of all Bids; required on Formal Bids.
SOUL SOURCE	An Award for a commodity or service to the only reasonably known capable supplier due to the unique nature of the requirement, the supplier, or market conditions.
SPECIFICATIONS	A description of what the Purchaser seeks to buy or accomplish, and consequently, what a Bidder must be responsive to in order to be considered for Award of a Contract. A Specification may be a description of the physical or functional characteristics, or the nature of a supply or service. It may include a description of any requirements for inspecting, testing, or preparing a supply or service item for delivery.
SPLIT.	<p>To divide a Purchase into two or more parts in order to avoid the requirements of the Purchasing Policy. This action is prohibited by the Policy.</p> <p>Examples:</p> <p>Split: If a department knows it will use \$16,000 of a particular supply in one fiscal year and they place two orders six months apart to keep each order below the \$15,000 limit, the action is considered Splitting and is not allowed under the policy</p> <p>Not Split: If a department hires ABC Engineering to prepare a fee study for \$8,000 and also hires the same company to oversee a capital improvement project for \$9,000, the action is not considered splitting.</p>
SURPLUS PROPERTY	Any city personal property that is no longer needed or usable by the holding department.
SUPPLIES	Office Supplies, janitorial Supplies, materials, goods, tools, or other commodities used in the general conduct of the City’s business, excepting Supplies or materials for a Public Work which is regulated under the Public Contract Code section 20160, et seq.
VENDOR	A supplier of goods or services.
WARRANTY	The representation that something is true. Not to be confused with “Guarantee”. A representation of utility, condition, and durability made by a Bidder or Vendor of a product offered.

APPENDIX A

PUBLIC CONTRACT CODE SECTION 22030-22045

22030. This article applies only to a public agency whose governing board has by resolution elected to become subject to the uniform construction cost accounting procedures set forth in Article 2 (commencing with Section 22010) and which has notified the Controller of that election. In the event of a conflict with any other provision of law relative to bidding procedures, this article shall apply to any public agency which has adopted a resolution and so notified the Controller.

22031. (b) On or after January 1, 2013, this article shall not prohibit a board of supervisors or a county road commissioner from utilizing, as an alternative to the procedures set forth in this article, the procedures set forth in Article 25 (commencing with Section 20390) of Chapter 1 for both of the following:

(1) Maintenance and emergency work.

(2) New road construction and road reconstruction as long as the total annual value of the new road construction and the road reconstruction performed under the procedures set forth in subdivision (c) of Section 20395 does not exceed 30 percent of the total value of all work performed by force account other than maintenance as reported in the Controller's Streets and Roads Annual Report as of January 1 of each year.

(c) On or after January 1, 2013, for a county with a population of less than 50,000, this article shall not prohibit a board of supervisors or a county road commissioner from utilizing, as an alternative to the procedures set forth in this article, the procedures set forth in Article 25 (commencing with Section 20390) of Chapter 1.

(d) The requirements set forth in Section 22038 shall apply to any county subject to this section.

(e) Any county board of supervisors or county road commissioner acting pursuant to the authority granted in paragraph (2) of subdivision (b) shall declare its intention to use this authority prior to commencing work.

22032. (a) Public projects of forty-five thousand dollars (\$45,000) or less may be performed by the employees of a public agency by force account, by negotiated contract, or by purchase order.

(b) Public projects of one hundred seventy-five thousand dollars (\$175,000) or less may be let to contract by informal procedures as set forth in this article.

(c) Public projects of more than one hundred seventy-five thousand dollars (\$175,000) shall, except as otherwise provided in this article, be let to contract by formal bidding procedure.

22033. It shall be unlawful to split or separate into smaller work orders or projects any project for the purpose of evading the provisions of this article requiring work to be done by contract after competitive bidding.

22034. Each public agency that elects to become subject to the uniform construction accounting procedures set forth in Article 2 (commencing with Section 22010) shall enact an informal bidding ordinance to govern the selection of contractors to perform public projects pursuant to subdivision (b) of Section 22032. The ordinance shall include all of the following:

(a) The public agency shall maintain a list of qualified contractors, identified according to categories of work. Minimum criteria for development and maintenance of the contractors list shall be determined by the commission.

(b) All contractors on the list for the category of work being bid or all construction trade journals specified in Section 22036, or both all contractors on the list for the category of work being bid and all construction trade journals specified in Section 22036, shall be mailed a notice inviting informal bids unless the product or service is proprietary.

(c) All mailing of notices to contractors and construction trade journals pursuant to subdivision (b) shall be completed not less than 10 calendar days before bids are due.

(d) The notice inviting informal bids shall describe the project in general terms and how to obtain more detailed information about the project, and state the time and place for the submission of bids.

(e) The governing body of the public agency may delegate the authority to award informal contracts to the public works director, general manager, purchasing agent, or other appropriate person.

(f) If all bids received are in excess of one hundred seventy-five thousand dollars (\$175,000), the governing body of the public agency may, by adoption of a resolution by a four-fifths vote, award the contract, at one hundred eighty-seven thousand five hundred dollars (\$187,500) or less, to the lowest responsible bidder, if it determines the cost estimate of the public agency was reasonable.

22035. (a) In cases of emergency when repair or replacements are necessary, the governing body may proceed at once to replace or repair any public facility without adopting plans, specifications, strain sheets, or working details, or giving notice for bids to let contracts. The work may be done by day labor under the direction of the governing body, by contractor, or by a combination of the two.

(b) In case of an emergency, if notice for bids to let contracts will not be given, the public agency shall comply with Chapter 2.5 (commencing with Section 22050).

22035.5. In counties that are under court order to relieve justice facility overcrowding, the procedures and restrictions specified in Section 20134 shall apply to all contracts issued under this chapter.

22036. The commission shall determine, on a county-by-county basis, the appropriate construction trade journals which shall receive mailed notice of all informal and formal construction contracts being bid for work within the specified county.

22037. Notice inviting formal bids shall state the time and place for the receiving and opening of sealed bids and distinctly describe the project. The notice shall be published at least 14 calendar days before the date of opening the bids in a newspaper of general circulation, printed and published in the jurisdiction of the public agency; or, if there is no newspaper printed and published within the jurisdiction of the public agency, in a newspaper of general circulation which is circulated within the jurisdiction of the public agency, or, if there is no newspaper which is circulated within the jurisdiction of the public agency, publication shall be by posting the notice in at least three places within the jurisdiction of the public agency as have been designated by ordinance or regulation of the public agency as places for the posting of its notices. The notice inviting formal bids shall also be sent electronically, if available, by either facsimile or electronic mail and mailed to all construction trade journals specified in Section 22036. The notice shall be sent at least 15 calendar days before

the date of opening the bids. In addition to notice required by this section, the public agency may give such other notice as it deems proper.

22038. (a) In its discretion, the public agency may reject any bids presented, if the agency, prior to rejecting all bids and declaring that the project can be more economically performed by employees of the agency, furnishes a written notice to an apparent low bidder. The notice shall inform the bidder of the agency's intention to reject the bid and shall be mailed at least two business days prior to the hearing at which the agency intends to reject the bid. If after the first invitation of bids all bids are rejected, after reevaluating its cost estimates of the project, the public agency shall have the option of either of the following:

(1) Abandoning the project or re-advertising for bids in the manner described by this article.

(2) By passage of a resolution by a four-fifths vote of its governing body declaring that the project can be performed more economically by the employees of the public agency, may have the project done by force account without further complying with this article.

(b) If a contract is awarded, it shall be awarded to the lowest responsible bidder. If two or more bids are the same and the lowest, the public agency may accept the one it chooses.

(c) If no bids are received through the formal or informal procedure, the project may be performed by the employees of the public agency by force account, or negotiated contract without further complying with this article.

22039. The governing body of the public agency shall adopt plans, specifications, and working details for all public projects exceeding the amount specified in subdivision (c) of Section 22032.

22040. Any person may examine the plans, specifications, or working details, or all of these, adopted by the public agency for any project.

22041. This article does not apply to the construction of any public building used for facilities of juvenile forestry camps or juvenile homes, ranches, or camps established under Article 15 (commencing with Section 880) of Chapter 2 of Part 1 of Division 2 of the Welfare and Institutions Code, if a major portion of the construction work is to be performed by wards of the juvenile court assigned to those camps, ranches, or homes.

22042. The commission shall review the accounting procedures of any participating public agency where an interested party presents evidence that the work undertaken by the public agency falls within any of the following categories:

(a) Is to be performed by a public agency after rejection of all bids, claiming work can be done less expensively by the public agency.

(b) Exceeded the force account limits.

(c) Has been improperly classified as maintenance.

22043. (a) In those circumstances set forth in subdivision (a) of Section 22042, a request for commission review shall be in writing, sent by certified or registered mail received by the commission postmarked no later than eight business days from the date the public agency has rejected all bids.

(b) In those circumstances set forth in subdivision (b) or (c) of Section 22042, a request for commission review shall be by letter received by the commission not later than eight days from the date an interested party formally complains to the public agency.

(c) The commission review shall commence immediately and conclude within the following number of days from the receipt of the request for commission review:

(1) Forty-five days for a review that falls within subdivision (a) of Section 22042.

(2) Ninety days for a review that falls within subdivision (b) or (c) of Section 22042.

(d) During the review of a project that falls within subdivision (a) of Section 22042, the agency shall not proceed on the project until a final decision is received by the commission.

22044. The commission shall prepare written findings. Should the commission find that the provisions of this chapter or of the uniform cost accounting procedures provided for in this chapter were not complied with by the public agency, the following steps shall be implemented by that agency:

(a) On those projects set forth in subdivision (a) of Section 22042, the public agency has the option of either (1) abandoning the project, or (2) awarding the project to the lowest responsible bidder.

(b) On those projects set forth in subdivision (b) or (c) of Section 22042, the public agency shall present the commission's findings to its governing body and that governing body shall conduct a public hearing with regard to the commission's findings within 30 days of receipt of the findings.

22044.5. If the commission makes a finding, in accordance with Section 22043, on three separate occasions within a 10-year period, that the work undertaken by a public agency falls within any of the categories described in Section 22042, the commission shall notify the public agency of that finding in writing by certified mail and the public agency shall not use the bidding procedures provided by this article for five years from the date of the commission's findings.

22045. (a) No later than January 1, 1985, the commission shall recommend, for adoption by the Controller, written procedures implementing the accounting procedures review provided for in this article.

(b) The Controller shall, upon receipt of the commission's recommendation, review and evaluate the recommended procedures and either formally adopt or reject the recommended procedures within 90 days of submission of the commission.

**CITY OF KERMAN
CD/Securities Portfolio
As of October 31, 2014**

Institution	Account Number	Interest Rate/ Trans. Date	Opening Date	Maturity Date	6/30/2014 Book Balance	Additions/ (Deletions)	Cashed In	6/30/2015 Book Balance	Fair Value	FY to Date Interest Paid
CD's:										
Pacific Mercantile Bank	80900343	0.95%	1/22/08	1/22/14	99,000.00			99,000.00	99,000.00	334.34
American Express Centurion Bank	615-030525-245	1.20%	8/11/11	8/11/14	52,000.00	(52,000.00)		-	-	309.44
CIT Bank	615-030525-245	1.15%	8/10/11	8/11/14	46,000.00	(46,000.00)		-	-	263.78
World Financial Network NB	615-030525-245	1.25%	8/31/11	8/29/14	200,000.00	(200,000.00)		-	-	-
Ally Bank	615-030525-245	1.75%	10/8/10	10/8/14	100,000.00	(100,000.00)		-	-	877.40
CIT Bank, Salt Lake City, UT	615-030525-245	1.50%	5/4/11	11/4/14	99,000.00			99,000.00	99,000.00	-
GE Money Bank	615-030525-245	1.70%	11/5/10	11/5/14	97,000.00			97,000.00	97,000.00	-
GE Money Bank	615-030525-245	1.70%	1/21/11	1/21/15	100,000.00			100,000.00	100,263.00	843.01
State Bank of India	615-030525-245	2.00%	3/24/11	3/24/15	98,000.00			98,000.00	98,556.64	988.05
Ally Bank, Midvale	615-030525-245	1.80%	6/8/11	6/8/15	147,000.00			147,000.00	148,295.07	-
EverBank	615-030525-245	0.70%	12/14/12	6/15/15	98,000.00			98,000.00	98,304.78	-
Mercantile Bank of Michigan	615-030525-245	2.00%	1/21/11	7/21/15	150,000.00			150,000.00	151,627.50	1,487.67
GE Money Bank	615-030525-245	1.50%	8/5/11	8/5/15	50,000.00			50,000.00	50,354.50	371.92
Sallie Mae Bank	615-030525-245	1.10%	8/8/12	8/10/15	97,000.00			97,000.00	97,482.09	529.12
Safra National Bank	615-030525-245	0.70%	8/15/13	8/17/15	100,000.00			100,000.00	100,105.00	347.12
Discover Bank	615-030525-245	1.55%	9/14/11	9/14/15	99,000.00			99,000.00	100,149.39	773.56
State Bank of India	615-030525-245	2.25%	9/29/10	9/29/15	100,000.00			100,000.00	101,454.00	1,134.25
Lake City Bank	615-030525-245	0.55%	1/29/14	1/29/16	95,000.00			95,000.00	95,013.30	219.04
Discover Bank Greenwood	615-030525-245	1.35%	2/1/12	2/1/16	51,000.00			51,000.00	51,693.60	341.42
Goldman Sachs Bank	615-030525-245	1.40%	2/1/12	2/1/16	48,000.00			48,000.00	48,383.52	333.24
Synovus Bank	615-030525-245	0.50%	3/17/14	3/17/16	100,000.00			100,000.00	99,836.00	-
Doral Bank	615-030525-245	0.70%	6/12/13	6/13/16	149,000.00			149,000.00	148,982.12	-
Doral Bank San Juan PR	615-030525-245	1.20%	6/28/12	6/28/16	99,000.00			99,000.00	99,883.08	-
State Bank of India	615-030525-245	2.00%	8/12/11	8/12/16	47,000.00			47,000.00	47,886.89	466.14
Medallion Bank	615-030525-245	1.00%	8/19/13	8/19/16	100,000.00			100,000.00	100,318.00	495.89
Goldman Sachs Bank USA	615-030525-245	1.85%	8/31/11	8/31/16	200,000.00			200,000.00	203,236.00	1,865.21
Ally Bank	615-030525-245	0.95%	10/2/14	10/11/16		100,000.00		100,000.00	99,850.00	-
Firstbank of Puerto Rico	615-030525-245	1.10%	1/25/13	1/25/17	53,000.00			53,000.00	53,115.01	145.36
Firstbank of Puerto Rico	615-030525-245	0.90%	3/1/13	3/1/17	196,000.00			196,000.00	196,045.08	589.62
CIT Bank	615-030525-245	0.90%	3/27/13	3/27/17	98,000.00			98,000.00	98,066.64	444.62
Ge Capital Bank	615-030525-245	1.10%	5/8/14	5/16/17	248,000.00			248,000.00	247,541.20	-
American Express Centurion Bank	615-030525-245	1.70%	7/26/12	7/26/17	98,000.00			98,000.00	99,061.34	826.15
Sallie Mae Bank	615-030525-245	1.70%	8/22/12	8/22/17	150,000.00			150,000.00	152,001.00	1,748.47
1st Merchants	615-030525-245	1.00%	3/21/14	9/21/17	96,000.00			96,000.00	95,982.72	-
Third Federal	615-030525-245	1.15%	2/21/14	11/21/17	99,000.00			99,000.00	99,108.90	2,127.31
Bank of Baroda	615-030525-245	1.25%	3/8/13	3/8/18	248,000.00			248,000.00	246,866.64	-
Wells Fargo Bank in SD	615-030525-245	1.00%	3/28/13	3/29/18	248,000.00			248,000.00	247,729.68	625.10
American Express Centurion Bank	615-030525-245	1.15%	5/16/13	5/16/18	98,000.00			98,000.00	97,071.94	-
Compass Bank	615-030525-245	1.70%	7/31/13	7/31/18	97,000.00			97,000.00	97,845.84	817.72
American Express Bank, FSB	615-030525-245	1.25%	8/14/14	8/14/18		98,000.00		98,000.00	97,447.28	-
Barclays Bank	615-030525-245	1.90%	4/15/14	4/15/19	248,000.00			248,000.00	247,950.40	2,362.45
BMW Salt Lake City UT	615-030525-245	1.95%	6/20/14	6/20/19	200,000.00			200,000.00	199,156.00	-
	Average Rate	1.25%								
Subtotal - CD's					4,798,000.00	(200,000.00)	-	4,598,000.00	4,611,664.15	21,667.40

Government Securities:

**CITY OF KERMAN
CD/Securities Portfolio
As of October 31, 2014**

Institution	Account Number	Interest Rate/ Trans. Date	Opening Date	Maturity Date	6/30/2014 Book Balance	Additions/ (Deletions)	Cashed In	6/30/2015 Book Balance	Fair Value	FY to Date Interest Paid
Subtotal - Government Securities					-	-	-	-	-	-
Central Valley Comm Bank CD					200,000.00			200,000.00	200,000.00	903.12
Total CD and Government Securities Investments					4,998,000.00	(200,000.00)	-	4,798,000.00	4,811,664.15	22,570.52
Chandler Asset Management										
Beginning Balance	(City of Kerman)				-			-	150,825.51	-
Interest					150,825.51			-		-
Chandler Ending Balance					150,825.51	-	-	150,825.51	150,825.51	-
Central Valley Money Market Acct										
Beginning Balance	015030960				2,901,993.40			2,901,993.40		
Interest			7/31/14			286.72		286.72		286.72
			8/31/14			282.39		282.39		282.39
			9/30/14			231.47		231.47		231.47
			10/31/14			236.58		236.58		236.58
								-		-
								-		-
								-		-
								-		-
								-		-
								-		-
								-		-
								-		-
Transfers In/(Out)			7/10/14			(125,000.00)		(125,000.00)		
			8/28/14			(50,000.00)		(50,000.00)		
			9/12/14			(500,000.00)		(500,000.00)		
			9/19/14			(160,000.00)		(160,000.00)		
			10/2/14			350,000.00		350,000.00		
			10/16/14			(165,000.00)		(165,000.00)		
								-		-
								-		-
Subtotal All City Investments					4,798,000.00	(200,000.00)	-	4,598,000.00	4,611,664.15	21,667.40

CITY OF KERMAN
 CD/Securities Portfolio
 As of October 31, 2014

Institution	Account Number	Interest Rate/ Trans. Date	Opening Date	Maturity Date	6/30/2014 Book Balance	Additions/ (Deletions)	Cashed In	6/30/2015 Book Balance	Fair Value	FY to Date Interest Paid
SUCCESSOR AGENCY										
Total - CD's					-	-	-	-	-	-
CVCB Money Market Accts	015029549									
Beginning Balance					131,388.51			131,388.51		
Interest			7/31/14			4.46		4.46		4.46
			8/31/14			4.46		4.46		4.46
			9/30/14			4.03		4.03		4.03
								-		-
								-		-
								-		-
								-		-
								-		-
								-		-
Transfers In/(Out)			9/29/14			(131,397.43)		(131,397.43)		
			10/1/14			(4.03)		(4.03)		
								-		-
								-		-
Subtotal CVCB Money Market					131,388.51	(131,388.51)	-	(0.00)	(0.00)	12.95
Subtotal SBI Money Market					-	-	-	-	-	-
Ending Balance - Money Market Accts					131,388.51	(131,388.51)	-	(0.00)	(0.00)	12.95
Subtotal All Successor Agency Investments					131,388.51	(131,388.51)	-	(0.00)	(0.00)	12.95
Total Investments					5,280,214.02	(331,388.51)	-	4,948,825.51	4,962,489.66	22,583.47
								Market Value Adjustment	13,664.15	
								(331,388.51)		
								(331,388.51)		
								-		



City of Kerman

"Community Comes First"

MAYOR
Gary Yep

MAYOR PRO-TEM
Doug Wilcox

COUNCIL MEMBER
Raj Dhaliwal

COUNCIL MEMBER
Nathan Fox

COUNCIL MEMBER
Bill Nijjer

DEPARTMENT: FINANCE
STAFF REPORT

CITY COUNCIL MEETING

COUNCIL MEETING DATE: NOVEMBER 19, 2014

To: Mayor and City Council
From: Toni Jones, Finance Director
Subject: Independent Auditor's Report for Fiscal Year 2013-14

RECOMMENDATION

Council to accept the Independent Auditor's Report for Fiscal Year ended June 30, 2014.

EXECUTIVE SUMMARY

The City's independent auditor, Bryant L. Jolley, CPA, has completed and submitted the audited financial statements for the year ended June 30, 2014. The purpose of the audit is to determine that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States. A copy of the audited financial statements is enclosed with your agenda under separate cover. Ryan P. Jolley will present the audited financial statements to the City Council.

OUTSTANDING ISSUES

None.

DISCUSSION

The audit is prepared each year as part of the state-required audit by an independent, certified auditor. The auditor conducts an audit in accordance with standards generally accepted in the United States of America and the standards applicable to financial audits contained the Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Aside from presenting an opinion on the audited financial statements, the fiscal year end audit includes a Management Discussion and Analysis, a report for compliance of federal programs as required by *U.S. Office of management and Budget Circular A-133*, and a report on the City of Kerman's internal controls over financial reporting. Each will be briefly discussed below.

Financial Statements

Staff is pleased to report that the auditor gave an unqualified opinion again this year and the audited financial statements do not contain any instances of noncompliance or notes raised by the auditor. This is the third straight year that the City has received a clean audit with no identified deficiencies and no instances of noncompliance noted.

Excerpt of auditor's opinions are as follows:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kerman, California, (the City) as of and for the year ending June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kerman, California, as of June 30, 2014, and the respective change in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Management Discussion and Analysis

The General Accounting Standards Board requires that a Management Discussion and Analysis be presented to supplement the basic financial statements in order to provide an appropriate operational, economic, or historical context to the financial statements. Below are some highlights from the Management Discussion and Analysis prepared by staff beginning on Page 3 through 10 of the auditor's report:

Statement of Net Position

- Government-wide total assets at fiscal year ending June 30, 2014 increased by \$654,553 to \$48,655,676, which is 1.36% higher than fiscal year ending June 30, 2013.
- Government-wide total liabilities at fiscal year ending June 30, 2014 decreased by \$571,529 to \$11,611,775, which is 4.68% less than fiscal year ending June 30, 2013.
- The Net Position (assets less liabilities) at fiscal year ending June 30, 2014 increased by \$1,226,082 to \$37,043,901, which is 3.42% higher than fiscal year ending June 30, 2013. Of this amount \$5,979,806 is unrestricted which is available to meet the City's ongoing commitments to citizens and creditors.

Statement of Revenues, Expenses and Changes in Net Position

- Government-wide operating revenues for 2014 increased by \$763,109 to \$11,607,385 and operating expenses increased by \$763,206 to \$10,381,303 for a change in Net Position of \$1,226,082 or \$97 less than 2013.
- Total actual General Fund revenues as of June 30, 2014 increased by \$166,541 to \$4,449,984 and total actual General Fund expenditures decreased by \$16,984 to \$4,275,274 resulting in \$174,710 revenues in excess of expenditures.
- Total fund balance in the General Fund as of June 30, 2014 increased by \$531,615 to \$2,616,040, which is 26% higher than fiscal year ending June 30, 2013.
- Sewer expenditures exceeded revenues by \$384,130 due primarily to debt service and depreciation expenses which is not budgeted for.
- Storm Drain expenditures also exceeded revenues by \$129,623 due to development fee credit reimbursements from the Development Impact Fee funds.

Report on Federal Programs

The audit of each of the City's major federal programs was examined for compliance with *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. The auditor opined that the City of Kerman complied, in all material respects, with OMB Circular A-133 on each of the federal programs for the year ended June 30, 2014. In addition, the auditor did not identify any deficiencies in internal control over compliance that was considered to be a material weakness.

Report on Internal Control over Financial Reporting

The audit includes an examination of the City's internal controls over financial reporting to determine if there is a deficiency, material weakness, or significant deficiency in internal controls. The auditor reported that no deficiencies were identified in internal control and that there were no instances of noncompliance noted.

In summary, the City ended fiscal year 2013-2014 in relatively good shape. This is a testament to the City Council's commitment to sound fiscal policy. Finance would like to thank staff and all departments for their role in helping ensure that the City once again had a clean audit.

FISCAL IMPACT

The auditor's report represents a review of City financial statements and there is no direct financial implication from accepting the report.

PUBLIC HEARING

None required.

Attachments:

- A. Independent Auditor's Report and Financial Statements (attached under separate cover)

CITY OF KERMAN

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
JUNE 30, 2014**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Kerman, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kerman, California, (the City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kerman, California, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 - 10 and pages 42 and 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Kerman's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2014, on our consideration of the City of Kerman's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Kerman's internal control over financial reporting and compliance.

October 31, 2014



CITY OF KERMAN
MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2014

The management of the City of Kerman is pleased to present the following discussion and analysis that provides an overview of the financial position and activities of the City of Kerman as of and for the year ended June 30, 2014. The discussion should be read in conjunction with the financial statements and accompanying notes which follow this section.

Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's financial statements which include all activities of the City of Kerman and include the Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position. The statements are accompanied by footnotes to clarify unique accounting policies and other financial information and required supplementary information. The assets, liabilities, revenues and expenses of the City are reported on an accrual basis of accounting.

Fund Financial Statements provide more detailed information about the City's most significant funds, not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State Law or by bond covenants. Management establishes other funds to control and manage money for particular purposes or to show the City is meeting legal responsibilities for using certain taxes, grants, and other money. All the funds of the City can be classified into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Such information is useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation between governmental funds and governmental activities. This reconciliation explains the relationship (or differences) between the fund statements and the government-wide statements.

The City of Kerman maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the General Fund and Gas Tax Funds, which are considered to be major funds. Data from the other thirteen funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for the City's funds. A budgetary comparison statement has been provided for the General Fund and the Gas Tax Funds to demonstrate compliance to this budget and can be found on page 43.

The basic governmental fund financial statements can be found on pages 14 and 16 of this report.

Proprietary funds. The City has six different types of proprietary funds, four enterprise funds and two internal service funds. Enterprise funds are used to report the same functions represented as business-type activities in the government-side financial statements. The City utilizes enterprise funds to account for those activities that are supported primarily by user charges to external users, and include water, sewer, disposal and storm drain. Internal service funds are used to account for activities that are supported by user charges primarily to the City's other programs and activities and include vehicle and equipment and technology services.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, Disposal and Storm Drain funds, all of which are major funds. All of the internal service funds are combined into a single, aggregated presentation in the fund financial statements.

The basic proprietary fund financial statements can be found on pages 18 – 20 of this report.

Fiduciary funds are used to account for resources held for the benefits of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the City cannot use these funds to finance its operations.

The basic fiduciary fund financial statements can be found on pages 21 – 23 of this report.

The **Statement of Net Position** presents information on all of the City's assets and liabilities, with the difference between the two representing net position (equity). Assets and liabilities are classified as current or noncurrent. Changes from one year to the next in total net position, as presented on the Statement of Net Position, are based on the activity presented on the Statement of Revenues, Expenses and Changes in Net Position.

The **Statement of Revenues, Expenses and Changes in Net Position** is the City's income statement. Revenues earned and expenses incurred during the year are classified as either "operating" or "non-operating." All revenues and expenses are recognized as soon as the underlying event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in the disbursement or collection of cash during future fiscal years.

The **Notes to the Financial Statements** provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes describe the nature of the City's operations and significant accounting policies and provide clarification regarding unique financial information. The notes to the financial statements can be found on pages 24 – 42 of this report.

Following the basic financial statements and footnotes is **required supplementary information**, which provides further detail.

Financial Highlights

Government-wide financial highlights for the fiscal year ended June 30, 2014:

I. Statement of Net Position

Condensed Statement of Net Position

	<u>2014</u>	<u>2013</u>	
Assets	\$ 48,655,676	\$ 48,001,123	Government-wide total assets at fiscal year ending June 30, 2014 increased by \$654,553 which is 1.36% higher than fiscal year ending June 30, 2013.
Liabilities	\$ 11,611,775	\$ 12,183,304	Government-wide total liabilities at fiscal year ending June 30, 2014 decreased by \$571,529 which is 4.69% less than fiscal year ending June 30, 2013.
Net Position	\$ 37,043,901	\$ 35,817,819	The Net Position (assets less liabilities) at fiscal year ending June 30, 2014 increased by \$1,226,082 which is 3.42% higher than fiscal year ending June 30, 2013. Of this amount \$5,979,806 is unrestricted which is available to meet the City's ongoing commitments to citizens and creditors.

Statement of Net Position (Detail)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Assets:						
Current and other assets	4,742,085	4,955,365	4,084,702	4,256,530	8,826,787	9,211,895
Capital assets	22,130,584	20,392,198	17,698,305	18,397,030	39,828,889	38,789,228
Total Assets	<u>26,872,669</u>	<u>25,347,563</u>	<u>21,783,007</u>	<u>22,653,560</u>	<u>48,655,676</u>	<u>48,001,123</u>
Liabilities:						
Current and other liabilities	218,258	3,881,879	305,678	7,723,807	523,936	11,605,686
Long-term liabilities	3,811,486	253,203	7,276,353	324,415	11,087,839	577,618
Total Liabilities	<u>4,029,744</u>	<u>4,135,082</u>	<u>7,582,031</u>	<u>8,048,222</u>	<u>11,611,775</u>	<u>12,183,304</u>
Net Assets:						
Invested in capital assets, net of related debt	18,584,478	16,753,336	10,516,922	10,776,576	29,101,400	27,529,912
Restricted	1,962,695	2,471,118	-	-	1,962,695	2,471,118
Unrestricted	2,295,752	1,988,027	3,684,054	3,828,762	5,979,806	5,816,789
Total Net Position	<u>22,842,925</u>	<u>21,212,481</u>	<u>14,200,976</u>	<u>14,605,338</u>	<u>37,043,901</u>	<u>35,817,819</u>

Of the total net position, \$29,101,400 or 79% is the City's investment in capital assets (e.g. land, buildings and improvements, machinery and equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding.

Almost all the City's long-term liabilities relate to the acquisition of capital assets. Some of those assets include the City's water and sewer facilities. These capital assets are utilized to provide services to citizens and are not available for future spending. The repayment of the debt on these assets must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position amounts to \$1,962,695 or 5% of the total. Restricted net position are those resources that are subject to external restriction imposed by the State on how they may be used.

Unrestricted net position are those resources which may be used to meet the City's ongoing commitments to citizens and creditors. Government-wide unrestricted net position are \$5,979,806 or 16% of the total net position. While the business-type activities account for \$3,684,054 or 62% of the total, the City can only use this amount to finance the continuing operations of the water, sewer, disposal and storm drain operations.

Governmental Activities. Governmental activities account for \$22,842,925 or 62% of the total Government-wide net position. This is an increase of \$1,630,444 or 8% over the June 30, 2013 governmental net position ending balance.

II. Statement of Revenues, Expenses and Changes in Net Position

Statement of Revenues, Expenses and Change in Net Position (Condensed)

	<u>2014</u>	<u>2013</u>
Operating Revenues	\$ 11,607,385	\$ 10,844,276
Operating Expenses	10,381,303	9,618,097
Increase in Net Position	1,226,082	1,226,179
Net Position, Beginning of Year	35,817,819	34,475,961
Net Position, End of Year	<u>37,043,901</u>	<u>35,817,819</u>

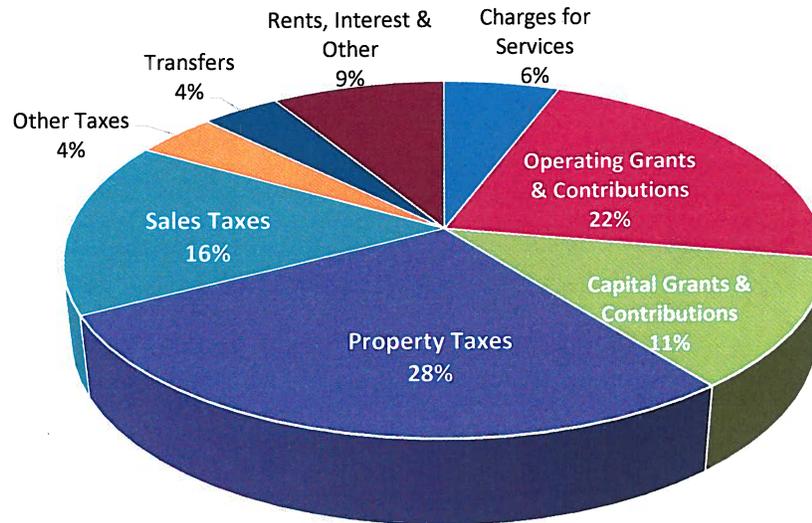
Statement of Revenues, Expenses and Change in Net Assets (Detail)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues:						
Charges for Services	440,443	228,663	4,178,152	3,972,695	4,618,595	4,201,358
Operating Grants & Contributions	1,656,391	1,504,591	5,000	5,000	1,661,391	1,509,591
Capital Grants & Contributions	878,496	1,073,457	115,514	112,973	994,010	1,186,430
General Revenues:					-	-
Property Taxes	2,111,286	1,841,927			2,111,286	1,841,927
Sales Taxes	1,195,132	1,105,446			1,195,132	1,105,446
Other Taxes	307,782	292,015			307,782	292,015
Transfers	293,092	(66,045)	(293,092)	66,045	-	-
Rents, Interest & Other	653,702	641,708	65,487	65,801	719,189	707,509
Total Revenues	<u>7,536,324</u>	<u>6,621,762</u>	<u>4,071,061</u>	<u>4,222,514</u>	<u>11,607,385</u>	<u>10,844,276</u>
Expenses:						
General Government	609,727	417,533			609,727	417,533
Public Safety	2,711,308	2,611,345			2,711,308	2,611,345
Social Services	828,772	847,028			828,772	847,028
Public Works	1,252,754	1,158,522			1,252,754	1,158,522
Community Development	345,088	211,906			345,088	211,906
Interest & Fiscal Charges	158,231	161,558			158,231	161,558
Water			1,489,259	1,469,418	1,489,259	1,469,418
Sewer			1,753,406	1,661,687	1,753,406	1,661,687
Disposal			1,007,728	1,005,543	1,007,728	1,005,543
Storm Drain			225,030	73,557	225,030	73,557
Total Expenses	<u>5,905,880</u>	<u>5,407,892</u>	<u>4,475,423</u>	<u>4,210,205</u>	<u>10,381,303</u>	<u>9,618,097</u>
Increase in Net Position	1,630,444	1,213,870	(404,362)	12,309	1,226,082	1,226,179
Net Position - Beginning	21,212,481	19,882,932	14,605,338	14,593,029	35,817,819	34,475,961
Prior Period Adjustment		115,679			-	115,679
Net Position - Ending	<u>22,842,925</u>	<u>21,212,481</u>	<u>14,200,976</u>	<u>14,605,338</u>	<u>37,043,901</u>	<u>35,817,819</u>

Total governmental revenues for the year were \$7,536,324 with charges for services comprising of 6% of the total revenue. Taxes, which include property, sales and other taxes, account for \$3,614,200 or 48% of the City's governmental activities revenue.

Total governmental expenses for the year were \$5,905,880. Public Safety accounts for \$2,711,308 or 46% of the total governmental activities expenses, followed by Public Works, Social Services and Community Development with \$1,252,754, \$828,772, and \$345,088 or 21%, 14%, and 6% respectively.

Revenues by Source-Governmental Activities

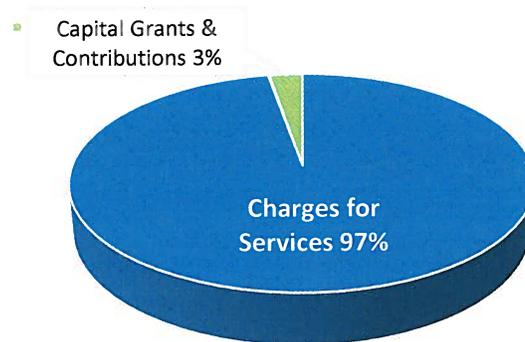


Program revenues which include charges for services, grant revenues and developer capital contributions account for \$2,975,330 or approximately 39% of the total governmental activity revenue. The amounts necessary to fully fund the governmental activity programs are made up by "general" revenues such as taxes, interest and developer fees.

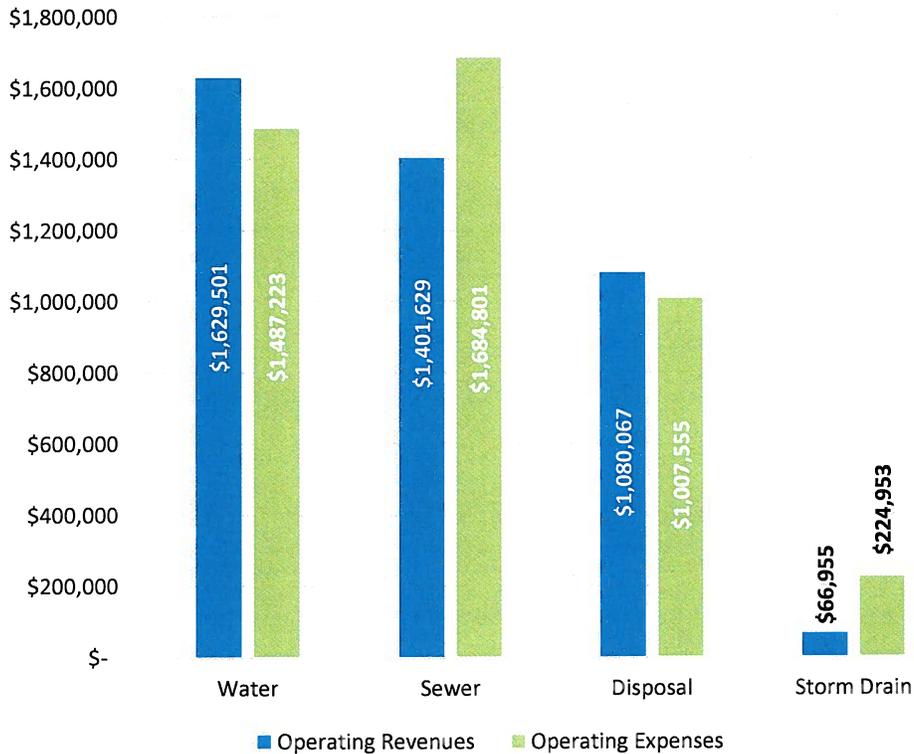
Business-Type Activities

Business-type activities account for \$14,200,976 or 38% of the total Government-wide net assets. This is a decrease of \$404,362 or 3% compared to June 30, 2013. Charges for current services account for \$4,178,152 or 96% of the total business-type activity revenue (excluding transfers).

Revenues by Source-Business Type Activities



Operating Expenses and Operating Revenues-Business Type Activities



In a review of the chart illustrating Operating Expenses and Operating Revenues, it can be noted in Water and Disposal that the operating revenues exceeded operating expenses and were sufficient to cover on-going operational costs and set aside approximately \$214,790 combined. On-going operating costs in Sewer along with Development Fee Credit reimbursements in Storm Drain exceeded operating revenues by approximately \$441,170 for the fiscal year ending June 30, 2014.

Financial Analysis

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

Governmental Funds. The ending fund balance for all governmental funds is \$4,470,760 which is an increase of \$16,426 or 0.4% when compared to the prior year balance. Of the total fund balance, \$2,508,065 or 56% is unreserved, which is available for spending at the City's discretion, within the limitations of the fund's purpose. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed for the following:

- Circulation Improvements \$1,176,380
- Development Activities \$ 731,792
- Lighting and Landscape Maint. \$ 21,740
- Low-income Housing Activities \$ 32,783

The general fund is the chief operating fund of the City. As of June 30, 2014 the total fund balance of the general fund was \$2,616,040 with the unassigned fund balance of \$2,616,040. The general fund total fund balance increased \$531,615 or 26% from the previous fiscal year. The unassigned portion, as indicated, is available for spending at the City's discretion.

The increase in the General Fund Balance indicates that the General Fund had more revenues and transfers in than it had expenditures and transfers out. The original 2013/2014 budget allowed for a \$422,037 net increase to the fund balance. However, the actual end result from current year activity was a \$531,615 net increase to the General Fund, after capital outlay expenditures of \$58,103 (page 43).

Proprietary Funds. As indicated in the description of proprietary funds, there are two types of funds, enterprise and internal service funds. All the City's enterprise funds ended the year with positive unrestricted net assets.

The internal service funds experienced a decrease in unrestricted net position of (\$16,339) mostly due to higher than anticipated vehicle repairs in fiscal year ending June 30, 2014.

General Fund Budgetary Highlights

The Statement of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual on page 43 outlines the differences between the budget and actual numbers. The City experienced \$166,541 or 4% more total revenues and \$16,948 or 0.4% decrease in total expenditures that the final budget allowed for. Revenues and transfers exceeded expenditures and transfer out and increased the General Fund Balance by \$531,615.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2014 amounts to \$39,828,889 (net of depreciation). This investment in capital assets includes land, building and improvements, machinery and equipment, and infrastructure.

Major capital asset additions this year include the following:

Building Improvements	\$ 579,955
Infrastructure Improvements	2,054,771
Machinery and Equipment	240,012
Construction in Progress (CIP)	643,027

Additional information on the City's capital assets can be found in note 5 on page 36.

Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	2,244,496	2,244,496	3,241,139	3,241,139	5,485,635	5,485,635
Buildings and Improvements	5,794,790	5,948,083	14,000,351	14,332,498	19,795,141	20,280,581
Machinery and Equipment	542,357	462,721	145,217	144,272	687,574	606,993
Construction in Progress	869,201	793,922	311,598	679,121	1,180,799	1,473,043
Infrastructure	12,679,740	10,942,976			12,679,740	10,942,976
Total	22,130,584	20,392,198	17,698,305	18,397,030	39,828,889	38,789,228

Long-term Debt. The City's long term debt as of June 30, 2014 was \$10,727,489 with governmental activities accounting for \$3,546,106 or 33% and business-type activities accounting for \$7,181,383 or 67%.

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Note Payable, CA Energy Comm.	71,106	78,862			71,106	78,862
Bonds Payable, Sewer			333,285	378,285	333,285	378,285
Note Payable, CA Dept Water Conserv.			2,309,999	2,474,999	2,309,999	2,474,999
Note Payable, CA Dept Water Conserv.			4,538,099	4,767,170	4,538,099	4,767,170
Kerman PFA Lease/Rev Bonds	3,475,000	3,560,000			3,475,000	3,560,000
Total	3,546,106	3,638,862	7,181,383	7,620,454	10,727,489	11,259,316

Economic Factors and Next Year's Budgets

Despite the current economic climate, the City is in relatively good financial shape, especially when compared to the fiscal challenges faced by many cities.

Nearly five years after the Great Recession, the U.S. economy continues on a slow path of recovery. The economy shrank a full one percent for the first three months of 2014. Home sales and prices have begun to decelerate. The one bright spot is that the job market continues to improve. These mixed signals reflect an ongoing uncertainty with the pace and strength of the economy's recovery.

Although the state economy is strengthening, the unprecedented three-year drought could have implications for the agricultural-based economy in the Central Valley as farms are left fallow due to lack of water. The ripple effect could prove dire for many Valley communities if the drought continues into a fourth year or beyond.

Other factors impacting local governments include changes to pension contribution rates and the impacts of the Affordable Care Act on the health insurance industry. These two employee benefits must be part of an elongated view in order to carefully evaluate their impacts in the years to come.

Total citywide revenue budgeted for fiscal year 2014-2015 is \$12,176,326 with expenditures budgeted at \$10,144,540. Citywide capital expenditures are budgeted for \$4,703,656 which will be funded by a variety of funding sources.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City of Kerman's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Finance Director, City of Kerman, 850 S Madera Avenue, Kerman CA 93630.

CITY OF KERMAN

**STATEMENT OF NET POSITION
JUNE 30, 2014**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 4,084,976	\$ 3,935,784	\$ 8,020,760
Accounts receivable, net	74,186	120,475	194,661
Taxes receivable	205,705	-	205,705
Due from other governments	371,440	-	371,440
Interest receivable	1,438	-	1,438
Internal balances	(28,443)	28,443	-
Land held for resale	32,783	-	32,783
Capital assets, net of allowance for depreciation	22,130,584	17,698,305	39,828,889
Total assets	<u>26,872,669</u>	<u>21,783,007</u>	<u>48,655,676</u>
LIABILITIES			
Accounts payable and accrued expense	170,921	167,648	338,569
Accrued interest payable	38,795	35,754	74,549
Deposits payable	8,542	102,276	110,818
Long-term liabilities			
Due within one year	92,991	446,362	539,353
Due in more than one year	3,453,115	6,735,021	10,188,136
Compensated absences	265,380	94,970	360,350
Total liabilities	<u>4,029,744</u>	<u>7,582,031</u>	<u>11,611,775</u>
NET POSITION			
Net investment in capital assets	18,584,478	10,516,922	29,101,400
Restricted for specific projects and programs	1,962,695	-	1,962,695
Restricted for capital improvements	-	1,149,470	1,149,470
Unrestricted	2,295,752	2,534,584	4,830,336
Total net position	<u>\$ 22,842,925</u>	<u>\$ 14,200,976</u>	<u>\$ 37,043,901</u>

CITY OF KERMAN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

Functions/Programs	Program Revenue			Net Revenue/(Expense) and Changes in Net Position			
	Expense	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities							
General government	\$ 609,727	\$ 255,927	\$ 12,270	\$ -	\$ (341,530)	\$ -	\$ (341,530)
Public works	1,252,754	10,071	1,254,153	-	11,470	-	11,470
Community development	345,088	46,349	82,865	723,187	507,313	-	507,313
Social services	828,772	48,175	107,157	155,309	(518,131)	-	(518,131)
Public safety	2,711,308	79,921	199,946	-	(2,431,441)	-	(2,431,441)
Debt Service							
Interest and fiscal charges	158,231	-	-	-	(158,231)	-	(158,231)
Total governmental activities	5,905,880	440,443	1,656,391	878,496	(2,930,550)	-	(2,930,550)
Business-type activities							
Water	1,489,259	1,629,501	-	32,954	-	173,196	173,196
Sewer	1,753,406	1,401,629	-	47,520	-	(304,257)	(304,257)
Disposal	1,007,728	1,080,067	5,000	-	-	77,339	77,339
Storm Drain	225,030	66,955	-	35,040	-	(123,035)	(123,035)
Total business-type activities	4,475,423	4,178,152	5,000	115,514	-	(176,757)	(176,757)
Total primary government	\$ 10,381,303	\$ 4,618,595	\$ 1,661,391	\$ 994,010	(2,930,550)	(176,757)	(3,107,307)
General Revenue							
Property taxes					2,111,286	-	2,111,286
Special assessments					206,982	-	206,982
Sales taxes					1,195,132	-	1,195,132
Franchise and other taxes					100,800	-	100,800
Business licenses					61,781	-	61,781
Rents					370,224	-	370,224
Interest income					31,652	65,487	97,139
Other					190,045	-	190,045
Transfers					293,092	(293,092)	-
Total general revenue and transfers					4,560,994	(227,605)	4,333,389
Change in Net Position					1,630,444	(404,362)	1,226,082
Net Position							
Beginning of year					21,212,481	14,605,338	35,817,819
End of year					\$ 22,842,925	\$ 14,200,976	\$ 37,043,901

See accompanying notes.

CITY OF KERMAN

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2014

	<u>General</u>	<u>Gas Tax</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 2,036,484	\$ 425,932	\$ 1,485,622	\$ 3,948,038
Accounts receivable	74,186	-	-	74,186
Taxes receivable	205,705	-	-	205,705
Due from other governments	27,857	43,536	300,047	371,440
Interest receivable	1,438	-	-	1,438
Due from other funds	363,115	-	-	363,115
Land held for resale	-	-	32,783	32,783
Total assets	<u>\$ 2,708,785</u>	<u>\$ 469,468</u>	<u>\$ 1,818,452</u>	<u>\$ 4,996,705</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable and accrued expense	\$ 84,203	\$ 11,027	\$ 59,058	\$ 154,288
Due to other funds	-	-	363,115	363,115
Deposits and other liabilities	8,542	-	-	8,542
Total liabilities	<u>92,745</u>	<u>11,027</u>	<u>422,173</u>	<u>525,945</u>
Fund Balance				
Restricted				
Circulation improvements	-	458,441	717,939	1,176,380
Development activities	-	-	731,792	731,792
Lighting and landscape maintenance	-	-	21,740	21,740
Low-income housing activities	-	-	32,783	32,783
Unassigned	2,616,040	-	(107,975)	2,508,065
Total fund balance	<u>2,616,040</u>	<u>458,441</u>	<u>1,396,279</u>	<u>4,470,760</u>
Total liabilities and fund balance	<u>\$ 2,708,785</u>	<u>\$ 469,468</u>	<u>\$ 1,818,452</u>	<u>\$ 4,996,705</u>

CITY OF KERMAN

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2014

Total governmental fund balance	\$ 4,470,760
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	21,717,665
Governmental long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	(3,546,106)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds	(265,380)
Interest on long-term debt is reported as an expenditure of the Governmental Funds when paid because it requires the use of current financial resources. However, accrued interest must be recorded when incurred	(38,795)
Internal service funds are used by management to charge the costs of fleet maintenance and computer services to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.	<u>504,781</u>
Net position of governmental activities	<u>\$ 22,842,925</u>

CITY OF KERMAN

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014**

	<u>General</u>	<u>Gas Tax</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenue				
Taxes	\$ 3,468,999	\$ -	\$ 206,982	\$ 3,675,981
Licenses, permits and impact fees	104,453	-	94,929	199,382
Intergovernmental	224,032	445,034	1,666,439	2,335,505
Charges for services	396,296	-	8,567	404,863
Fines and forfeitures	35,580	-	-	35,580
Rents	127,059	-	243,165	370,224
Interest	14,121	3,229	14,302	31,652
Other	79,444	29,445	81,156	190,045
Total revenue	<u>4,449,984</u>	<u>477,708</u>	<u>2,315,540</u>	<u>7,243,232</u>
Expenditures				
Current				
General government	434,645	-	-	434,645
Public works	266,077	82,289	578,484	926,850
Community development	270,580	-	74,508	345,088
Social services	557,458	-	180,031	737,489
Public safety	2,688,411	-	-	2,688,411
Capital outlay	58,103	778,489	1,347,070	2,183,662
Debt Service				
Principal	-	7,756	85,000	92,756
Interest and fiscal charges	-	2,309	156,665	158,974
Total expenditures	<u>4,275,274</u>	<u>870,843</u>	<u>2,421,758</u>	<u>7,567,875</u>
Revenue over/(under) expenditures	174,710	(393,135)	(106,218)	(324,643)
Other Financing Sources/(Uses)				
Transfers in/(out) - net	356,905	(19,017)	3,181	341,069
	<u>356,905</u>	<u>(19,017)</u>	<u>3,181</u>	<u>341,069</u>
Change in Fund Balance	531,615	(412,152)	(103,037)	16,426
Fund Balance				
Beginning of year	2,084,425	870,593	1,499,316	4,454,334
End of year	<u>\$ 2,616,040</u>	<u>\$ 458,441</u>	<u>\$ 1,396,279</u>	<u>\$ 4,470,760</u>

CITY OF KERMAN

RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2014

Net change in fund balance - total governmental funds		\$ 16,426
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated lives and reported as depreciation expense		
Capital outlay expenditures are therefore added back to fund balances	2,183,662	
Depreciation expense not reported in governmental funds	<u>(536,147)</u>	
		1,647,515
Amortization of deferred debt costs in the Statement of Activities does not require the use of current financial resources and is not reported as an expenditure in Governmental Funds		(92,599)
Repayment of long-term debt is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Proceeds of long-term debt produces the opposite effect		92,756
Internal service funds are used by management to charge the costs of fleet maintenance and computer services to individual funds. The net revenue (loss) of certain activities of internal service funds is reported with governmental activities		(12,034)
In the Statement of Activities interest is accrued on long-term debt, whereas, in governmental funds interest expenditure is reported when due		743
Compensated absence costs in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as expenditures in Governmental Funds		<u>(22,363)</u>
Change in net position of governmental activities		<u>\$ 1,630,444</u>

CITY OF KERMAN

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2014**

	Business-Type Activities - Enterprise Funds					Governmental Activities Internal Service Fund
	Water	Sewer	Disposal	Storm Drain	Total Proprietary Funds	
ASSETS						
Current assets						
Cash and investments	\$ 2,586,317	\$ 953,215	\$ 345,392	\$ 50,860	\$ 3,935,784	\$ 136,938
Accounts receivable, net	84,321	23,454	11,659	1,041	120,475	-
Total current assets	2,670,638	976,669	357,051	51,901	4,056,259	136,938
Non-current assets						
Property, plant and equipment, net of allowance for depreciation	4,550,557	12,121,070	119	1,026,559	17,698,305	412,919
Total assets	\$ 7,221,195	\$ 13,097,739	\$ 357,170	\$ 1,078,460	\$ 21,754,564	\$ 549,857
LIABILITIES						
Current liabilities						
Accounts payable and accrued expenses	\$ 48,780	\$ 13,015	\$ 71,412	\$ 34,441	\$ 167,648	\$ 16,633
Accrued interest payable	-	35,754	-	-	35,754	-
Deposits	102,276	-	-	-	102,276	-
Current portion of long-term debt	165,000	281,362	-	-	446,362	-
Total current liabilities	316,056	330,131	71,412	34,441	752,040	16,633
Non-current liabilities						
Long-term debt	2,144,999	4,590,022	-	-	6,735,021	-
Compensated absences	46,711	40,329	7,930	-	94,970	-
Total noncurrent liabilities	2,191,710	4,630,351	7,930	-	6,829,991	-
Total liabilities	2,507,766	4,960,482	79,342	34,441	7,582,031	16,633
NET POSITION						
Net investment in capital assets	2,240,558	7,249,686	119	1,026,559	10,516,922	412,919
Restricted for capital improvements	989,875	133,778	-	25,817	1,149,470	-
Unrestricted/(deficit)	1,482,996	753,793	277,709	(8,357)	2,506,141	120,305
Total net position	\$ 4,713,429	\$ 8,137,257	\$ 277,828	\$ 1,044,019	\$ 14,172,533	\$ 533,224
Adjustments to reflect the consolidation of internal service funds activities related to enterprise funds					28,443	
Net position of business-type activities					\$ 14,200,976	

See accompanying notes.

CITY OF KERMAN

**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014**

	Business-Type Activities - Enterprise Funds					Total Proprietary Funds	Governmental Activities Internal Service Fund
	Water	Sewer	Disposal	Storm Drain			
Operating Revenue							
Charges for services	\$ 1,619,476	\$ 1,377,572	\$ 1,080,067	\$ 66,690	\$ 4,143,805	\$ 441,694	
Other revenues	10,025	24,057	-	265	34,347	1,852	
Total operating income	<u>1,629,501</u>	<u>1,401,629</u>	<u>1,080,067</u>	<u>66,955</u>	<u>4,178,152</u>	<u>443,546</u>	
Operating Expense							
Contractual services and utilities	480,551	356,640	847,659	17,972	1,702,822	73,473	
Personnel	577,195	486,792	138,218	36,701	1,238,906	87,713	
Supplies and materials	82,253	306,821	3,165	3,832	396,071	243,238	
Depreciation	347,224	534,548	18,513	17,393	917,678	89,006	
Total operating expense	<u>1,487,223</u>	<u>1,684,801</u>	<u>1,007,555</u>	<u>75,898</u>	<u>4,255,477</u>	<u>493,430</u>	
Operating income/(loss)	<u>142,278</u>	<u>(283,172)</u>	<u>72,512</u>	<u>(8,943)</u>	<u>(77,325)</u>	<u>(49,884)</u>	
Nonoperating Revenue/(Expense)							
Intergovernmental	-	-	5,000	-	5,000	80,000	
Development impact fees	32,954	47,520	-	35,040	115,514	-	
Development impact fees reimbursements	-	-	-	(149,055)	(149,055)	-	
Interest income	26,387	34,970	3,343	787	65,487	1,522	
Interest expense	-	(66,586)	-	-	(66,586)	-	
Total nonoperating revenue/(expense)	<u>59,341</u>	<u>15,904</u>	<u>8,343</u>	<u>(113,228)</u>	<u>(29,640)</u>	<u>81,522</u>	
Net income/(loss) before transfers	201,619	(267,268)	80,855	(122,171)	(106,965)	31,638	
Operating Transfers In/(Out)	<u>(113,298)</u>	<u>(116,862)</u>	<u>(55,480)</u>	<u>(7,452)</u>	<u>(293,092)</u>	<u>(47,977)</u>	
Change in Net Position	<u>88,321</u>	<u>(384,130)</u>	<u>25,375</u>	<u>(129,623)</u>	<u>(400,057)</u>	<u>(16,339)</u>	
Net Position							
Beginning of year	4,625,108	8,521,387	252,453	1,173,642	14,572,590	549,563	
End of year	<u>\$ 4,713,429</u>	<u>\$ 8,137,257</u>	<u>\$ 277,828</u>	<u>\$ 1,044,019</u>	<u>\$ 14,172,533</u>	<u>\$ 533,224</u>	
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds					(4,305)		
Change in net position of business-type activities (Page 13)					<u>\$ (404,362)</u>		

See accompanying notes.

CITY OF KERMAN

**COMBINING STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014**

	Business-Type Activities - Enterprise Funds					Governmental Activities Internal Service Fund
	Water	Sewer	Disposal	Storm Drain	Total Business-Type Funds	
Operating Activities						
Receipts from customers and users	\$ 1,624,265	\$ 1,396,366	\$ 1,081,840	\$ 66,861	\$ 4,169,332	\$ 443,666
Payments for contractual services and utilities	(488,050)	(375,892)	(846,302)	(17,258)	(1,727,502)	(73,522)
Payments to employees	(577,761)	(494,542)	(135,027)	(36,701)	(1,244,031)	(87,713)
Payment to suppliers	(82,253)	(306,821)	(3,165)	(3,832)	(396,071)	(243,238)
Net cash provided (used) by operating activities	476,201	219,111	97,346	9,070	801,728	39,193
Non-capital Financial Activities						
Payments from other governments	-	-	5,000	-	5,000	80,000
Payments (to)/from developers	32,954	47,520	-	(114,015)	(33,541)	-
Transfers (to)/from other funds	(113,298)	(116,862)	(55,480)	(7,452)	(293,092)	(47,977)
Net cash provided by (used in) noncapital financing activities	(80,344)	(69,342)	(50,480)	(121,467)	(321,633)	32,023
Capital and Related Financing Activities						
Purchase of property, plant and equipment	(138,426)	(80,527)	-	-	(218,953)	(179,878)
Principal paid on long-term debt	(165,000)	(274,071)	-	-	(439,071)	-
Interest paid on long-term debt	-	(66,586)	-	-	(66,586)	-
Net cash used in capital and related financing activities	(303,426)	(421,184)	-	-	(724,610)	(179,878)
Investing Activities						
Interest received	26,387	34,970	3,343	787	65,487	1,522
Net cash provided by investing activities	26,387	34,970	3,343	787	65,487	1,522
Net Increase (Decrease) in Cash	118,818	(236,445)	50,209	(111,610)	(179,028)	(107,140)
Cash						
Beginning of year	2,467,499	1,189,660	295,183	162,470	4,114,812	244,078
End of year	2,586,317	953,215	345,392	50,860	3,935,784	136,938
Cash Flows from Operating Activities						
Operating income (loss)	\$ 142,278	\$ (283,172)	\$ 72,512	\$ (8,943)	\$ (77,325)	\$ (49,884)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	347,224	534,548	18,513	17,393	917,678	89,006
(Increase) Decrease in Accounts Receivable	(7,921)	(5,263)	1,773	(94)	(11,505)	120
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(5,380)	(27,002)	4,548	714	(27,120)	(49)
Net Cash Provided (Used) by Operating Activities	\$ 476,201	\$ 219,111	\$ 97,346	\$ 9,070	\$ 801,728	\$ 39,193

See accompanying notes.

CITY OF KERMAN

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS JUNE 30, 2014

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 65,570
Total assets	<u>65,570</u>
LIABILITIES	
Agency funds payable	<u>65,570</u>
Total liabilities	<u>\$ 65,570</u>

CITY OF KERMAN

STATEMENT OF FIDUCIARY NET POSITION PRIVATE-PURPOSE TRUST FUNDS JUNE 30, 2014

	<u>Kerman Unified School District</u>	<u>Redevelopment Successor Agency</u>
Assets		
Cash and investments	\$ 8,623	\$ 190,220
Taxes receivable	-	-
Total assets	<u>8,623</u>	<u>190,220</u>
Liabilities		
Accounts payable and accrued liabilities	-	6,316
Long-term debt		
Due within one year	-	11,222
Due in more than one year	-	38,530
Total liabilities	<u>-</u>	<u>56,068</u>
Net Position		
Held in trust for other governments	<u>\$ 8,623</u>	<u>\$ 134,152</u>

CITY OF KERMAN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

PRIVATE-PURPOSE TRUST FUND

JUNE 30, 2014

	<u>Kerman Unified School District</u>	<u>Redevelopment Successor Agency</u>
Additions		
Property taxes	\$ -	\$ 359,655
Investment earnings and other	-	137
Total additions	<u>-</u>	<u>359,792</u>
Deductions		
Administrative costs	-	248,819
Program expenses	-	106,012
Interest expense	-	1,737
Total deductions	<u>-</u>	<u>356,568</u>
Change In Net Position	-	3,224
Net Position		
Beginning of year	<u>8,623</u>	<u>130,928</u>
End of year	<u>\$ 8,623</u>	<u>\$ 134,152</u>

CITY OF KERMAN

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2014

Note 1 – Summary of Significant Accounting Policies

The financial statements of the City of Kerman (the City) have been prepared in conformity with Accounting Principles Generally Accepted in the United States of America (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

These financial statements present the government and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and data from these units are combined with data of the primary government. Each blended component unit has a June 30 fiscal year end. There are no discretely presented component units included in these financial statements. The following sections further describe the significant accounting policies of the City.

Reporting Entity

The City was incorporated as a general law city in 1946. The City operates under a Council-Manager form of government. The City's major operations include public safety; highways and streets; water, sewer, and refuse collection; parks and recreation; building inspection; public improvements; planning and zoning, and general administrative services.

Also included in this report is the Kerman Public Financing Authority (KPFA). The KPFA was established in 2007 through a Joint Exercise of Powers Agreement between the City and the Agency. The formation of the joint powers authority was approved by the City Council who is also designated as the Board of Directors for the KPFA. The City Manager is appointed Secretary with the City staff providing all support services. The purpose of the KPFA is solely to provide funds from the sale of revenue bonds to finance or refinance the costs of various projects for the City. The City set up the KPFA to act as a financing/lending type institution only. The KPFA/City legislative meetings are held concurrently. No separate annual financial statements are prepared for the KPFA.

Basis of Presentation – Fund Accounting

Government-Wide Financial Statements - The Government-Wide Financial Statements (the Statement of Net Position and the Statement of Activities) report information of all of the nonfiduciary activities of the primary government and its component units. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely significantly on fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

CITY OF KERMAN

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

Net position is restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental Fund Financial Statements - The Governmental Fund Financial Statements provide information about the City's funds, including fiduciary funds and the blended component unit. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are separately aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City. It is used for all financial resources except those required legally, or by sound financial management to be accounted for in another fund. Generally, the General Fund is used to account for those traditional governmental services of the City, such as police and fire protection, planning and general administrative services.

Gas Tax Fund - This fund accounts for the expenditures of State Gas Tax monies received.

The City reports the following major enterprise funds:

Water Fund – The Water Fund accounts for the operation and maintenance of the City's water treatment and water transmission and distribution systems.

Sewer Fund – The Sewer Fund accounts for the operation and maintenance of the City's sewer system.

Disposal Fund – The Disposal Fund accounts for the operation and maintenance of the City's sanitation system.

Storm Drain Fund – The Storm Drain Fund accounts for the operation and maintenance of the City's storm drain system.

The City reports the following additional fund types:

Internal Service Fund – The Internal Service Fund accounts for fleet management and computer services provided to other departments or agencies of the government, on a cost reimbursement basis.

Agency Funds - The Agency Funds account for assets held by the City as an agent for various local governments or other entities. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-Purpose Trust Funds - The Private-Purpose Trust Fund accounts for assets held by the City as trustee for the Kerman Unified School District and the Successor Agency.

CITY OF KERMAN

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

The Government-Wide and Proprietary Fund Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as non-operating.

CITY OF KERMAN

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

Financial Statement Amounts

Cash and Cash Equivalents - Cash and cash equivalents represent the City's cash bank accounts including, but not limited to, certificates of deposit, money market funds and cash management pools for reporting purposes in the Statement of Cash Flows. Additionally, investments with maturities of three months or less when purchased are included as cash equivalents in the Statement of Cash Flows.

The City maintains a cash and investment pool that is available for use by all funds. Interest earnings as a result of this pooling are distributed to the appropriate funds based on quarterly ending cash balances in each fund.

Investments of the pool include only those investments authorized by the California Government Code such as, United States Treasury securities, agencies guaranteed by the United States Government, registered state warrants, and other investments. Investments primarily consist of deposits in money market accounts and certificates of deposit. Investments are stated at fair value.

Accounts Receivable – Billed, but unpaid, services provided to individuals or non-governmental entities are recorded as accounts receivable. The Proprietary Funds include a year end accrual for services through the end of the fiscal year which have not yet been billed. Accounts receivable are reported net of an allowance for uncollectibles.

Fresno County is responsible for the assessment, collection and apportionment of property taxes for all taxing jurisdictions. Property taxes are levied in equal installments on November 1 and February 1. They become delinquent on December 10 and April 10, respectively. The lien date is January 1 of each year. Property taxes are accounted for in the General Fund. Property tax revenues are recognized when they become measurable and available to finance current liabilities. The City considers property taxes as available if they are collected within 60 days after year end. Property tax on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid on August 31. However, unsecured property taxes are not susceptible to year end accrual.

The City is permitted by Article XIII A of the State of California Constitution (known as Proposition 13) to levy a maximum tax of \$1.00 per \$100 of full cash value.

Interfund Receivables/Payables - Items classified as interfund receivable/payable represent short-term lending/borrowing transactions between funds. This classification also includes the current portion of an advance to or from another fund.

Advances To/From Other Funds - This classification represents non-current portions of any long-term lending/borrowing transactions between funds. This amount will be equally offset by a reserve of fund balance which indicates that it does not represent available financial resources and therefore, is not available for appropriation. The current portion of any interfund long-term loan (advance) is included as an interfund receivable/payable.

CITY OF KERMAN

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

Capital Assets - Capital outlays are recorded as expenditures of the General, Special Revenue, and Capital Projects Funds and as assets in the Government-Wide Financial Statements to the extent the City's capitalization threshold is met.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the Government-Wide Financial Statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$10,000 for roadways and \$5,000 for all other assets, and an estimated useful life of at least three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities are included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

	<u>Years</u>
Infrastructure	50
Buildings	20 - 40
Improvements	30 - 50
Equipment	5 - 10

Compensated Absences - It is the City's policy to permit all employees to accumulate earned but unused vacation, sick pay and compensatory time benefits within limits outlined in Memorandums of Understanding (MOU).

Vested or accumulated vacation and sick leave along with any compensation time that is expected to be paid with expendable available financial resources is reported as an expenditure in the fund financial statements of the Governmental Fund that will pay for it. Amounts not expected to be liquidated with expendable available financial resources are reported in the Government-Wide Financial Statements.

Vested leave of Proprietary Funds are recorded as an expense and liability as the benefits accrue.

CITY OF KERMAN

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

Long-Term Obligations - In the Government-Wide Financial Statements and in the Proprietary Fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or Proprietary Fund Type Statement of Net Position. Debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, however, debt principal payments of Governmental Funds are recognized as expenditures when paid. Governmental Fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Non-Current Governmental Assets/Liabilities - GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the Government-Wide Statement of Net Position.

Net Position - The government-wide and business-type activities financial statements utilize a net position presentation. Net position are categorized as net investment in capital assets, restricted and unrestricted.

- Net Investment in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted Net Position - This category presents external restrictions on net position imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - This category represents net position of the City not restricted for any project or other purpose.

Fund Equity – In the fund financial statements, governmental fund balance is made up of the following components:

- Nonspendable fund balance typically includes inventories, prepaid items, and other items that must be maintained intact pursuant to legal or contractual requirements, such as endowments.
- Restricted fund balance category includes amounts that can be spent only for specific purposes imposed by creditors, grantors, contributors, or laws or regulations of other governments or through enabling legislations.

CITY OF KERMAN

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

- Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council. The City Council has the authority to establish, modify, or rescind a fund balance commitment.
- Assigned fund balance are amounts designated by the City Council for specific purposes and do not meet the criteria to be classified as restricted or committed.
- Unassigned fund balance is the residual classification that includes all spendable amounts in the General Fund not contained in other classifications.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy is to apply restricted first. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the City's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Implementation of New GASB Pronouncement – For the year ended June 30, 2014, the City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The objective of GASB 65 is to reclassify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or to recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflows of resources (revenues). Upon implementation, there was no effect on the City's accounting or financial reporting.

New GASB Pronouncements Not Yet Adopted - In June 30, 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27*. The provisions of GASB Statement No. 68 are effective for the fiscal year ended June 30, 2015.

In January 2014, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. The provisions of GASB Statement No. 69 are effective for the fiscal year ended June 30, 2015.

In April 2014, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The provisions of GASB Statement No. 70 are effective for the fiscal year ended June 30, 2015.

CITY OF KERMAN

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2014

Note 2 – Stewardship, Compliance and Accountability

California law authorizes the City to invest in obligations of the United States Treasury, agencies and instrumentalities, certificates of deposit or time deposits in banks and savings and loan associations which are insured by the Federal Deposit Insurance Corporation.

In accordance with applicable sections of the California Government Code and the Kerman Municipal Code, the City prepares and legally adopts an annual balanced budget on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund, specific Special Revenue Funds, and specific Capital Projects Funds. Budget plans are adopted for Proprietary Funds. A proposed budget is presented to the City Council during June of each year for review. The Council holds public hearings and may add to, subtract from, or change appropriations within the revenues and reserves estimated as available. Expenditures may not legally exceed budgeted appropriations at the fund level. Supplementary appropriations which alter the total expenditures of any fund, or expenditures in excess of total budgeted fund appropriations, must be approved by the City Council.

All annual appropriations lapse at fiscal year end to the extent they have not been expended or encumbered.

Note 3 – Cash and Investments

The City pools all of its cash and investments except those funds required to be held by outside fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash is allocated to the various funds on average cash balances. Interest income from cash investments held with fiscal agents is credited directly to the related funds.

Cash and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 8,020,760
Fiduciary Funds:	
Cash and Investments	264,413
Total Cash and Investments	<u>\$ 8,285,173</u>

Cash and investments as of June 30, 2014 consist of the following:

Cash on hand	\$ 1,350
Deposits with Financial Institutions	3,468,039
Certificates of deposit	<u>4,815,784</u>
Total Cash and Investments	<u>\$ 8,285,173</u>

CITY OF KERMAN

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2014

Note 3 – Cash and Investments (Continued)

Investments Authorized by the California Government Code and the City's Investment Policy

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None

CITY OF KERMAN

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

Note 3 – Cash and Investments (Continued)

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City’s investment policy. The table below identifies the investment types that are authorized for investments held by the bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	None	None	None
Certificates of Deposits	1 year	None	None
Repurchase Agreements	30 days	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Municipal Bonds	None	None	None

Disclosures Relating to Interest Rate Risk

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

Investment Type	Fair Value	Remaining Maturity (in months)		
		12 Months or Less	13 to 24 Months	25 to 60 Months
Certificates of deposit	\$ 4,815,784	\$ 941,177	\$ 1,147,158	\$ 2,727,449
Total	<u>\$ 4,815,784</u>	<u>\$ 941,177</u>	<u>\$ 1,147,158</u>	<u>\$ 2,727,449</u>

CITY OF KERMAN

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2014

Note 3 – Cash and Investments (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Investment Type		Minimum Legal Rating	Rating as of Year End Not Rated
Certificates of deposit	\$ 4,815,784	N/A	\$ 4,815,784
Total	<u>\$ 4,815,784</u>		<u>\$ 4,815,784</u>

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no investments in any one issuer, other than U.S. Treasury securities, mutual funds, and external investment pools, that represent 5% or more of total City-wide investments as of June 30, 2014.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

CITY OF KERMAN

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2014

Note 4 – Receivables

The following is a summary of receivables at June 30, 2014 for the City's individual major and non-major funds in the aggregate:

	<u>General</u>	<u>Gas Tax</u>	<u>Other Governmental Funds</u>
Governmental Funds			
Accounts	\$ 74,186	\$ -	\$ -
Taxes	205,705	-	-
Intergovernmental	27,857	43,536	300,047
Interest	1,438	-	-
	<u>\$ 309,186</u>	<u>\$ 43,536</u>	<u>\$ 300,047</u>

The following is a summary of receivables at June 30, 2014 for the City's individual enterprise funds, including the applicable allowances for uncollectible accounts are as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Disposal</u>	<u>Storm Drain</u>
Enterprise Funds				
Accounts	\$ 88,421	\$ 24,454	\$ 13,059	\$ 1,141
Gross receivables	88,421	24,454	13,059	1,141
Less: Allowance for uncollectible accounts	(4,100)	(1,000)	(1,400)	(100)
	<u>\$ 84,321</u>	<u>\$ 23,454</u>	<u>\$ 11,659</u>	<u>\$ 1,041</u>

CITY OF KERMAN

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

Note 5 – Capital Assets – Capital asset activities for the year ended June 30, 2014 were as follows:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2014</u>
<u>Governmental Activities</u>				
Capital assets, not being depreciated				
Land	\$ 2,244,496	\$ -	\$ -	\$ 2,244,496
Construction in progress	793,922	528,078	(452,799)	869,201
Total capital assets, not being depreciated	<u>3,038,418</u>	<u>528,078</u>	<u>(452,799)</u>	<u>3,113,697</u>
Capital assets, being depreciated				
Buildings and improvements	7,406,428	42,157	-	7,448,585
Infrastructure	12,568,179	2,054,771	-	14,622,950
Machinery and equipment	1,981,778	191,333	-	2,173,111
Total capital assets, being depreciated	<u>21,956,385</u>	<u>2,288,261</u>	<u>-</u>	<u>24,244,646</u>
Less accumulated depreciation for				
Buildings and improvements	(1,458,345)	(195,450)	-	(1,653,795)
Infrastructure	(1,625,203)	(318,007)	-	(1,943,210)
Machinery and equipment	(1,519,057)	(111,697)	-	(1,630,754)
Total accumulated depreciation	<u>(4,602,605)</u>	<u>(625,154)</u>	<u>-</u>	<u>(5,227,759)</u>
Total capital assets, being depreciated, net	<u>17,353,780</u>	<u>1,663,107</u>	<u>-</u>	<u>19,016,887</u>
Governmental activities capital assets, net	<u>\$ 20,392,198</u>	<u>\$ 2,191,185</u>	<u>\$ (452,799)</u>	<u>\$ 22,130,584</u>
<u>Business-Type Activities</u>				
Capital assets, not being depreciated				
Land	\$ 3,241,139	\$ -	\$ -	\$ 3,241,139
Construction in progress	679,122	114,949	(482,473)	311,598
Total capital assets, not being depreciated	<u>3,920,261</u>	<u>114,949</u>	<u>(482,473)</u>	<u>3,552,737</u>
Capital assets, being depreciated				
Buildings and improvements	19,860,505	537,798	-	20,398,303
Machinery and equipment	1,093,769	48,679	-	1,142,448
Total capital assets, being depreciated	<u>20,954,274</u>	<u>586,477</u>	<u>-</u>	<u>21,540,751</u>
Less: accumulated depreciation	<u>(6,477,505)</u>	<u>(917,678)</u>	<u>-</u>	<u>(7,395,183)</u>
Total capital assets, being depreciated, net	<u>14,476,769</u>	<u>(331,201)</u>	<u>-</u>	<u>14,145,568</u>
Business-type activities capital assets, net	<u>\$ 18,397,030</u>	<u>\$ (216,252)</u>	<u>\$ (482,473)</u>	<u>\$ 17,698,305</u>

CITY OF KERMAN

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2014

Note 5 – Capital Assets (Continued)

Depreciation expense was charged to the following functions in the Statement of Activities:

Governmental Functions:

General Government	\$	96,063
Public Works and Development		325,904
Social Services		91,283
Public Safety		22,897
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the asset		89,006
	\$	<u>625,153</u>

Business-Type Functions:

Water	\$	347,224
Sewer		534,548
Disposal		18,513
Storm Drain		17,393
	\$	<u>917,678</u>

CITY OF KERMAN

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2014

Note 6 – Long-Term Debt

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt.

Long-term debt payable at June 30, 2014 was comprised of the following individual issues:

	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014	Current Portion
<u>Governmental Activity Long Term Debt</u>					
Notes Payable					
California Energy Commission	\$ 78,862	\$ -	\$ 7,756	\$ 71,106	\$ 7,991
Kerman Public Finance Authority Bonds					
2007 Lease Revenue Bonds	<u>3,560,000</u>	<u>-</u>	<u>85,000</u>	<u>3,475,000</u>	<u>85,000</u>
Total Governmental Activity Debt	<u>\$ 3,638,862</u>	<u>\$ -</u>	<u>\$ 92,756</u>	<u>\$ 3,546,106</u>	<u>\$ 92,991</u>
<u>Business-Type Activity Long Term Debt</u>					
Bonds Payable					
Sewer Revenue Bond	\$ 378,285	\$ -	\$ 45,000	\$ 333,285	\$ 50,000
Notes Payable					
California Dept. of Water Resources	2,474,999	-	165,000	2,309,999	165,000
California Dept. of Water Resources	<u>4,767,170</u>	<u>-</u>	<u>229,071</u>	<u>4,538,099</u>	<u>231,362</u>
Total Business-Type Activity Debt	<u>\$ 7,620,454</u>	<u>\$ -</u>	<u>\$ 439,071</u>	<u>\$ 7,181,383</u>	<u>\$ 446,362</u>
<u>Compensated Absences</u>					
Government Activities	<u>\$ 243,017</u>	<u>\$ 22,363</u>	<u>\$ -</u>	<u>\$ 265,380</u>	
Business-Type Activities	<u>\$ 103,353</u>	<u>\$ -</u>	<u>\$ 8,383</u>	<u>\$ 94,970</u>	

California Energy Commission Note Payable – In June of 2012, the City entered into a loan agreement for \$86,321 with the State of California Energy Commission to retrofit existing street lights with LED technology. Terms of the note call for semi-annual payments of \$5,032 including interest at 3.00%, which begins December 2012 and will mature in June 2022. The outstanding balance on the note at June 30, 2014 was \$71,106.

Kerman Public Financing Authority Bonds - The KPFA was established in 2007 through a Joint Exercise of Powers Agreement between the City and the Agency. The formation of the joint powers authority was approved by the City Council who is also designated as the Board of Directors for the KPFA.

The purpose of the KPFA is solely to provide funds from the sale of revenue bonds to finance or refinance the costs of acquiring, constructing, or improving and equipping capital improvements (projects) for the City and the Agency. The City set up the KPFA to act as a financing/lending type institution only.

In October 2007, the KPFA issued the 2007 Lease Revenue Bonds in the amount of \$3,930,000. The 2007 Lease Revenue principal payments are made each October 1 beginning in 2008 through 2037. Interest is to be paid semi-annually on April 1 and October 1 through 2037. The interest rates range from 3.5% to 4.75%.

CITY OF KERMAN

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2014

Note 6 – Long-Term Debt (Continued)

Sewer Revenue Bond – In 1981, the City issued \$1,200,000 of revenue bonds to construct additional sewer facilities. Interest at the rate of 5% annually is paid semi-annually each April and October. The outstanding balance at June 30, 2014 was \$333,285.

California Department of Water Resources Construction Loan – The City entered into a contract with the State of California, Department of Water Resources in 2003. The contract provides for a 20 year loan at a zero percent interest rate. Terms of the note call for semi-annual principal payments of \$82,500 beginning January 1, 2008 and will mature on January 1, 2028. The outstanding balance on the note at June 30, 2014 was \$2,309,999.

California Department of Water Resources Wastewater Upgrade Loan – The City entered into a revolving loan agreement with the State of California, Department of Water Resources in September 2009. The agreement provides for a loan of up to \$4,957,479 for sewer system upgrades. Construction period interest of \$38,241 was combined with the loan amount for a final total loan of \$4,995,720. Terms of the loan call for annual payments of \$276,743 including interest at 1.00%, which begins September 2012 and will mature in September 2031. The outstanding balance on the note at June 30, 2014 was \$4,538,099.

The annual requirement to amortize the principal and interest on all long-term debt at June 30, 2014 were as follows:

Years ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 92,991	\$ 155,721	\$ 446,362	\$ 62,045
2016	98,227	152,323	448,675	57,231
2017	103,481	148,658	456,012	52,395
2018	103,737	144,767	458,372	47,285
2019	109,003	140,702	465,756	42,151
2020-2024	603,667	632,888	2,128,664	146,582
2025-2029	700,000	493,624	1,963,648	80,064
2030-2034	875,000	311,957	813,894	16,332
2035-2038	860,000	84,075	-	-
	<u>\$ 3,546,106</u>	<u>\$ 2,264,715</u>	<u>\$ 7,181,383</u>	<u>\$ 504,085</u>

Note 7 – Fund Balance

Fund Balance and Retained Earnings Deficits - The following is a summary of deficit fund balances and retained earnings as of June 30, 2014:

Capital Project Funds	
Public Building Facility	\$ (104,827)
Special Revenue Funds	
Senior Center	(565)
Transit	(2,583)
	<u>\$ (107,975)</u>

These deficits are are expected to be relieved from future revenues or transfers from other funds.

CITY OF KERMAN

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

Note 8 – Interfund Receivables, Payables and Transfers

Interfund receivables and payables consist of short-term loans resulting from regular transactions. These loans are expected to be repaid as soon as the borrowing fund has cash, and carry an interest rate equal to the rate earned on pooled cash.

Individual fund interfund receivables and payables balances as of June 30, 2014 are as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ -	\$ 363,115
Measure C Fund	6,857	-
Senior Center Fund	981	-
Transit Fund	7,140	-
Public Building Facility Fund	104,827	-
Park Development Fund	132,020	-
Street Maintenance & Construction Fund	111,290	-
	<u>\$ 363,115</u>	<u>\$ 363,115</u>

Interfund Transfers

In general, the City uses interfund transfers to (1) move revenues from the funds that collect them to the funds' that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to help finance various programs and capital projects accounted for in other funds in accordance with budgetary authorization, and (3) move cash to debt service funds from the funds responsible for payment as debt service payments become due. In general, the effect of the interfund activity has been eliminated from the government-wide financial statements.

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General Fund	\$ 356,905	\$ -
Gas Tax	-	(19,017)
Proprietary Funds:		
Water	-	(113,298)
Sewer	-	(116,862)
Disposal	-	(55,480)
Storm Drain	-	(7,452)
Internal Service	-	(47,977)
Nonmajor Governmental Funds:		
Measure C	-	(30,294)
Senior Center	12,032	-
Maintenance District	-	(8,851)
Transit	30,294	-
	<u>\$ 399,231</u>	<u>\$ (399,231)</u>

CITY OF KERMAN

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2014

Note 9 – Risk Management

The City participates with other public entities in a joint venture under a joint powers agreement which establishes the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes.

The CSJVRMA is a consortium of 55 cities in San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500, et. seq. The CSJVRMA is governed by a Board of Directors, which meets three to four times each year, consisting of one member appointed by each member city. The day-to-day business is handled by a management group employed by the CSJVRMA. The financial statements of CSJVRMA can be obtained at 1831 K Street, Sacramento, CA 95814.

Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Costs are spread to members as follows: the first \$25,000 of each occurrence is charged directly to the member. Each member maintains a \$1,000,000 self-insured retention (SIR) amount covered by the Authority pooled investments. The Authority purchases excess liability coverage through the California Affiliated Risk Management Authority for the amount in excess of \$1,000,000.

The City maintains a self-insured retention level of \$50,000 for workers' compensation insurance. Coverage between \$50,000 and \$500,000 is provided through the risk pool. CSJVRMA participates in an excess pool which provides workers' compensation coverage from \$5,000,000 to \$200,000,000. Each program year is retrospectively adjusted three years after the end of the program year and annually thereafter.

The City also purchases various property coverage programs. Deductibles and limits per property type can be obtained from the City Manager or directly from the Authority.

The latest audited financial information and the most current information available for CSJVRMA for fiscal year ended June 30, 2013 is as follows:

Total assets	\$ 82,190,005
Total liabilities	<u>66,304,596</u>
Net position	<u>\$ 15,885,409</u>
Total revenues	\$ 31,386,818
Total expenses	<u>27,784,428</u>
Increase/(decrease) in net position	<u>\$ 3,602,390</u>

Contingent Liabilities

The City participates in a number of Federal and State assisted grant programs which are subject to financial and compliance audits. Audits for these programs and the respective findings are to be determined at a future date, and the City expects the amount, if any, of the expenditures which may be disallowed by the granting agency to be immaterial.

The City is a defendant in various lawsuits and claims. The City attorney anticipates that actual or potential claims against the City, not covered by insurance, would not materially affect the financial position of the City.

CITY OF KERMAN

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2014

Note 10 – Pension Plan

Plan Description - The City contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office - 400 P Street - Sacramento, CA 95814.

Funding Policy – Active plan members in the Plan are required to contribute 7% of their covered salary for both miscellaneous and public safety members. The City contributes 4% of the employee portion. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal year ended June 30, 2014 was 8.049% for the miscellaneous plan and 15.312% for the safety plan. The contribution requirements of plan members is established by State statute and the employer contribution is established and may be amended by PERS.

Annual Pension Cost - For the year ended June 30, 2014, the City's annual pension cost of \$540,149 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5 percent investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service and (c) 3.0 percent per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.75 percent. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value). PERS unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis.

THREE YEAR TREND INFORMATION FOR PERS

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2012	\$ 503,827	100%	-
June 30, 2013	\$ 443,052	100%	-
June 30, 2014	\$ 540,149	100%	-

Note 11 – Subsequent Events

The City evaluated subsequent events for recognition and disclosure through October 31, 2014, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2014 that required recognition or disclosure in such financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF KERMAN

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Taxes	\$ 3,394,000	\$ 3,394,000	\$ 3,468,999	\$ 74,999
Licenses, permits and impact fees	86,080	86,080	104,453	18,373
Intergovernmental	184,887	184,887	224,032	39,145
Charges for services	389,100	389,100	396,296	7,196
Fines and forfeitures	33,000	33,000	35,580	2,580
Rents	126,376	126,376	127,059	683
Interest	15,000	15,000	14,121	(879)
Other	55,000	55,000	79,444	24,444
Total revenue	<u>4,283,443</u>	<u>4,283,443</u>	<u>4,449,984</u>	<u>166,541</u>
Expenditures				
Current				
General government	443,437	443,437	434,645	8,792
Public works	272,273	272,273	266,077	6,196
Community development	275,118	275,118	270,580	4,538
Social services	582,131	582,131	557,458	24,673
Public safety	2,659,775	2,659,775	2,688,411	(28,636)
Capital outlay	59,488	59,488	58,103	1,385
Total expenditures	<u>4,292,222</u>	<u>4,292,222</u>	<u>4,275,274</u>	<u>16,948</u>
Revenue over (under) expenditures	(8,779)	(8,779)	174,710	183,489
Other Financing Sources				
Transfers in (out) - net	<u>347,476</u>	<u>347,476</u>	<u>356,905</u>	<u>9,429</u>
Net Change in Fund Balance	<u>\$ 338,697</u>	<u>\$ 338,697</u>	531,615	<u>\$ 192,918</u>
Fund Balance				
Beginning of year			<u>2,084,425</u>	
End of year			<u>\$ 2,616,040</u>	

CITY OF KERMAN

BUDGETARY COMPARISON SCHEDULE

GAS TAX FUND

YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Intergovernmental	\$ 423,088	\$ 423,088	\$ 445,034	\$ 21,946
Interest	3,700	3,700	3,229	(471)
Other	-	-	29,445	29,445
Total revenue	<u>426,788</u>	<u>426,788</u>	<u>477,708</u>	<u>50,920</u>
Expenditures				
Public works	37,500	37,500	82,289	(44,789)
Capital outlay	1,185,700	1,185,700	778,489	407,211
Debt Service				
Principal	-	-	7,756	(7,756)
Interest and fiscal charges	-	-	2,309	(2,309)
Total expenditures	<u>1,223,200</u>	<u>1,223,200</u>	<u>870,843</u>	<u>352,357</u>
Revenue over expenditures	(796,412)	(796,412)	(393,135)	403,277
Other Financing Sources/(Uses)				
Transfers in/(out) - net	<u>(22,746)</u>	<u>(22,746)</u>	<u>(19,017)</u>	<u>3,729</u>
Change in Fund Balance	<u>\$ (819,158)</u>	<u>\$ (819,158)</u>	<u>(412,152)</u>	<u>\$ 407,006</u>
Fund Balance				
Beginning of year			<u>870,593</u>	
End of year			<u>\$ 458,441</u>	

SUPPLEMENTAL ONLY INFORMATION

**CITY OF KERMAN
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2014**

	Special Revenue Funds							Debt Service Fund
	Measure C	Local Transportation	Senior Center	Maintenance District	Transit	Low-Moderate Housing Asset	Kerman Public Financing Authority	
ASSETS								
Cash and investments	\$ -	\$ 719,768	\$ -	\$ 29,374	\$ -	\$ -	\$ -	\$ 11,875
Due from other governments	26,798	-	1,334	-	8,172	-	-	-
Land held for resale	-	-	-	-	-	32,783	-	-
Total assets	\$ 26,798	\$ 719,768	\$ 1,334	\$ 29,374	\$ 8,172	\$ 32,783	\$ 11,875	
LIABILITIES AND FUND BALANCE								
Liabilities								
Accounts payable and accrued expense	\$ 6,772	\$ 14,998	\$ 918	\$ 7,634	\$ 3,615	\$ -	\$ -	\$ 11,875
Due to other funds	6,857	-	981	-	7,140	-	-	-
Total liabilities	13,629	14,998	1,899	7,634	10,755	-	-	11,875
Fund Balance								
Restricted								
Circulation improvements	13,169	704,770	-	-	-	-	-	-
Development activities	-	-	-	-	-	-	-	-
Lighting and landscape maintenance	-	-	-	21,740	-	-	-	-
Low-income housing activities	-	-	-	-	-	32,783	-	-
Unassigned	-	-	(565)	-	(2,583)	-	-	-
Total fund balance	13,169	704,770	(565)	21,740	(2,583)	32,783	-	-
Total liabilities and fund balance	\$ 26,798	\$ 719,768	\$ 1,334	\$ 29,374	\$ 8,172	\$ 32,783	\$ 11,875	

CITY OF KERMAN

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2014**

	Capital Projects Funds						Total
	Jobs/Housing Mitigation	Public Building Facility	Fire Facility	Street Projects & Development	Park Development	Street Maintenance & Construction	
ASSETS							
Cash and investments	\$ 54,862	\$ -	\$ 235,255	\$ 434,488	\$ -	\$ -	\$ 1,485,622
Due from other governments	-	-	-	-	152,168	111,575	300,047
Land held for resale	-	-	-	-	-	-	32,783
Total assets	\$ 54,862	\$ -	\$ 235,255	\$ 434,488	\$ 152,168	\$ 111,575	\$ 1,818,452
LIABILITIES AND FUND BALANCE							
Liabilities							
Accounts payable and accrued expense	\$ -	\$ -	\$ -	\$ 4,264	\$ 8,697	\$ 285	\$ 59,058
Due to other funds	-	104,827	-	-	132,020	111,290	363,115
Total liabilities	-	104,827	-	4,264	140,717	111,575	422,173
Fund Balance							
Restricted							
Circulation improvements	-	-	-	-	-	-	717,939
Development activities	54,862	-	235,255	430,224	11,451	-	731,792
Lighting and landscape maintenance	-	-	-	-	-	-	21,740
Low-income housing activities	-	-	-	-	-	-	32,783
Unassigned	-	(104,827)	-	-	-	-	(107,975)
Total fund balance	\$ 54,862	(104,827)	235,255	430,224	11,451	-	1,396,279
Total liabilities and fund balance	\$ 54,862	\$ -	\$ 235,255	\$ 434,488	\$ 152,168	\$ 111,575	\$ 1,818,452

CITY OF KERMAN

**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014**

	Special Revenue Funds						Debt Service Fund
	Measure C	Local Transportation	Senior Center	Maintenance District	Transit	Low-Moderate Housing Asset	
Revenue							
Taxes	\$ -	\$ -	\$ -	\$ 206,982	\$ -	\$ -	\$ -
Developer impact fees	-	-	-	-	-	-	-
Intergovernmental	354,898	431,534	9,526	-	97,631	-	-
Charges for services	-	-	4,566	-	4,001	-	-
Rents	-	-	-	-	-	-	243,165
Interest	475	6,449	-	54	-	-	-
Other	-	-	-	-	-	-	-
Total revenue	<u>355,373</u>	<u>437,983</u>	<u>14,092</u>	<u>207,036</u>	<u>101,632</u>	<u>-</u>	<u>243,165</u>
Expenditures							
Public works	307,662	98,107	-	172,715	-	-	-
Community development	-	-	-	-	-	-	1,500
Social services	-	-	26,689	-	107,817	-	-
Capital outlay	22,294	460,264	-	-	683	-	13,623
Debt service	-	-	-	-	-	-	85,000
Principal	-	-	-	-	-	-	156,665
Interest and fiscal charges	-	-	-	-	-	-	256,788
Total expenditures	<u>329,956</u>	<u>558,371</u>	<u>26,689</u>	<u>172,715</u>	<u>108,500</u>	<u>-</u>	<u>256,788</u>
Revenue over (under) expenditures	25,417	(120,388)	(12,597)	34,321	(6,868)	-	(13,623)
Other financing sources/(uses)							
Operating transfers in/(out) - net	(30,294)	-	12,032	(8,851)	30,294	-	-
	<u>(30,294)</u>	<u>-</u>	<u>12,032</u>	<u>(8,851)</u>	<u>30,294</u>	<u>-</u>	<u>-</u>
Change in Fund Balance	(4,877)	(120,388)	(565)	25,470	23,426	-	(13,623)
Fund Balance							
Beginning of year	18,046	825,158	-	(3,730)	(26,009)	32,783	13,623
End of year	<u>\$ 13,169</u>	<u>\$ 704,770</u>	<u>\$ (565)</u>	<u>\$ 21,740</u>	<u>\$ (2,583)</u>	<u>\$ 32,783</u>	<u>\$ -</u>

CITY OF KERMAN

**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

	Capital Projects Funds						Total
	Jobs/Housing Mitigation	Public Building Facility	Fire Facility	Street Projects & Development	Park Development	Street Maintenance & Construction	
Revenue							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 206,982
Developer impact fees	6,880	18,651	8,810	32,187	28,401	-	94,929
Intergovernmental	-	-	-	-	155,309	617,541	1,666,439
Charges for services	-	-	-	-	-	-	8,567
Rents	-	-	-	-	-	-	243,165
Interest	540	-	2,389	4,049	346	-	14,302
Other	-	-	-	-	81,156	-	81,156
Total revenue	<u>7,420</u>	<u>18,651</u>	<u>11,199</u>	<u>36,236</u>	<u>265,212</u>	<u>617,541</u>	<u>2,315,540</u>
Expenditures							
Public works	-	-	-	-	-	-	578,484
Community development	-	52,008	-	21,000	-	-	74,508
Social services	-	-	-	-	45,525	-	180,031
Capital outlay	-	-	-	555	232,110	617,541	1,347,070
Debt service	-	-	-	-	-	-	85,000
Principal	-	-	-	-	-	-	156,665
Interest and fiscal charges	-	-	-	-	-	-	2,421,758
Total expenditures	-	<u>52,008</u>	-	<u>21,555</u>	<u>277,635</u>	<u>617,541</u>	<u>2,421,758</u>
Revenue over (under) expenditures	7,420	(33,357)	11,199	14,681	(12,423)	-	(106,218)
Other financing sources/(uses)							
Operating transfers in/(out) - net	-	-	-	-	-	-	3,181
	-	-	-	-	-	-	<u>3,181</u>
Change in Fund Balance	7,420	(33,357)	11,199	14,681	(12,423)	-	(103,037)
Fund Balance							
Beginning of year	47,442	(71,470)	224,056	415,543	23,874	-	1,499,316
End of year	<u>\$ 54,862</u>	<u>\$ (104,827)</u>	<u>\$ 235,255</u>	<u>\$ 430,224</u>	<u>\$ 11,451</u>	<u>\$ -</u>	<u>\$ 1,396,279</u>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor and City Council
City of Kerman, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kerman, California, (the "City") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated October 31, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

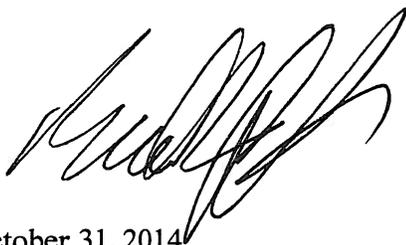
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, consisting of several loops and flourishes, positioned above the date.

October 31, 2014

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Honorable Mayor and City Council
City of Kerman, California

Report on Compliance for Each Major Federal Program

We have audited City of Kerman, California's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City's major federal programs for the year ended June 30, 2014. City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Kerman, California, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

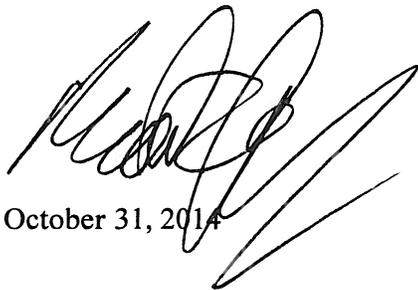
Report on Internal Control Over Compliance

Management of City of Kerman, California, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, consisting of several loops and flourishes, positioned above the date.

October 31, 2014

CITY OF KERMAN

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U.S. Department of Transportation			
Passed through California Department of Transportation			
CMAQ Congestion Mitigation and Air Quality	20.205	DEM06UBL-5291(018)	\$ 82,172
CMAQ Congestion Mitigation and Air Quality	20.205	FRE130046	5,665
RSTP Regional Surface Transportation Program	20.205	ESPLSTP-5291	<u>529,704</u>
			<u>617,541</u>
U.S. Department of Health & Human Services			
Passed through California Department of Aging			
Special Program for Aging	93.045	14-0121	9,526
U.S. Department of Justice			
COPS Hiring Program	16.710	2012UMWX0021	44,017
Homeland Security Grant Program	97.067	019-00000	<u>6,036</u>
			<u>50,053</u>
<i>Total Federal Expenditures</i>			<u>\$ 677,120</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards reports expenditures on the modified accrual basis of accounting. Accordingly, expenditures represent amounts incurred during the fiscal year which meet federal grant eligibility requirements.

CITY OF KERMAN

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014**

A. Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported
- Non-compliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of Major Programs

CFDA Number	Name of Federal Program or Cluster
20.205	RSTP Regional Surface Transportation Program/ CMAQ Congestion Mitigation and Air Quality

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

B. Findings – Financial Statements Audit

None noted.

C. Findings and Questioned Costs – Major Federal Award Programs Audit

None noted.

CITY OF KERMAN

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2014**

Summary Schedule of Prior Audit Findings

There were no prior year audit findings.



City of Kerman

"Where Community Comes First"

MAYOR Gary Yep
MAYOR PRO-TEM Doug Wilcox
COUNCIL MEMBER Raj Dhaliwal
COUNCIL MEMBER Nathan Fox
COUNCIL MEMBER Bill Nijjer

DEPARTMENT: CITY MANAGER
STAFF REPORT
CITY COUNCIL MEETING
COUNCIL MEETING DATE: NOVEMBER 19, 2014

To: Mayor and City Council
From: Luis Patlan, City Manager/Director of Planning & Development
Subject: Residential Design Guidelines

RECOMMENDATION

Council by motion adopt a resolution approving the Residential Design Guidelines for single-family and multi-family residential developments.

EXECUTIVE SUMMARY

Bruce O'Neal with Land Use Associates, under contract with the Fresno Council of Governments (COG), prepared Residential Design Guidelines for single-family and multi-family projects for the City of Kerman. The guidelines were presented to the Kerman Planning Commission on September 22, 2014 for review and input. On October 27, 2014, the Planning Commission adopted a resolution recommending that the City Council adopt the Residential Design Guidelines. The purpose of the design guidelines is to provide property owners, project designers, and developers with a clear understanding of the City's expectations for new single-family and multi-family residential developments. The guidelines will be used by city staff as a framework for evaluation and approval of residential projects during the City's plan review process.

OUTSTANDING ISSUES

None.

DISCUSSION

One of a community's greatest assets is its attractive, well-maintained residential neighborhoods. In order to preserve the character of these neighborhoods and encourage high-quality residential design throughout the City, residential design guidelines for single-family and multi-family projects are needed in order to set forth a clear understanding of the City's expectations for new residential developments.

The proposed Residential Design Guidelines identifies elements that will incorporate new residential projects into the community in a manner that encourages quality design, variation of architecture, street connectivity, walkability and social interaction. The guidelines cover both single-family and multi-family projects. Guidelines are included for such neighborhood features as:

- § site planning
- § neighborhood connectivity
- § building placement

- § architectural design
- § street trees and landscaping
- § parks and other amenities
- § street lighting
- § fences and walls

The guidelines also include new standards for roundabouts, light standards, street signs, and multi-unit mailboxes. Roundabouts for local and collector streets will be evaluated where appropriate in lieu of four-way stops or signalized intersections. The traditional cobra head street lights will be replaced with a new street light standard that will be more pedestrian-oriented and decorative in order to add better lighting and ambiance to a neighborhood. Streets signs will be decorative and include the city logo on the sign. Lastly, the multi-unit mailboxes will also be decorative consistent with the overall goal of enhancing the character and quality of new neighborhoods.

Planning staff, Planning Commission and City Council will use these guidelines as a framework for evaluating proposed residential developments. Because every project is unique and requires review on a case-by-case basis, this process depends on the exercise of discretionary judgment. While some guidelines include quantitative standards, most require qualitative interpretation.

The guidelines are intended to expedite the review process. The guidelines are specific enough to guide development, while at the same time flexible so as not to preclude creative design solutions. Variations may be considered for projects with special design characteristics to encourage the highest level of design quality. The guidelines are also intended to ensure that new development is compatible with existing neighborhoods.

The ultimate goal is to review and approve projects with a well-designed street network and amenities that create a quality neighborhood that fits into the fabric of the existing community.

FISCAL IMPACT

None.

PUBLIC HEARING

None required.

Attachments:

- A. Resolution w/Exhibit 'A' (Residential Design Guidelines provided under separate cover)

Attachment 'A'

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KERMAN
ADOPTING RESIDENTIAL DESIGN GUIDELINES

WHEREAS, Land Use Associates, under contract with the Fresno County Council of Governments (COG) through the Circuit Planner Project, prepared Residential Design Guidelines for the City of Kerman for single-family and multi-family developments; and

WHEREAS, the Residential Design Guidelines were presented to the Kerman Planning Commission on September 22, 2014, and on October 27, 2014 the Planning Commission adopted a resolution recommending that the City Council approve the Residential Design Guidelines to ensure that single-family and multi-family residential developments are well planned, architecturally diverse, and incorporate quality design elements; and

WHEREAS, the Residential Design Guidelines will be used as framework for evaluation and approval of residential projects during the City's plan review process; and

WHEREAS, the proposed Residential Design Guidelines conform to the City of Kerman General Plan and Zoning Ordinance;

WHEREAS, the Planning Department has determined that the proposed Residential Design Guidelines is statutorily exempt from environmental review pursuant to Section 15268 of the California Environmental Quality Act (CEQA).

NOW, THEREFORE BE IT RESOLVED that the City Council adopts the Residential Design Guidelines attached hereto as Exhibit 'A'.

The foregoing Resolution was adopted at a regular meeting of the City Council held on 19th day of November 2014, by the following vote.

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED BY:

Gary Yep
Mayor

ATTEST BY:

Marci Reyes
City Clerk

Exhibit 'A'

Residential Design Guidelines
(Provided Under Separate Cover)



City of Kerman Residential Design Guidelines



Prepared by:
Land Use Associates

Funded by:
Fresno County Council of Governments
Circuit Planner Project

Adopted
November __, 2014

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Section 1. Introduction

One of a community's greatest assets is its attractive, well-maintained residential neighborhoods. In order to preserve the character of these neighborhoods and encourage high-quality residential design throughout the City, the Kerman City Council has adopted these Single-Family and Multi-Family Residential Design Guidelines.



1.1.1 Purpose

The purpose of the design guidelines seek to provide property owners, project designers, and developers with a clear understanding of the City's expectations for new single-family and multi-family residential development. These guidelines will be used as framework for evaluation and approval of residential projects during the City's development review process.

The intent of these guidelines is to ensure that single-family and multi-family residential developments are well planned and architecturally diverse. For single-family projects, variation in setbacks, home sizes, floor plans, elevations, and lot sizes contribute to such diversity. Regional architecture styles such as Craftsman, Spanish Colonial Revival, Mission Revival, and Victorian are encouraged.

1.1.2 Design Objectives

The Residential Development Design Guidelines are intended to accomplish the following objectives:

1. Provide guidance for the orderly development of the City and promote high-quality development.
2. Allow diversity of style while promoting the positive design characteristics existing throughout the City.
3. Promote and enhance a sense of community and neighborhood.

Kerman has homes of various styles that add character and style to the community



4. Ensure that new development is compatible with existing neighborhoods.
5. Ensure neighborhood connectivity that creates a human-scaled, bicycle and pedestrian-friendly environment.
6. Respect and reinforce the relationship between public and private space.
7. Enhance architectural and visual interest of neighborhoods and buildings.
8. Ensure longevity of neighborhoods that will endure over time.



1.1.3 Applicability of Design Guidelines

It is the intent of these Guidelines to be specific enough to be able to guide development, while at the same time flexible so as not to preclude creative design solutions.

The following Guidelines are to be used by the development proposal team to assist them in producing a quality development. The Planning Staff, Planning Commission and City Council will use these Guidelines as a framework for evaluating development proposals and for commenting on the design aspects of the proposed projects.

- a. The Guidelines will be used to augment and reinforce the Zoning Ordinance, as it relates to single-family and multi-family residential developments. It is the intent and desire of the City to use the design guidelines to streamline and clarify the review and evaluation of project proposals.
- b. Applicants should review the Design Guidelines so as to understand the rational and spirit of the guidelines. Applicants should contact the City of Kerman Development Services Department early in the project planning and design process to determine application and processing requirements and discuss key issues particular to their specific site. Photographs, site plans and drawings should be submitted as appropriate, to show the relationship of the proposed project to the adjacent properties and surrounding neighborhoods.

- c. The Development Review Committee (DRC) is composed of staff from the departments of Planning and Development, Public Works, Police, Parks and Recreation, Fire and other outside agencies. The DRC reviews and provides comments and conditions on proposed development projects.
- d. All proposed projects shall submit a conceptual site plan, elevations, and landscape plans to Planning Staff prior to submittal of a formal land use application. Projects are assessed for conformance with the Guidelines by staff prior to consideration by the Planning Commission and City Council.
- e. To ensure that the Guidelines help to achieve their objectives, they will be reviewed on a periodic basis. Comments and suggestions to improve them are welcome and should be made in writing to:

City Planner
Planning & Development Services Dept.
850 S. Madera Avenue
City of Kerman
Kerman, California 93630

1.1.4 Consistency with the General Plan

The Kerman General Plan Update was adopted in 2007. The Land Use Element contains several policies that support quality residential design. Some of the more significant policies are as follows:

- Encourage high-quality site, architectural, and landscape design of existing, new, private and public development.
- Preserve and enhance Kerman's visual appearance and living environment by expanding the construction and maintenance of tree-lined medians on all expressways, arterials and major collectors or any other roadway the City Council may deem appropriate.
- Preserve and enhance natural and rural features in Kerman such as stands of mature trees, and agricultural crops and trees.
- Kerman shall promote an urban pattern that is compact, contiguous and concentric to the historical Kerman town.
- Promote a mix of residential dwelling types in all new and redeveloping residential areas.
- Single family development shall be well-designed and well maintained.

Section 2. Single Family Housing Design

Subdivision development patterns have begun to change in many locales over the past decade with Smart Growth principles, based on returning to traditional neighborhood and residential design patterns and standards, replacing many of the road and parcel layout principles that have characterized suburban communities over the past three or four decades. Kerman desires to utilize those elements of Smart Growth that encourage a strong sense of neighborhood but within a framework that retains the traditional sense of suburban community that emerged as Kerman has developed over time.

2.1.1. Purpose

To promote the connection of new developments to adjacent uses and neighborhoods, via biking, walking or driving, to better integrate new projects into the existing community. This will make it easier for residents to circulate throughout the neighborhood. These guidelines are a summary of the standards and techniques to assist in the creation of viable neighborhoods as Kerman matures as a city.

- a. All single-family detached residential development shall comply with the City of Kerman Zoning Ordinance and all other applicable codes and ordinances while reflecting the intent of the Design Guidelines.
- b. All required setbacks, building heights, lot coverage, street designs and other applicable minimum requirements are not addressed here. These guidelines seek to set a higher degree of design excellence than the minimum zoning standard.

Principles of Smart Growth

The principles of Smart Growth can be applied increasingly to projects at the full range of scales from a single building to an entire community.

- Mix land uses
- Take advantage of compact building design
- Create a range of housing opportunities and choices
- Create walkable neighborhoods
- Foster distinctive, attractive communities with a strong sense of place
- Preserve open space, farmland, natural beauty, and critical environmental areas
- Strengthen and direct development towards existing communities
- Provide a variety of transportation choices
- Make development decisions predictable, fair, and cost effective
- Encourage community and stakeholder collaboration in development decisions

2.1.2 Basic Design Principles

The following principles have been used as a touchstone for the development of individual residential design guidelines. In the event that the specific guidelines do not clearly address a given condition, the Basic Design Principles should be consulted for general direction. The Basic Design Principles will be used by the planning staff and Planning Commission/City Council when evaluating all residential projects in the City, and when considering the acceptability of unique proposals that vary from the specific guidelines.

- a. Design to reflect the uniqueness of Kerman and the site

Kerman wishes to create a unique sense of place that continues to improve over time as the community grows. Prototypical architecture found in other cities may be acceptable if it reflects high-quality design features, is visually appealing, and is compatible with and complementary to existing neighborhoods and surrounding development. Traditional architecture styles, decorative building material combinations, tasteful building color palettes, durable tile and roofing materials, useable porches, private patio areas, plentiful windows to provide natural light and articulated architectural features on all sides of residential structures are expected.

- b. Integrate new development into the surrounding city fabric

New residential projects should fit comfortably into their surroundings with multiple pedestrian linkages to adjacent development.

- c. Design projects with internal continuity

Residents within larger developments should be able to walk easily to other homes in the development and to reach adjacent neighborhoods and open spaces. Transitions between residential units should avoid abrupt changes in size, bulk, and levels of architectural detail.

- d. Minimize the impact of garages and driveways along street frontages

Entry porches and active living space should have greater prominence than garages along street frontages. A pleasant pedestrian environment should be created along street frontages. Visitors to a development should be able to reach visitor parking without passing by large banks of garage doors.

- e. Provide visual variety in new residential developments

A variety of floor plans, elevations, building heights, materials and colors will be expected. However, a unified design approach should be utilized to avoid visual chaos and promote cohesion and harmonious neighborhood settings.

f. Design buildings with strong architectural integrity

Residential projects should be designed with 360 degree architecture with materials and details carried around all sides of a structure to avoid a “false front” look and the presentation of unarticulated and unadorned facades to neighboring homes and public view.

g. Integrate substantial landscaping into all projects

Mature landscaping should be preserved whenever possible, and replaced in-kind when it cannot be saved. Substantial landscaping should be provided along all street fronts to reinforce a strong sense of neighborhood and a pleasant pedestrian environment. Large trees and shrubs should be used for higher density projects to mitigate their visual bulk and reflect the agricultural surrounding of the City.

h. Respect adjacent neighbors

Every project should be respectful of adjacent homes and neighbors. New development and change to existing development, including remodeling, should avoid privacy, noise, light and visual conflicts with adjacent uses to the maximum degree possible. Special care should be given to avoiding tall blank walls and large building volumes immediately adjacent to one-story homes on adjacent parcels, and to the placement and treatment of windows and site landscaping to minimize views into neighboring homes’ windows and private outdoor spaces.

i. Use quality materials and craftsmanship

High-quality, state-of-the-art materials and design that will maintain their appearance over time and convey a sense of pride in one’s home shall be used in all new construction. They will also reduce long-term capital costs.

2.1.3. Site Planning

Site planning or subdivision layout is one of the most important aspects of making a residential neighborhood a desirable place to live. Yet, subdivision layout is by far the most overlooked component of municipal land development.

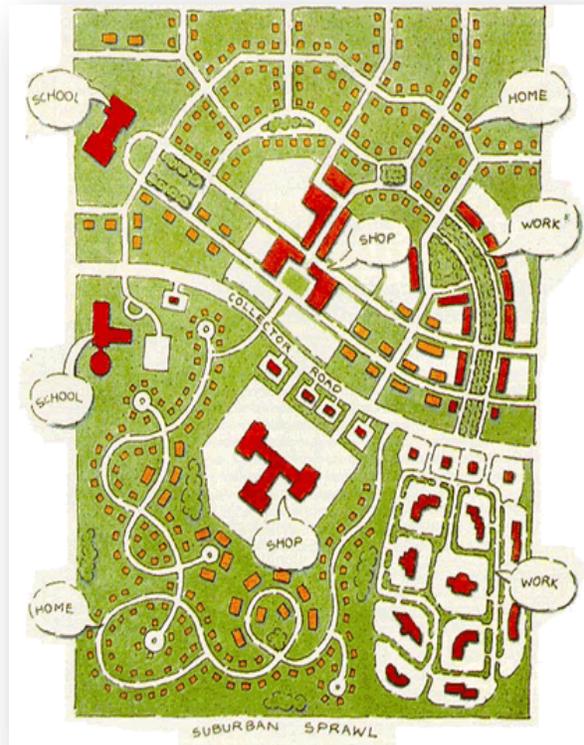
Subdivision shapes the urban realm by creating streets, blocks, and open spaces, and sets the tone for development that will follow because the layout and quality of streets greatly influence the future built environment.



The “loops and lollipops” street pattern of the past fifty years discourages alternative modes of transportation and creates confusing circulation patterns. These designs incorporate limited access to collector streets, discontinuous local streets that discourage through traffic, curvilinear design patterns, cul-de-sacs, short streets, elbow turns, and T-intersections.

Neighborhoods should be connected, pedestrian scaled, have a high quality streetscape, and provide access to open space and neighborhood-serving commercial uses, where appropriate. A mix of densities and lot sizes creates diversity in housing products.

- a. Interconnection of adjoining residential subdivisions should be required.
- b. Open space areas should be provided, commensurate with the projected population density of the development.
- c. Cul-de-Sac streets shall be limited in number to encourage more equal utilization of local streets.
- d. Local streets should be designed to discourage excessive speeds.
- e. Local street systems should be designed to minimize through-traffic movements.
- f. A residential area should be conveniently accessible from arterial and collector streets.



2.1.4. Connectivity

Many of the recent single family developments have isolated themselves from adjacent neighborhoods, or have not taken the opportunity to connect with other commercial or residential developments. This internalized pattern has created an image of separate isolated enclaves, rather than new projects being a part of the existing neighborhood or district.

Project designs should connect into the adjacent neighborhoods and provide for future connections to currently undeveloped properties via streets or pedestrian and bike paths. Projects adjacent to existing or future retail properties should provide auto access or pedestrian/bike access to adjacent developments, coordinating with walkways and plaza locations.

Neighborhoods with connectivity and multiple points of access



The purpose of street connectivity is to increase the number of street connections in a neighborhood, to improve the directness of routes, and to achieve an open street network that provides multiple routes to and from destinations. Such a network supports walking and bicycling and discourages limited access street designs where residential subdivisions have but one or two points of entry and no connection to adjacent properties.

Neighborhoods with confusing circulation patterns and lack of connectivity

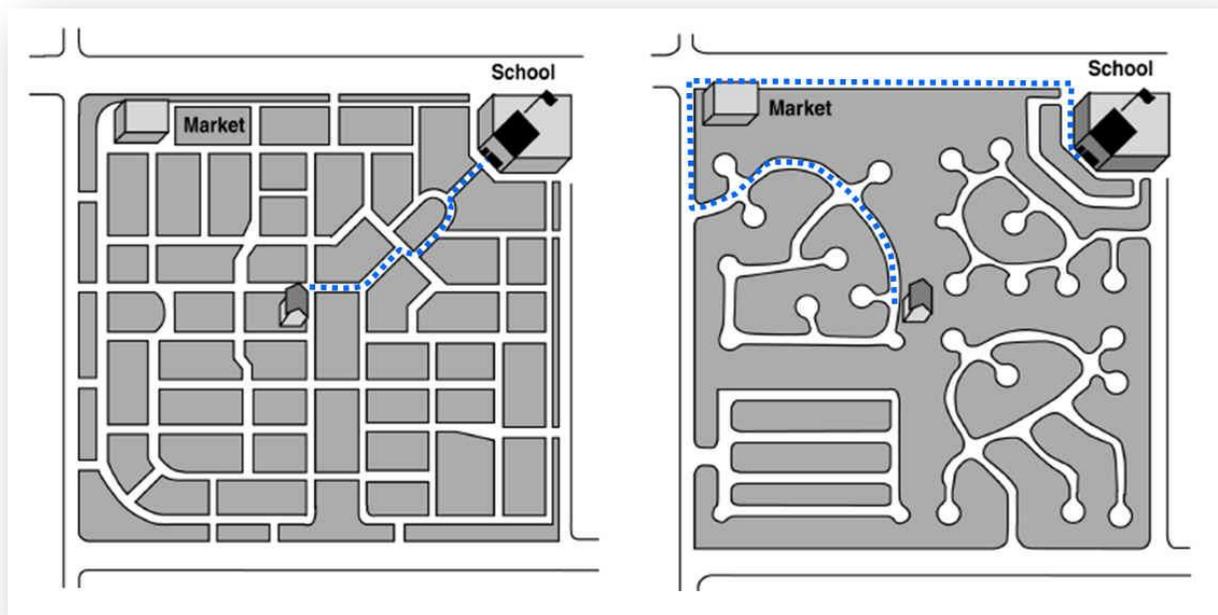


A well-designed, highly-connected network helps reduce the volume of traffic on arterials and collectors and improves livability by providing alternative route choices. By increasing the number of street connections, bicycle and pedestrian travel also is enhanced.

Benefits of connectivity:

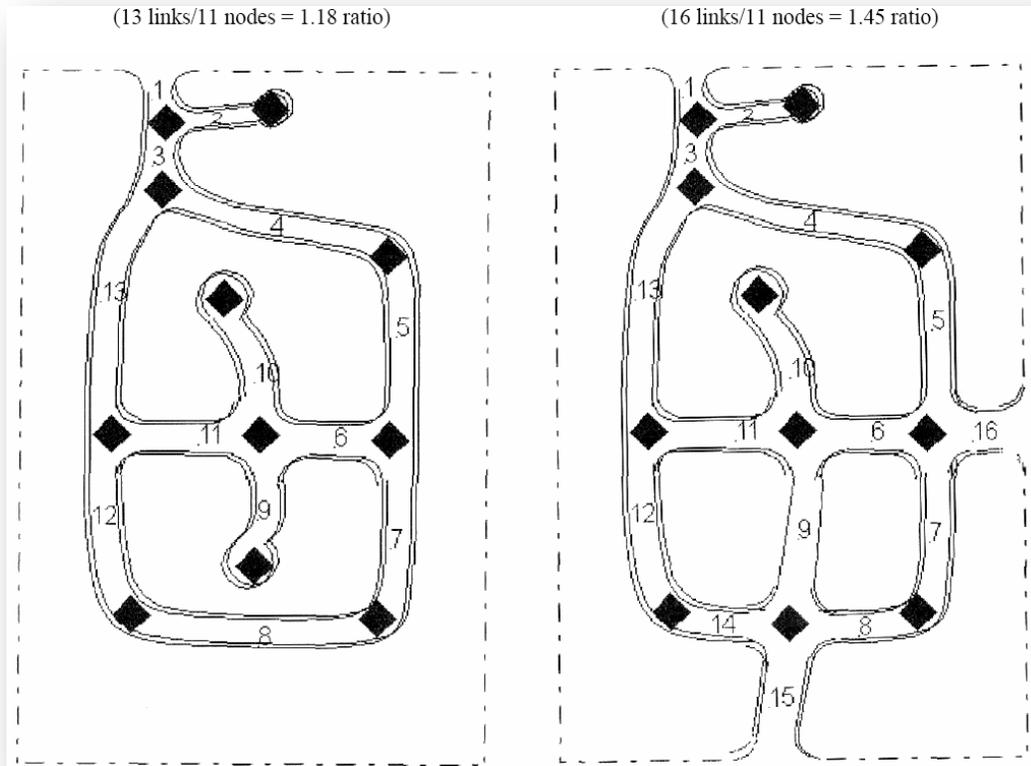
- Decreased traffic on arterial and collector streets
- Continuous and more direct routes for walking and biking
- Greater emergency vehicle access
- Improved utility connections, easier maintenance, and more efficient trash pick up

The figure below illustrates a more interconnected development pattern compared to a disconnected, development pattern of the late 20th century.



2.1.5. Connectivity Index

1. To provide adequate internal connectivity within a subdivision or planned development, the street network shall have a minimum connectivity index of 1.40. A connectivity index of 1.4 to 1.8 represents an acceptable street network. The optimal connectivity index for a perfect grid network is 2.5.
2. The connectivity index is defined as the number of street links divided by the number of nodes and link ends (including cul-de-sacs and sharp curves with 15 mph design speed or lower). The higher the connectivity index, the more connected the road network.



The connectivity index is calculated as follows:

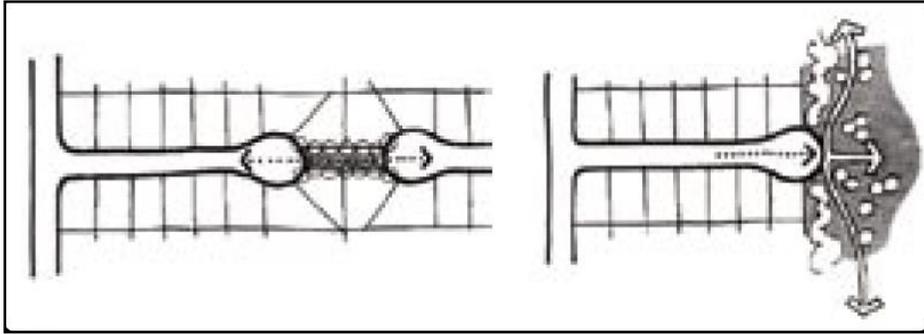
- a. Count the number of nodes. Nodes are any point of intersection of two or more roads or any cul-de-sac ends.
- b. Count the number of links. Links are the segments of road connecting nodes. To properly calculate the connectivity index, you must include the first link beyond the last nodes.

Use the following formula to calculate the connectivity index: $links/nodes = connectivity\ index$.

3. No dead-end streets shall be permitted except in cases where such streets are designed to connect with future streets on abutting land, in which case a temporary turnaround must be dedicated and constructed.
4. In general, cul-de-sacs should be used only when vehicular safety factors or odd-shaped parcels make a vehicular connection impractical. Where cul-de-sacs are permitted they shall be:
 - a. Less than 300 feet in length so as to not frustrate driving public, or

- b. Less than 500 feet in length and have a pedestrian connection from the end of the cul-de-sac to another street.
- c. Cul-de-sac design, when proposed, should provide options that offer safe and quiet streets as well as pedestrian and bicycle access to destinations such as parks, schools, shops.

Pedestrian and bicycle linkages should be provided at cul-de-sacs.



- 5. Short block lengths are strongly encouraged in order to create a better pedestrian-scaled environment.

Shorter cul-de-sacs preferred over longer cul-de-sacs.



2.1.6. Building Layout

Building placement and orientation should be carefully designed to enhance its visual impact on the streetscape, minimize the visibility of garage doors, retain natural site features, and conserve energy. Development layouts shall be designed to limit repetition and a “regimented” tract appearance. Setbacks must conform to the standards of the applicable zoning code, but the following guidelines shall be adhered to when feasible.

- a. To minimize the dominance of garage doors on the street facade, garage placement shall vary.

- b. The front setback shall be staggered at least every third house an additional five feet to create a varied streetscape.
- c. No two identical elevation plans shall be placed on adjacent lots.
- d. Homes shall be oriented towards the street to establish a sense of belonging and community for the residents.
- e. Lots shall not be placed centered on “T” intersections since noise and glare from headlights is often problematic for homes on those lots.
- f. Climatic factors such as prevailing winds, shade trees, window and door orientation, and the positioning of buildings on the site shall be coordinated to maximize energy conservation.
- g. Place major glass areas facing north and south, whenever possible.
- h. Provide access garages from side streets on corner lots or other design features such as decorative fence or wrap around porches to add visual interest and human scale to the side facades facing streets and pedestrian ways.

Corner lot with no visual interest



Corner lot with garage access on side streets



Corner lot with wrap around porch



2.1.7 Project Entry and Character

Site amenities, entries and features should be coordinated to complement one another and to create a unified project appearance.



A distinctive wrought iron gate and natural materials create a unique entry feature.

- a. A combination of the following accent features shall be incorporated into the project entry; ornamental landscaping, landscaped medians, architectural monuments, decorative walls, and/or signs.
- b. Project entry features shall reflect the overall architectural identity and character of the project.
- c. Colored, textured, and permeable paving treatment at entry drives is encouraged to accentuate these areas.

2.1.8 Streets

1. Streets should be laid out in grid or modified grid patterns to create direct routes to surrounding neighborhoods.
2. Streets should directly access common open space areas.
3. Internal streets and path layouts should connect to landmarks or amenity features such as parks, community buildings, schools and shopping.

4. Internal streets must provide for both intra- and inter-neighborhood connections to knit developments together, rather than forming barriers between them.
5. Streets and paths should focus on important vistas such as community buildings, mountains, trees or open spaces.
6. Where loop street connections are not feasible, pedestrian and bike paths may be used as “shortcuts” to make walking and biking more convenient.
7. Traffic calming devices such as bulb-outs are encouraged at all intersections and roundabouts are encouraged as an alternative to a four-way stop. Recommended traffic calming techniques may include, but are not limited to:
 - Narrow streets, to the extent feasible
 - “Slow points,” such as curb- extensions and corner radius treatments
 - Tree lined medians or landscaped strips
 - Raised crosswalks or crosswalks with varied patterns and textures
 - Traffic circles (roundabouts), where applicable. City of Kerman roundabout standards for local street and collector street intersections are included in Appendix A.

Roundabout slows traffic and adds aesthetic quality to street scene



2.1.9 External Street Connectivity

1. Each residential development shall incorporate and continue all collector or local streets stubbed to the boundary of the development plan by previously approved but unbuilt development or existing development.
2. To ensure future street connections where a proposed development abuts undeveloped land or a future development phase of the same development, street stubs shall be provided to provide access to all abutting properties or to logically extend the street system into the surrounding area. All street stubs shall be provided with temporary turn-around or cul-de-sacs and the restoration and extension of the street shall be the responsibility of any future developer of the abutting land.
3. Streets within and contiguous to the subdivision shall be coordinated with other existing or planned streets within the general area as to location, widths, and drainage. Such streets shall be aligned and coordinated with existing or planned streets in existing or future adjacent or contiguous to adjacent subdivisions. All streets and pedestrian pathways in any subdivision or site plan shall connect to other streets and to existing and projected streets outside the proposed subdivision or other development.
4. To ensure future street connections to adjacent developable parcels, a proposed development shall provide a local street connection spaced at intervals not to exceed 660 feet along each boundary that abuts potentially developable land.

Subdivision with future street connections to adjacent parcels



2.1.10 Perimeter Building Orientation

Projects should be designed with residences facing existing streets, eliminating street facing rear yard fences or sound walls, unless the traffic or acoustic impacts are significant and cannot be feasibly addressed by the building design.

Desirable: Homes facing street



2.1.11 Pedestrian and Bike Connections

Pedestrian and bike and visual connections should be made wherever auto connections are infeasible due to traffic, physical constraints or other considerations.

1. Sidewalks shall be installed on both sides of all local streets. Development standards should require sidewalks with planter strips and street trees for shade.
2. Where sound walls are required, openings in the block wall shall be required to encourage safe connectivity to the larger community.
3. Pedestrian crossings shall be made safer for pedestrians whenever possible by shortening crosswalk distance with curb extensions, reducing sidewalk curb radii, and eliminating free right-turn lanes.



4. Raised crosswalks around schools or at mid-blocks with high-pedestrian use areas should be considered in the overall design. These crosswalks slow traffic and provide higher visibility and safety at pedestrian crossings.

Example of raised, high-visibility pedestrian crossing



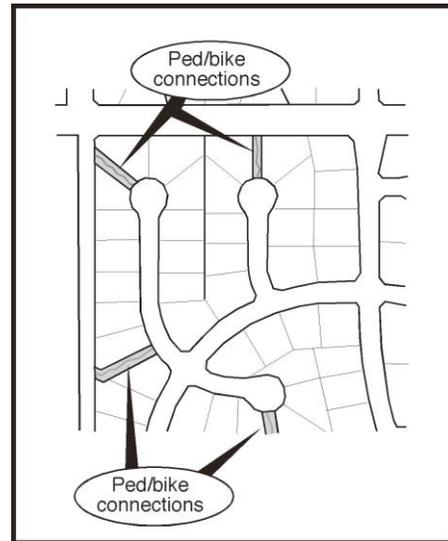
Example of center median with pedestrian refuge



5. Where cul-de-sacs are permitted, pedestrian and bike paths may be used as “shortcuts” to make walking and biking more convenient.

6. Where residential developments have cul-de-sacs or dead-end streets, such streets shall be connected to the closest local or collector streets or to cul-de-sacs in adjoining subdivisions via a sidewalk or multi-use path, except where deemed impractical by the Planning Director.

Example of pedestrian “short cuts”



7. Multi-use paths may be used to enhance pedestrian and bicycle travel where the existing circulation system does not serve these patrons well.
 - a. All paths shall be located in corridors that serve origin and destination points such as residential areas, schools, shopping centers, parks, etc.
 - b. Paths shall be designed in such a manner that motor vehicle crossings are eliminated or significantly minimized. Where crossings exist, they must be carefully designed to ensure the safety of the users.
 - c. All paths shall be constructed of durable, low-maintenance materials, with sufficient width to allow users to proceed at reasonable speeds. Where multiple uses are intended (i.e., shared pedestrian and bicycle traffic) the path should be ten feet wide whenever possible.

2.1.12 Fencing and Walls

- a. The design of walls and fences, as well as the materials used, should be consistent with the overall development's design. Fence and wall color should be compatible with the development and adjacent properties. Wall design and selection of materials should consider maintenance issues, especially graffiti removal and long-term maintenance.
- b. Sound walls when permitted should not have a single monotonous design. Periodic entries help to minimize walking distances, connecting bike paths along major roads. The following design features are encouraged:
 1. Landscaping and berms to minimize the visual impact of long continuous sound walls.
 2. Additional landscape setbacks, street trees and accent trees at entries to improve the appearance of sound walls.
 3. Concrete capstones on stucco walls to help prevent water damage from rainfall and moisture.



Sound wall should have decorative pilasters and end caps



Example of dense landscape at the base of sound wall

- c. Corner Lots: Fencing on corner lots should begin at or near the back end of the building for safety visibility, and fences visible from the street should be architecturally compatible with the building.
- d. Front/Side Yard Setbacks: Fences or low walls 3 feet or less in height should be allowed in the front and street yard side setbacks. Fences over 3 feet in height may be permitted with a 20-foot setback from the front property line and from a street side property line.

Undesirable side yard with lack of landscaping

- e. Gates and pedestrian opening(s) into the project should be accentuated with pilasters, landscaping, trellises and/or lighting.
- f. Low Walls: Low walls (3') may be used to separate private and public space in an unobtrusive way, in lieu of porch railings, or where security or soundproofing is not the main objective.



- g. All fencing visible from the street should contain pilasters, columns or posts. These pilasters should generally be placed as follows: where two fences intersect, where a fence and a gate intersect or at the corner of a lot.
- h. Side yard fences on corner lots will require design attention and articulation. Taller fences exceed 42 inches in height should be limited to the rear yard setback portion of the whenever possible to enhance streetscape appearance.

Side yard fence located at rear yard setback



2.2.1 Building Design

These guidelines aim to promote high quality architectural designs that enhance the character of Kerman. Neighborhood developments shall utilize architectural styles that complement each other when grouped together. The architectural style and design theme of each residential development shall establish unique a neighborhood identity.



2.2.2 Architectural Styles

Kerman, like most other California cities, has a mix of architectural styles within its residential neighborhoods. Consistency of design features within traditional styles such as Ranch, American Colonial, Spanish, Craftsman etc. has served Kerman well because it has enlivened the City with variety while maintaining a distinctly traditional neighborhood character.

In recognizing the value of architectural diversity, the City does not seek to dictate which styles are allowed, but rather to promote an awareness of what makes different elements work together. Strict adherence to a single architectural style is not required; however, combining too many elements from several divergent styles often results in an incoherent design.

Generally, the City recommends choosing a single architectural style as a starting point in the design process. Positive design features from other styles may be incorporated if the various elements work together. Most importantly, the overall architectural style should be compatible with the surrounding neighborhood. Using similar features, colors, and materials found in nearby homes is encouraged.



When determining the architectural style of a house for style selection or design review purposes, there are several common characteristics that can be used to help identify the proper style. These same characteristics shall be carefully examined for design review purposes to be sure that they are consistent with the style identified on the house plans.

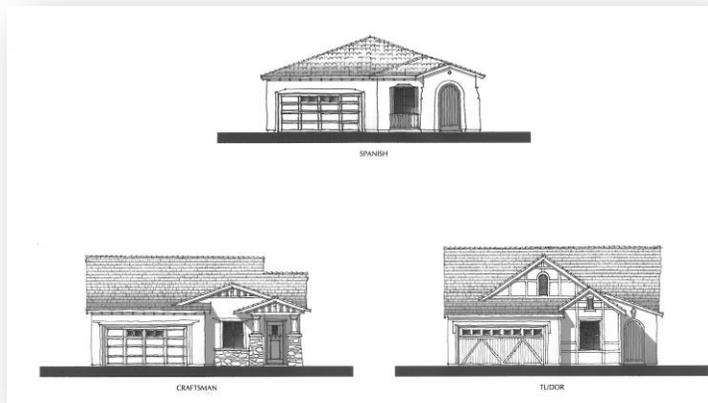
These features or characteristics are the component parts that, when put together, make up the style:

- a. Roof type;
- b. Symmetry and shape;
- c. Frame;
- d. Articulation;
- e. Massing;
- f. Windows and doors;
- g. Building materials and colors;
- h. Decorative trim; and
- i. Porches, eaves and columns.

The styles should vary and incorporate features of that reflect that architectural style highly encouraged. Some of the architectural styles include, but not limited, to:

- a. Spanish
- b. Craftsman
- c. Tudor
- d. Monterrey
- e. Contemporary/Modern

Examples of architectural styles for single-story residence



Examples of architectural styles for two story residence



2.2.3 Street Environment and Building Frontage

Single-family residential development shall efficiently use the site, and relate to the street.

- a. Front porches are encouraged to create an attractive interface with semi-public front yard areas. Porches shall match the scale and be integral to the architectural design of the home.
- b. The front entry shall be the focal point of the home. Roof elements, columns, porticos, or other architectural features shall be utilized.
- c. Garages in single-family residential neighborhoods shall be subordinate to the front of the house and shall not dominate the streetscape.
- d. The height, mass, and appearance of residential units shall include some variation to provide visual interest to the streetscape. The lower floor of a two-story house shall use architectural accents, texture and/or color to add detail and interest.

2.2.4 Building Form and Articulation

Building form and articulation includes variation in wall planes (projections and recesses) and wall height (vertical relief) as well as variations in roof forms and heights to reduce the perceived scale of the structure.

- a. Residential homes shall incorporate articulation of all facades, including variation in massing, roof forms, and wall planes, as well as surface articulation.
- b. The highest level of articulation will likely occur on the front facade and facades visible from public streets. Similar and complementary massing, materials, and details shall be incorporated into every other structure elevation.
- c. Elements and details of homes shall be true to the chosen architectural style.

Facades with varying roof forms



Facades with consistent massing and detail



- d. Wall planes on all sides of the house shall be variable if visible from a public street or pedestrian pathway.
- e. Surface detailing shall not serve as a substitute for well integrated and distinctive massing.
- f. Architectural elements that add visual interest, scale, and character such as recessed or projecting balconies, trellises, recessed windows, and porches are strongly encouraged.
- g. Architectural elements such as overhangs, trellises, projections, and awnings shall be used to create shadows that contribute to a structure's character.
- h. Variation in mass and building height in higher density developments along streets and public right-of-ways shall be incorporated by providing a mix of single-story and two-story homes. Two-story homes shall have single-story elements on prominent elevations.
- i. A mix of single story homes and two story homes shall be included to provide an appealing streetscape with a variety of home types, height, mass and size.
- j. Massing shall accentuate entries and minimize garage prominence.
- k. Porches shall be a minimum of six feet deep with materials and/or details that are authentic to the architectural style of the home.



2.2.5 Entries and Porches

- a. A clear sense of entry and design interest to a home is provided through the inclusion of porches, verandas, and other architectural elements that contribute to a sense of place and activity.
- b. The minimum porch should be 6 feet deep and 8 feet wide to encourage usability
- c. Porch/Entry features should primarily be single story elements, or incorporated into two story vertical elements to break up the building mass along the street.
- d. Front doors should reflect the architectural style of the home.



- e. Entries and porches should be oriented to street corners. At corner lots, side yard facades should maintain the architectural design consistent with the front facade.
- f. Windows should be used as architectural elements that add relief to the façade and wall surface, comprising at least 20% of the façade area. Windows should be framed with trim and sills to provide depth and shadow lines.
- g. Entries and porches should be oriented to street corners. At corner lots, side yard facades should maintain the architectural design consistent with the front facade.

2.2.6 Roof and Upper Story Detail

Visual diversity shall be created by incorporating multiple rooflines and designs while remaining consistent with the architectural style of the home.

- a. A variety of roofs shall be incorporated throughout the development (e.g., gabled, hipped, dormers, etc.).
- b. Multi-form roofs, gabled, hipped, and shed roof combinations are encouraged to create varying roof forms, and break up the massing of the building.
- c. Various roof forms and changes in roof plane shall be used on all structure elevations visible from a public street or pedestrian right-of-way.
- d. Variation in ridgeline height and alignment shall be utilized to create visual interest.
- e. Full, sloped roofs are strongly encouraged with both vertical and horizontal roof articulations.
- f. Exposed gutters and downspouts, unless designed as an outstanding architectural feature of the overall theme, shall be colored to match fascia.
- g. Roof overhangs shall be sized appropriately for the desired architectural style.



Second story with multi-forms, ridgeline height and use of balcony

2.2.7 Building Materials and Finishes

The use of high quality materials will create a look of permanence within a project. Materials and colors shall be varied to generate visual interest in the facades and to avoid the monotonous appearance that is sometimes common in some contemporary residential development projects.

- a. Key portions of the facade shall be enhanced with special materials and color.
- b. Material changes shall occur at intersecting planes, preferably at inside corners of changing wall planes or where architectural elements inter-sect (e.g., chimney, pilaster, projection, fence line, etc.).



White trim contrasts nicely with tan siding

- c. Contrasting but complementary colors shall be used for trim, windows, doors, and key architectural elements.
- d. Roof materials and colors shall be consistent with the desired architectural style.
- e. Projects of three or more homes should provide a minimum of three distinctly different color/material palettes per architectural style.
- f. Heavier materials should be used lower on the structure elevation to form the base of the structure.

Example of good use of contrasting colors, roofing material and stone on the facade



2.2.8 Garage Placement

When garages are well integrated into a project it will ensure that they do not dominate front facades.

- a. Garages should not dominate the street scene.
- b. Garage doors shall be recessed a minimum of six inches from the face of the garage.
- c. Garage doors facing the street shall be set back a minimum of 5' from the exterior face of the main house to help reduce their visual impact or, alternatively, detached and set back behind the main dwelling.
- d. Garage doors shall incorporate panels and/or windows to articulate large planes.
- e. Roof forms, trellises, and balconies are encouraged above the garage door to help minimize the impact of garage doors on the street scene.
- f. Garages should include panels and/or windows to provide articulation.
- g. Garages should have architecture similar to the home.
- h. Residential units situated on corner lots should encourage a design that orients the garage and the front door to face different streets.



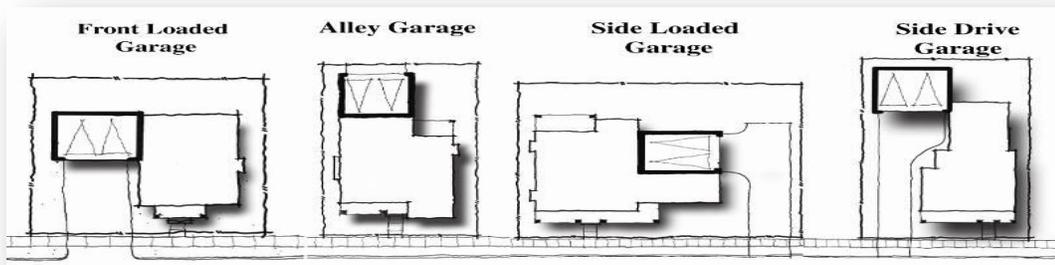
Discouraged: Garages that dominate street view



Desirable: Separated, recessed three-garage garage



Example of side loaded garage



2.2.9 Streets and Front Yard Landscaping

Streets and streetscape play an important role in creating a high quality neighborhood. The streetscape should be designed to include street trees, roundabout, bulbouts, sidewalks and planter strips to create a pedestrian-oriented environment.



The following design features are encouraged:

- a. Street blocks should be less than 600 feet long and provide for multiple points of ingress and egress into the neighborhood.
- b. Use of roundabouts at intersections to slow traffic, improve pedestrian crossing and enhance the aesthetic quality of the streetscape.
- c. Provide planter or mow strips between street and pedestrian sidewalks.
- d. Residential and collector streets should be designed with landscaped medians, bulb-outs, and roundabouts to reduce speeds and add visual interest to the street scene.
- e. Medians shall include drought tolerant plants and drip irrigation. Landscape shall include variety of shrubs, ground cover and street trees. Turf is prohibited as part of median landscaping.
- f. Residentially scaled street lights; see Appendix A for City of Kerman street light design standards.
- g. Unified design for street signs and street name signs; see Appendix A for City of Kerman street sign standards.



See Appendix A for street light standard

2.2.10 Street Trees

- a. Provide street trees or yard trees at approximately 20' to 25' on center along each side of the street (minimum 2 per lot).



Street trees in planting strip provides shade and creates pedestrian-friendly environment

- b. Provide 25 gallon tree specimens minimum for all street and yard trees. Root barriers shall be required for any tree placed by pavement or other situations where roots could disrupt adjacent paving/curb surfaces.

- c. Install irrigation at the time of planting.

- d. Planting strips (min. 5') between the sidewalk and the back of curb provide safe separation from the street and creates an attractive pedestrian zone.

- e. Planting strips should include street trees and drought tolerant ground cover in lieu of turf.



Example of planting strip with flowering shrubs in lieu of turf

- f. Provide tree species which create a continuous canopy at 15 years maturity. Species available from the Public Works Department.

- g. Consistent tree species and accent trees at special locations within the neighborhood are strongly encouraged.

- h. Existing mature trees should be incorporated into new development when possible.

- i. Accent paving should be used at neighborhood entries and at crosswalks.

- j. Understated signage leading to individual subdivisions is desirable to integrate projects into the community. Accent or themed landscaping and trellises are more welcoming than walls or structures.

2.2.11 Front Yard Landscaping

- a. Front-yard landscaping should be installed by the developer prior to occupancy. All landscaped areas should be provided with an automatic irrigation system.
- b. Use of xeriscaping is highly encouraged. Native vegetation and drip irrigation is encouraged to reduce water consumption for landscaping.
- c. Use of turf should be minimized to increase water efficiency.
- d. All landscape areas should include a mixture of deciduous and evergreen varieties, including perennials and flowering shrubs. Designs are strongly encouraged to include plant varieties that will provide seasonal color, texture and/or other special interest.
- e. A minimum of 40% of the front yard area should be landscaped with a combination of trees, turf or shrubbery. Hybrid Bermuda or other grass that requires a minimum of water should be encouraged. Plant material should be varied in size, shrubs from one to five gallons, and trees from 15 to 25 gallons.
- f. Deciduous trees should be planted along south and west facing walls to allow solar access during the winter.
- g. Alongside drives a minimum 1.5-foot to 2-foot wide landscape strip is required along the property line.

Xeriscaping front yard landscaping



2.2.12 Utility Areas and Accessory Structures

- a. Individual waste receptacles should be accommodated behind side yard fences. A separate concrete pad shall be provided behind side yard with gate for storage of waste receptacles.
- b. Above ground utility boxes should be placed in alleyways or away from public gathering spaces to the extent practicable and should be screened with landscaping, which may include fencing or berms.



Screening of utility box with landscaping

- c. Roof-mounted HVAC units are strongly discouraged. When permitted, they should be screened with architecturally compatible materials.
- d. Mailboxes may be clustered in accordance with U.S. Postal Service standards. Clustered mailboxes should be architecturally enhanced and carefully placed to not adversely affect the privacy of residents and serve the needs of the US Postal Service.

See Appendix A for mail box standards for new subdivision.



2.2.13 Lighting

- a. Site plans and architectural plans should include the location of fixtures, their design and the nature and level of the illumination they will provide.
- b. The lighting for neighborhood streets, alleys, common greens, and parks should be low intensity and should be from the same family of fixtures.
- c. Street lighting on neighborhood streets within the boundary of a development should be required. All street lighting fixtures should be a maximum height of 16 feet.



See Appendix A for street light standards for new subdivision.

- d. Sidewalks and pathways not otherwise illuminated by street lighting should be lit with ornamental lighting fixtures. All pedestrian lighting fixtures should be a maximum of 12 feet.

- e. If alley lights are mounted on the garage, they should be no higher than 8 feet above ground and directed away from adjacent backyards and structures.
- f. Illumination over an entire area or the use of overly bright lighting is strongly discouraged. The use of a number of smaller lights (like bollard lighting) is preferable to larger, more intense lights.
- g. To conserve energy and reduce long-term costs, energy-efficient lamps should be used and hours of operation monitored to avoid waste. Low voltage lighting and lighting activated through motion sensors and automatic timers should be used where feasible.

2.2.14 Parks and Open Spaces

Neighborhood spaces and pedestrian features are important places for residents to gather, socialize, and play. Parks facilities and open space must be safe and secure. Incorporate natural site features whenever possible.

- a. The size and scale of neighborhood amenities shall be appropriately scaled.
- b. Parks and open space shall be included with the initial subdivision layout. These amenities should be centrally located to be shared by the neighborhood.
- c. Parks and open spaces shall be visible from adjacent residences for informal surveillance and to help promote site safety.
- d. Open spaces and community facilities shall be easily accessible from all residential units.
- e. A low transparent fence should enclose parks and open space as necessary.



Section 3. Multi-Family Housing



3.1.1 Design Goals

The Multifamily Residential Design Guidelines are intended to accomplish the following goals:

Goal: Foster project designs that create and enhance a sense of community and neighborhood.

Goal: Create and promote usable public spaces.

Goal: Being respectful of and creating designs that reinforce the relationship between public and private space.

Goal: Creating neighborhoods of superior architectural and visual interest.

Goal: Creating project designs that are transit and pedestrian friendly.

Goal: Ensure community longevity by designing projects and neighborhoods that will endure over time.

Goal: Incorporate environmentally sustainable features into project design.

Goal: Consider and respond to the relationship and context of adjacent projects.

3.1.2 Site Planning and Building Siting

Site planning respects and enhances the natural environment, connects the project to its surroundings, promotes walkability, ensures effective access and circulation, includes green design features, and provides for services and storage.



Parking is rear, pushing the building forward and activating the streetscape

1. Units/lots should be clustered to define public open spaces and activity areas.
2. Parks and open space should be integrated into the overall design of the project
 - Open space and recreational areas should be designed as an integral part of the project, not as an afterthought.
 - Open space areas should be planned as a community amenity.
 - Greater visual, pedestrian and bicycle connectivity, use and access should be encouraged.
3. Buildings should be placed to create a street presence and enhance neighborhood character.
 - Building setbacks should be varied to break building mass facing the street and provide additional landscape opportunities.
 - When adjacent to single family residences, side and rear setbacks shall allow for a sufficient planter area to buffer impacts and screen undesirable views.
 - When necessary, setbacks should be used to provide sound attenuation by creating space for the placement of sound barriers.
4. Projects proposed in phases shall be designed to function independently, without reliance on improvements included in subsequent phases.
 - Future phases graded at the time of initial site grading shall be hydro-seeded with groundcover to enhance the site's appearance and prevent erosion.
 - Subsequent phases shall be fenced sufficiently to avoid conflicts between residents, guests, and construction traffic.

3.1.3 Edge and Boundary Treatments

1. Major intersections and corners should be treated as neighborhood/project entryways.
 - Unit/building configuration should maintain visual and physical connections.
 - Landscaping, public spaces, and/or “gateway” features should be used to define the entryways into the project.
2. Entryway features should reflect the overall architectural identity or character of the development.

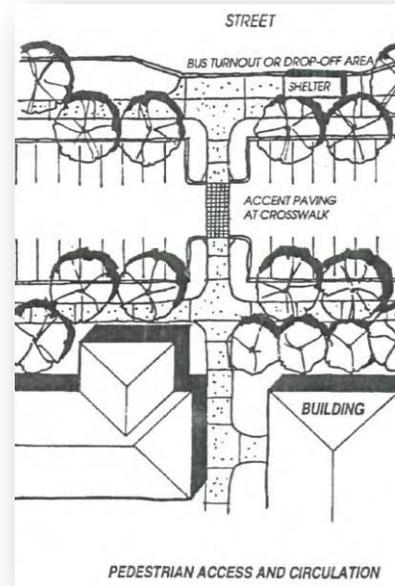


3. Consistent with General Plan policy, provide pedestrian, bicycle and vehicle linkages to adjacent developments and uses.
4. Cluster buildings to define, connect and activate pedestrian edges and public spaces and to locate convenient transit stops.
5. Projects should provide fencing as appropriate between adjacent land uses.
 - Projects abutting single-family residential areas should provide a 7' block wall fencing along the boundary except at pedestrian access points. The compatibility of adjacent land uses should be considered in choosing appropriate fencing materials and design.
 - Two-story projects abutting single-family areas shall be set back a minimum 100'.

- Fencing between multi-family uses and open space is discouraged. When necessary, such fencing should be an open type (such as wrought iron) to allow for continuous views to the open space.
- Fence materials and colors should complement the building design and the prevailing materials and design in the vicinity of the project
- Materials and finishes should be durable and easily maintained, resistant to graffiti and water staining, and be able to withstand the local climatic variations.

3.1.4 Access, Circulation and Parking

1. Vehicular access to the site, internal circulation, and parking should be provided in accordance with Zoning Ordinance requirements.
 - Guest and disabled parking should be evenly and conveniently distributed throughout the project
 - Shared access drives between adjacent parcels are encouraged to minimize curb cuts
 - Short term parking should be provided at the main entry to the leasing office and at building entries.
2. Paving material for driveways, drive aisles, and walkways should be consistent with the architectural style of the units/buildings and should incorporate similar accent elements.
 - Stamped and/or colored concrete or other decorative accent is encouraged.
3. Site circulation should allow for and facilitate emergency access to the site and all buildings.
 - Speed bumps are strongly discouraged as they impede emergency response.
 - Long, straight drives are discouraged to prevent speeding and conflicts with pedestrians.



4. Street and drive aisle widths, throat depths, stacking distances, and parking shall comply with current City standards.
 - The required number of parking spaces shall be provided for all units, as defined in the Zoning Ordinance.
 - All pedestrian circulation walks shall be designed to provide access to the disabled in compliance with the American's with Disabilities Act (ADA), California Title 24 and the City's Improvement Standards.
 - Bicycle racks or lockers shall be provided in the quantity required by the Zoning Ordinance and should be located in highly visible and convenient areas at residential units and common areas.

3.1.5 Service and Storage

Services and storage, including garbage collection, recycling, fire, and utilities should be well planned as part of the overall design of the project.

1. Trash enclosure location, dimensions, and design shall comply with current City standards.
 - All refuse containers shall be placed within screened storage areas or enclosures.
 - Refuse containers should be conveniently located throughout the project, yet sufficiently buffered from project entries, main building entries, and main pedestrian paths.
 - Enclosures should be located to provide easy accessibility for users, adequate room for servicing by refuse trucks, and should not hinder visibility for vehicle circulation.
 - Enclosure materials and colors should be consistent with, and complimentary to, building materials and finishes.
 - A minimum three foot landscape buffer should be provided on all non-accessible sides of trash enclosures. A larger buffer area will be required when adjacent to single family residential areas.

Examples of refuse enclosures with high quality material and decorative trim



3.2.1 Architectural Design

Architecture creates visual interest, character and identity for the project while maintaining a relationship to the human scale and the natural environment.

1. Overall character of the development should be defined through the use of a consistent design concept. Building design should be consistent with the defined architectural style and should incorporate the architectural embellishments commonly associated with that style.



2. Projects that consider and compliment the context of adjacent and surrounding projects, but are original in design and avoid duplication (“copy-cat” effect) are highly encouraged.

3.2.2 Form and Massing

1. Variation of wall planes, rooflines, and building form should be considered to create visually engaging designs.
 - Architectural elements such as varied roof forms, articulation of the facade, breaks in the roof, walls with texture materials and ornamental details, and landscaping should be incorporated to add visual interest.
 - Balconies and small decks with landscaping should be incorporated into 2-story or higher buildings to reduce the visual impact of tall structures.
 - Architectural elements such as fenestrations and recessed planes should be incorporated into facade design. Large areas of flat, blank wall and lack of treatment are strongly discouraged.
 - Semi-private areas such as covered front porches and/or courtyards are highly encouraged.

- Roof height, pitch, ridgelines, and roof materials should be varied to create visual interest and avoid repetition. Architectural style should be considered when designing the roof plan.
 - Stairs and other entry access requirements such as wheelchair ramps and elevators should be integrated into the overall project design.
2. Proportional relationship between adjacent buildings and between the building and the street should be maintained.
- Unit/building layout should ensure the gradual transition of building height and mass.
 - Pedestrian scaled entry should be a prominent feature of the front elevation.
 - Building entry zones should be clearly defined through the use, or combined use, of elements such as accent paving, accent planting, colored pots and bollards.
 - Architectural detail such as windows, awnings, trellises, articulation, balconies, patios, landscape planters, and material changes at the street level should be used to soften the edge of the building and enhance pedestrian scale.
3. Placement and configuration of parking areas, garages, and carports should be considered.
4. Setbacks shall comply with the requirements of the Zoning Ordinance and building codes where applicable.

3.2.3 Exterior Building Materials and Color

1. Variation in color and materials should be considered to create visually engaging designs.
- High quality and durable materials, such as stone, brick, and cementitious siding are encouraged.
 - Creative use of plaster and stucco finishes that add visual depth and texture is highly encouraged.
 - Creative and appropriate use of color is encouraged.



- Use of color should be consistent with the overall architectural style or theme of the project.
 - Variation in exterior treatment of adjacent buildings is encouraged.
2. Architectural treatment shall be applied to all elevations of a building. At a minimum, all windows, doors, and other wall openings shall be trimmed consistent with the architectural style. The use of multiple colors is highly encouraged, and field and trim colors used on the front elevation should be extended to all elevations, wall plane variation, building mass variation, and window placement should also be considered.
 3. Architectural features that enhance the façade or building form are encouraged.
 - Architectural features such as decorative moldings, windows, shutters, dormers, chimneys, balconies and railings, and landscaped elements such as lattices that add detail to a facade are encouraged.

3.3.1 Streetscape Design

1. Projects shall include bicycle and pedestrian friendly environments in their design. Options to achieve this include, but are not limited to:
 - Providing physical separation from streets and drive aisles through landscaping to encourage walking.
 - Providing pedestrian amenities such as appropriate signage, street furniture, landscaping and pedestrian- scale lighting.
 - Providing wider sidewalks to allow for two persons to walk comfortably side-by-side.
 - Providing traffic calming elements such as enhanced paving and bulb-outs at intersections.
 - Providing parking bays and other on- and off-street parking.



Units up against the street with dense landscaping at the base provide for a comfortable pedestrian environment and enhances the streetscape scene.

2. Utilities should be screened from public view.

- HVAC units should be located away from private outdoor space such as porches and patios, and screened from public view through landscaping and/or screen walls.
- Utility meters and other equipment should be screened with landscaping or low screen walls.
- Public utility infrastructure and other utility components should be oriented away from public view to the extent possible and screened with evergreen shrubs to the extent allowed by the utilities.

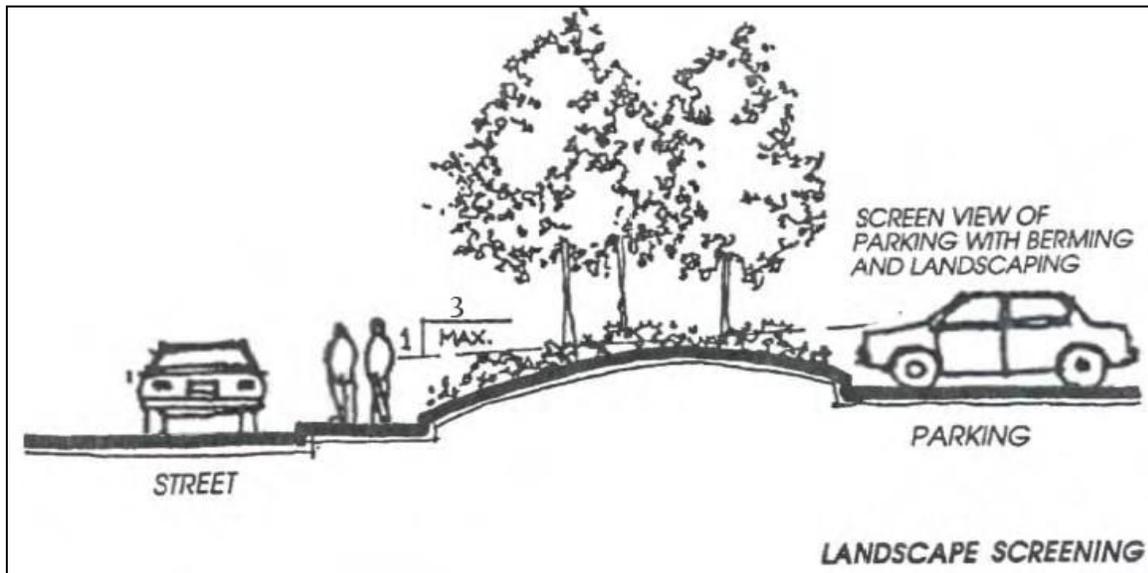


3. Loading, service, and storage areas should be screened from public view through a combination of building design and/or layout, masonry walls, grade separations and/or dense landscaping.

- Ground or wall mounted equipment should be located out of public view to the extent possible and screened or placed in an enclosure to the extent allowed by the utility companies.



- Screening for roof-mounted equipment shall be integrated into the building and roof design and use compatible materials, colors and forms. Wood lattice or fence like coverings are inappropriate for roof screening and are prohibited.
 - Roof mounted equipment, including but not limited to air conditioners, fans, vents, antennas, and microwave dishes shall be setback from the roof edge, placed behind a parapet or in a well so that they are not visible to motorists or pedestrians on the adjacent streets.
4. A combination of landscaping, berming, and screen walls to a height of three feet (measured from height of street curb) should be used to screen views of parked cars adjacent to the streetscape.



3.3.2 Landscaping

1. Landscaping shall be used extensively throughout the project to achieve multiple objectives. Objectives to be achieved through landscaping may include:
- Adding texture to walls and other vertical surfaces;
 - Screening undesirable views;
 - Strengthening the pedestrian scale;
 - Buffering pedestrian walkways from the street and buildings;
 - Providing shade in public spaces and parking lots;
 - Assisting in neighborhood way finding;
 - Softening transitions between horizontal and vertical planes;
 - Providing a visual and noise buffer; and
 - Relieving the visual appearance of large expanses of hard surfaces.

2. Layered landscaping and a mix of deciduous and evergreen trees shall be incorporated in the landscape design. Plant palettes should emphasize massing and form rather than individual or small groupings of shrubs and trees.
3. Tree placement should provide maximum shading of sidewalks and outdoor public spaces.
4. Native planting or compatible species of drought-tolerant plants should be used as much as possible to reduce water consumption.
 - Turf is not permitted in the median or planter strip.
 - Limit turf to activity areas.
 - Group plants according to water needs and irrigate accordingly.
5. Visual surveillance of common open space, parking areas, lighting, or dwelling entries should not be obscured through landscaping.
6. Plant selection should consider site geology and soil conditions. Soil should be amended as necessary to ensure establishment.
7. Carports or trees should shade at least 50% of the paved parking areas as measured at 15 year maturity based on the tree species and mid-summer sun angle conditions.
8. Planters shall be protected from vehicles by use of raised curbs or wheel stops.
9. Trees should be a minimum of fifteen gallon size. It is recommended that larger sized trees be incorporated for accent or activity areas.
10. Shrubs should be a minimum of one gallon in size; however, a mix of one gallon and five gallon shrubs is encouraged. Screen plantings may require five gallon minimum sizes in order to provide immediate effectiveness. Shrub ground covers may be specified in either liner or one gallon sizes.
11. Landscape plans should be prepared by a licensed landscape architect and shall be prepared in accordance with the Water Efficient Landscape Requirements.

3.3.3 Plaza, Parks and Play Lots

1. Required site amenities, parks, plazas, and play areas should be provided in centrally and conveniently located places for neighbors/residents.



2. Common outdoor gathering areas should incorporate a mix of active and passive amenities.
3. Recreational amenities such as playground equipment, shaded areas, picnic tables, barbecue grills, exercise equipment, and sports facilities should be provided in common outdoor space to encourage community activity and use.

3.3.4 Defensible Space

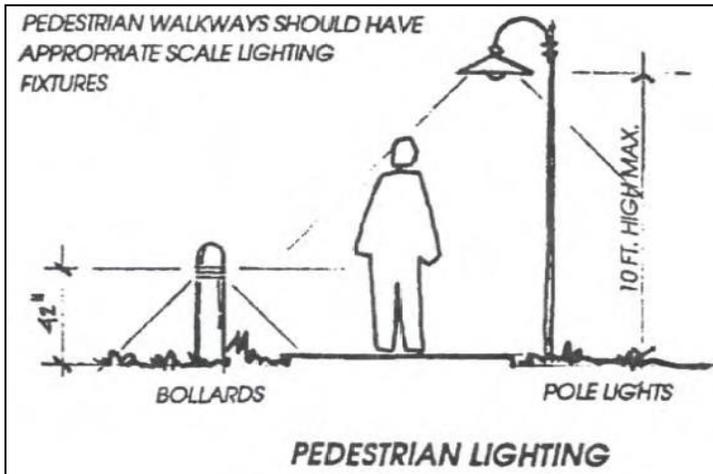
1. Crime Prevention Through Environmental Design (CPTED) best practices including, providing defensible space, opportunities for natural surveillance, territorial reinforcement, and access control should be incorporated in unit/building design.
2. The concept of private space and control of access points should be reinforced through the use of low fences, walls and landscaping, as appropriate.
3. Window placement between units should balance privacy and natural surveillance.

Low walls and landscaping transition grades provide separation between public and semi-private space.



3.3.5 Lighting

1. Pedestrian-scale lighting should be incorporated in outdoor areas such as pedestrian walkways, plazas, play lots and parking areas.
2. Pedestrian-scale lighting should be integrated into building and landscape design. Light fixtures should be compatible with the architectural style, materials, color, and scale of the project.
3. Safety and security in the project and its immediate surroundings shall be enhanced through lighting design.
4. Energy efficiency, color rendition, and overall effect should be considered for lighting design.
5. Exterior lighting should reinforce the architectural features and blend into the landscape. Special lighting may be used to highlight unique design elements or art features.
6. Lighting that is less than 10 feet in height is considered pedestrian scale.



7. Lighting sources shall have cut off lenses and should be located to avoid light spillage and glare on adjacent properties and in private spaces.
8. Project addresses shall be clearly displayed and illuminated for easy identification by emergency response personnel.



9. Pedestrian-scale light fixtures shall be of durable and vandal resistant materials and construction.
10. Streets, entry drives, drive aisles, and parking areas shall have a minimum illumination level of 1.0 foot candle at the pavement surface.

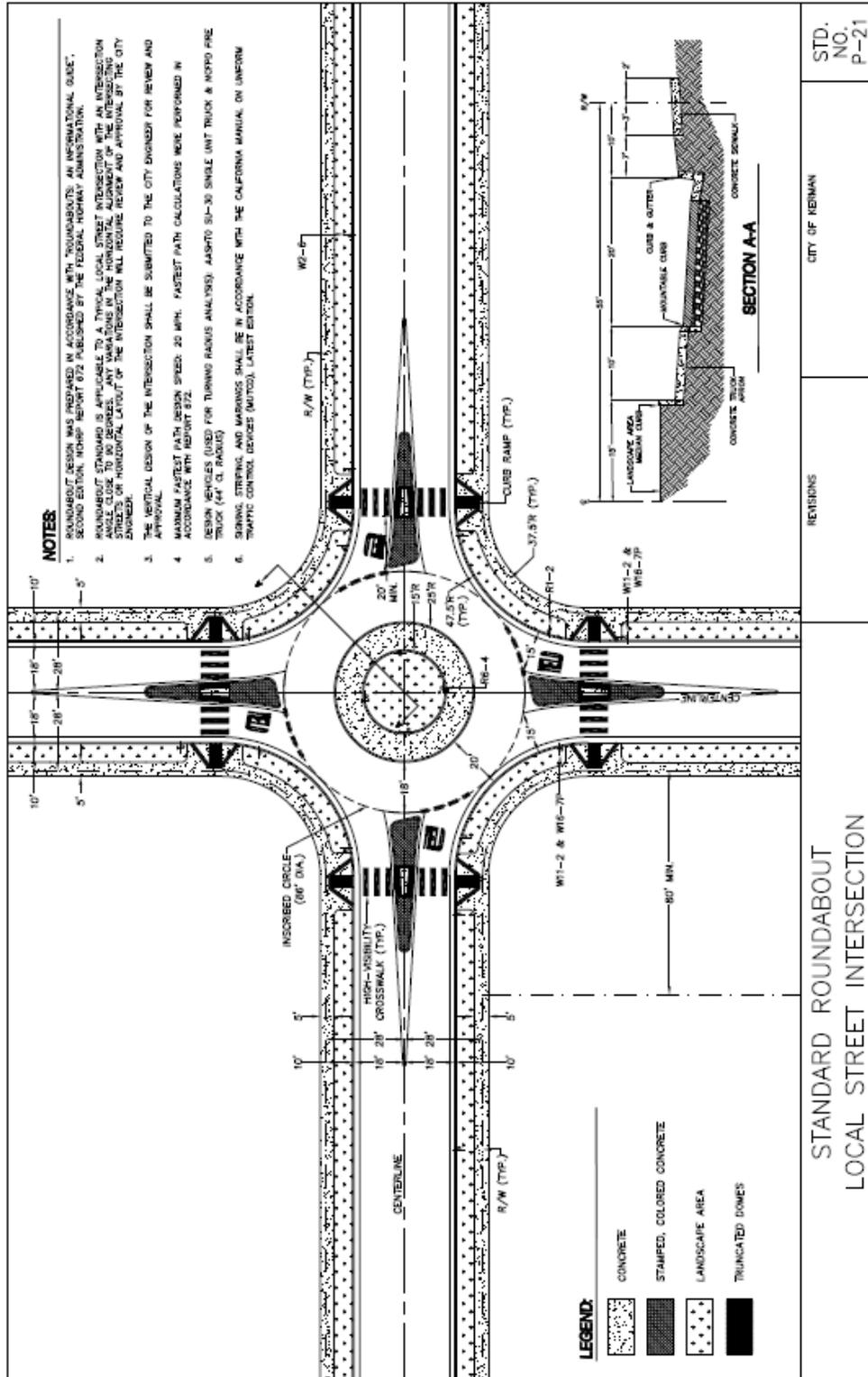
3.3.6 Signage

1. Thoughtfully integrated design themes and styles for project signage that conforms to the Kerman Sign Ordinance are highly encouraged.
2. Sign type and locations should be consistent throughout the project and the sign materials and graphics should complement the project design.
3. Building and site addressing shall comply with applicable City addressing policies.
4. Consistent with the limitations identified within the Sign Ordinance, a lighted directory sign that shows building and apartment numbers shall be placed at each project entrance to direct visitors to their desired destination.

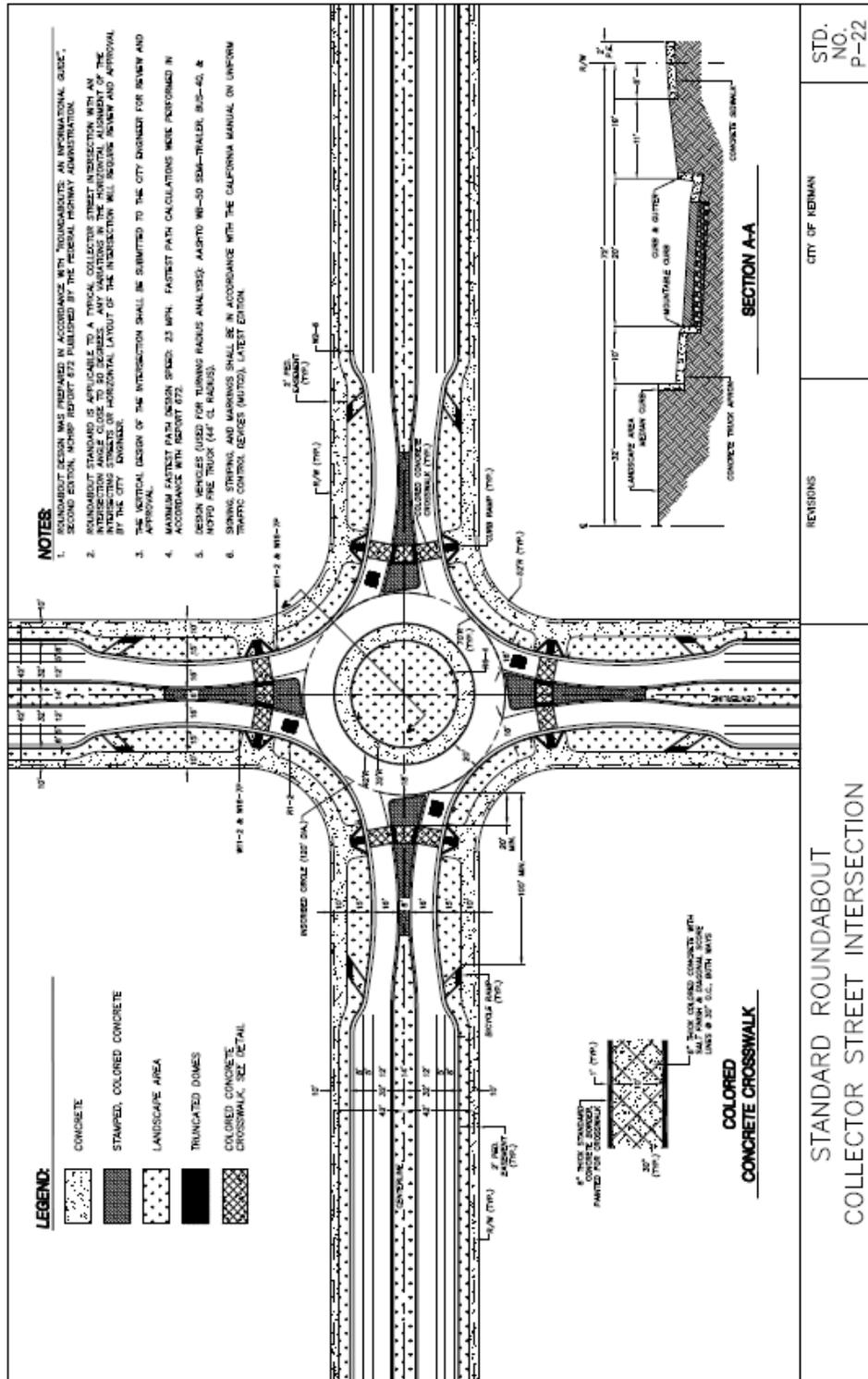


APPENDIX A

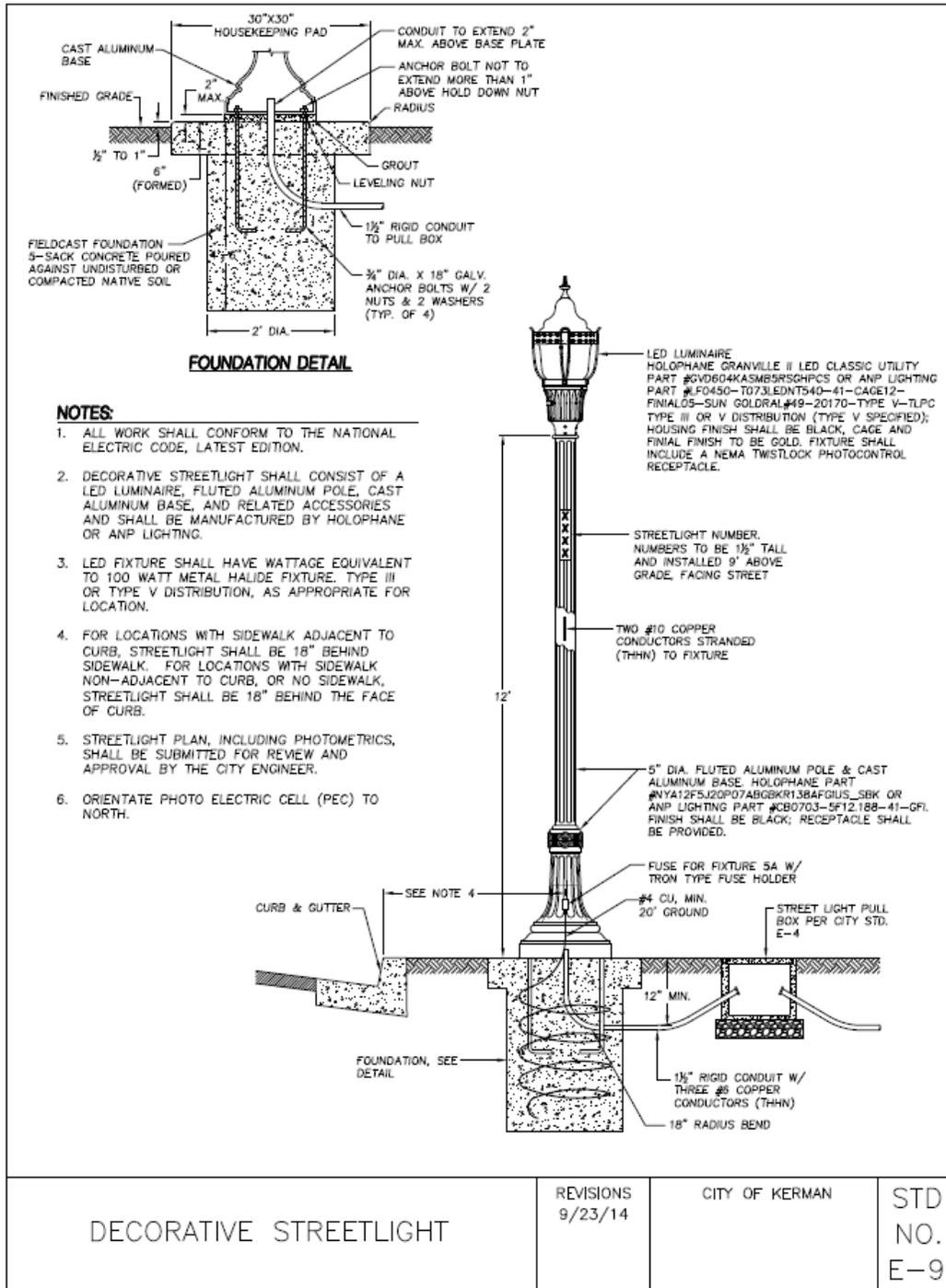
Local Street – Standard Roundabout Design



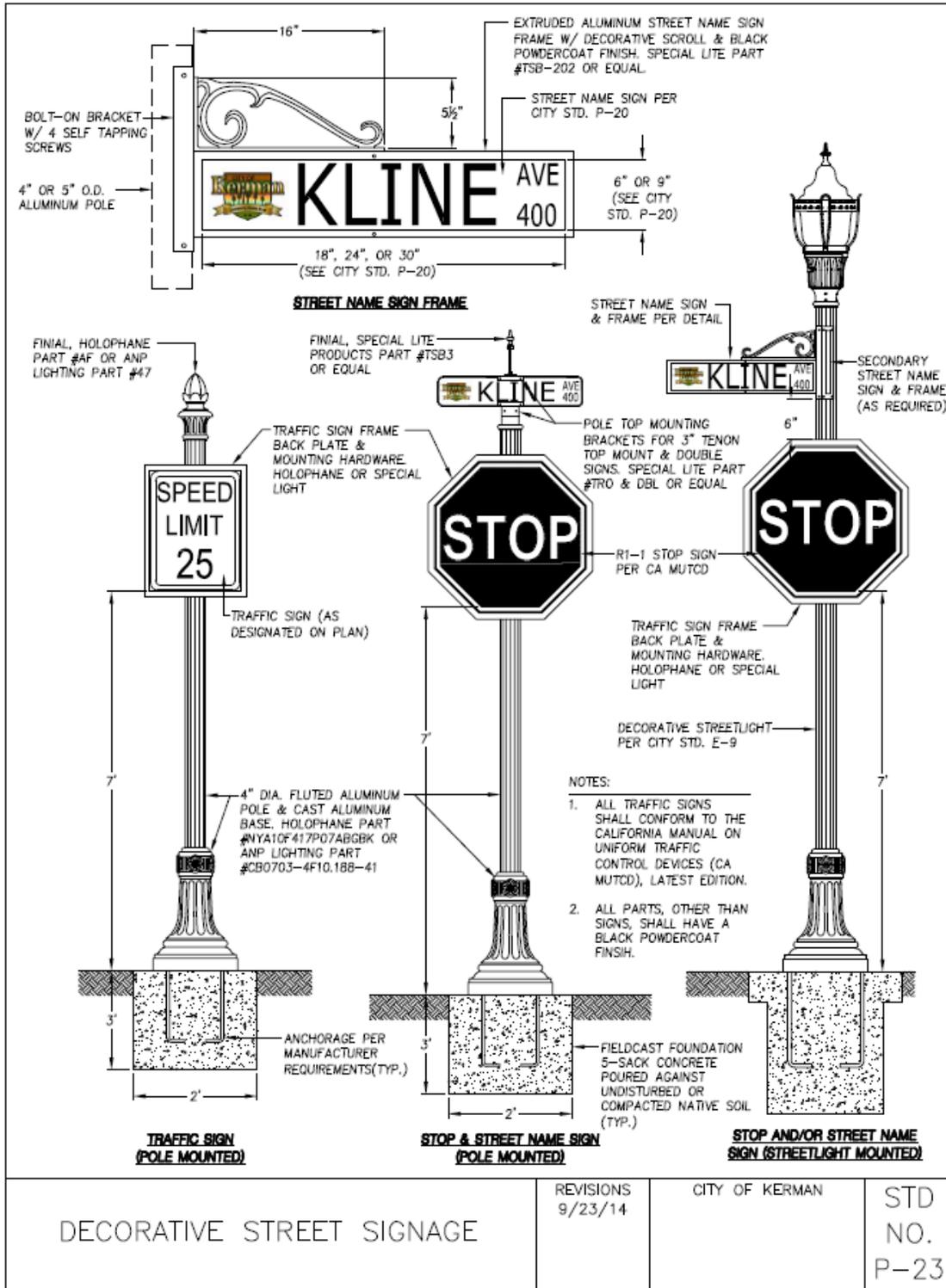
Collector Street – Standard Roundabout Design



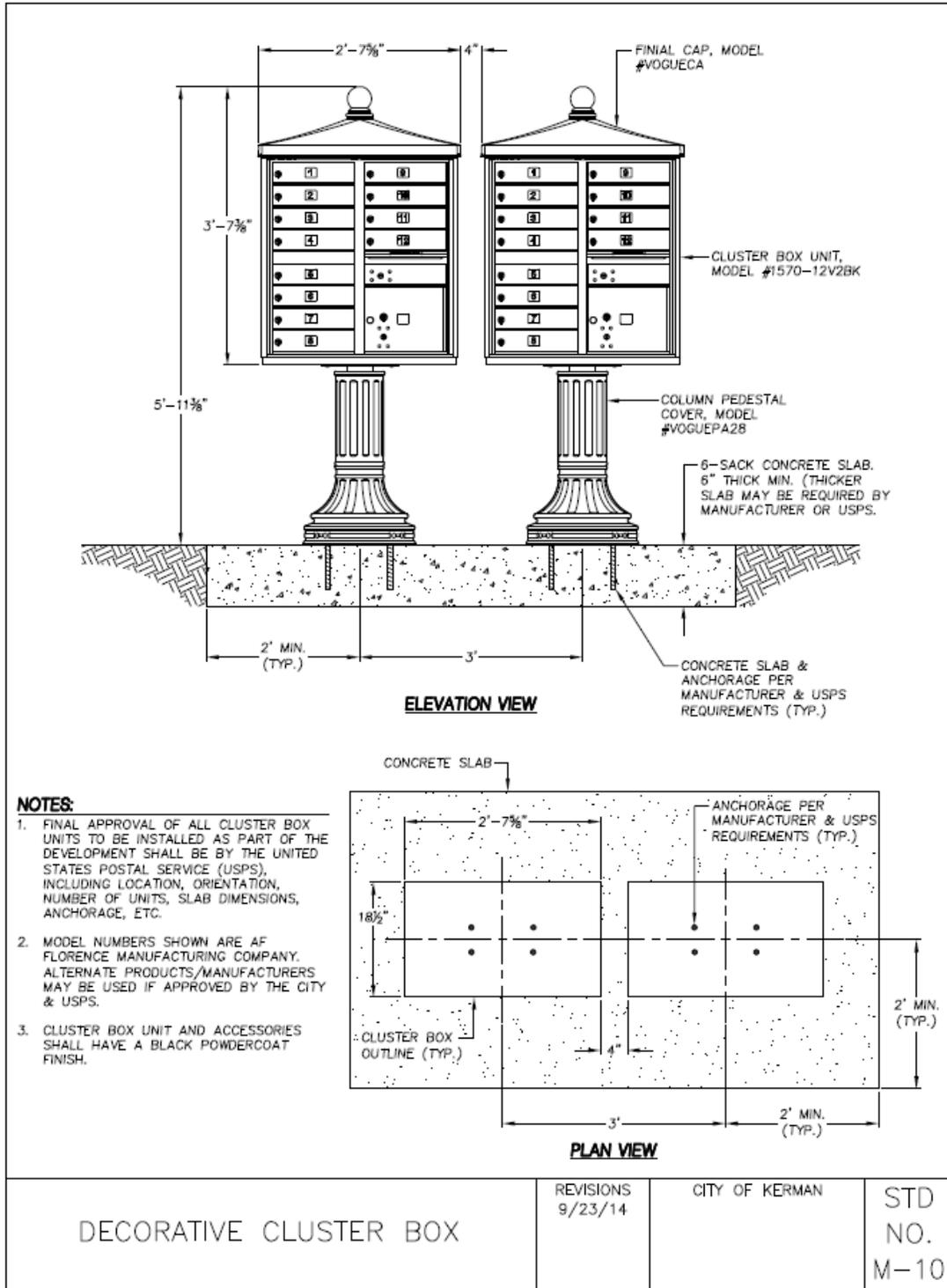
Street Light Standard Design



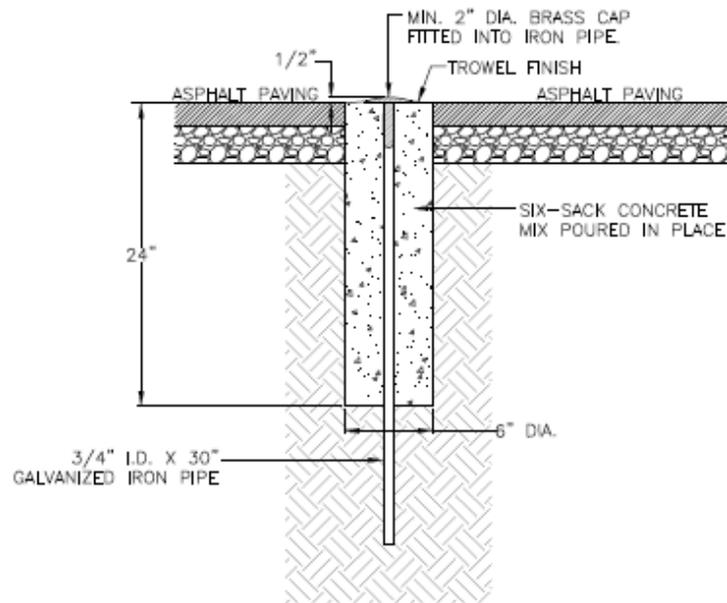
Street Sign Standard Design



Multi-Unit Mailbox Standard Design



Street Centerline Survey Monument



NOTES:

1. BRASS CAP TO BE STAMPED WITH RCE OR LS NUMBER.
2. PRECISE POINT TO BE PUNCHED HOLE OR "X".
3. BRASS CAP TO BE SURV-KAP MODEL M/M-B2D, OR BERNTSEN MODEL CD2B.

STREET CENTERLINE
SURVEY MONUMENT

REVISIONS
10-13-14

CITY OF KERMAN

STD.
NO.
M-11

KERMAN\KERMANY-STD\STD\M11.DWG

Street Tree List

Large Trees **Medium Trees** **Small Trees**

Crape Myrtle
Chitalpa Tree
Chaste tree
Flowering Dogwood
Saucer Magnolia
Fringe Tree

Redbud
Dessert Willow
Golden-rain Tree
Japanese Maple
Locust Purple Robe Tree
Deadore Cedar
Queen Palm
Canary Island Palm
Washington Palm

Chinese Pistache
Chinese Evergreen Elm
White Oak
Coastal California Live Oak
Gingko Bilboa



City of Kerman

"Where Community Comes First"

MAYOR Gary Yep
MAYOR PRO-TEM Doug Wilcox
COUNCIL MEMBER Raj Dhaliwal
COUNCIL MEMBER Nathan Fox
COUNCIL MEMBER Bill Nijjer

DEPARTMENT: CITY MANAGER
STAFF REPORT
CITY COUNCIL MEETING
COUNCIL MEETING DATE: NOVEMBER 19, 2014

To: Mayor and City Council
From: Luis Patlan, City Manager/Director of Planning & Development
Subject: Memorandum of Understanding with Fresno County Rural Transit Agency for Public Transit Safety and Security Services

RECOMMENDATION

Council by motion approves the Memorandum of Understanding with the Fresno County Rural Transit Agency for Public Transit Safety and Security Services and authorizes the Mayor to execute the agreement.

EXECUTIVE SUMMARY

The Fresno County Rural Transit Agency (FCRTA) is requesting that the City of Kerman Police Department provide weekly safety checks of the Westside Transit and Kerman Transit buses as required by the Federal Transit Administration (FTA). As outlined in the Memorandum of Understanding enclosed herein as Attachment 'A', the FCRTA is requesting that Kerman Police Department have a uniformed officer board a bus during a stop in Kerman to ensure the safety of the passengers and drivers. The FCRTA will pay the City of Kerman \$2,600 for Fiscal Year 2014-15 for this service.

OUTSTANDING ISSUES

None.

DISCUSSION

The Fresno County Rural Transit Agency (FCRTA) is a Joint Powers Authority comprised of thirteen rural cities and the County to provide a coordinated transit system for rural Fresno County. The City of Kerman operates the Kerman Transit bus, known as Dial-A-Ride, for residents within the city limits of Kerman and the FCRTA operates the Westside Transit with services to all of the westside cities.

The FCRTA is required by the Federal Transportation Administration (FTA) to work with local law enforcement agencies to provide safety and security services to public transit operations. The FCRTA is requesting that the Kerman Police Department provide this service by having a uniform officer board the buses at a designated stop, make visible observations while inside, engage in dialogue with the driver, and assist passengers with any safety or security related issues. If the City does not wish to participate, FCTA will seek other options.

The FCRTA has provided a one-page Memorandum of Understanding (MOU) in which the City of Kerman will be paid \$2,600 for this service for Fiscal Year 2014-15. The MOU will be renewed annually upon approval by both parties.

FISCAL IMPACT

The FCRTA will pay the City of Kerman \$2,600 for Fiscal Year 2014-15 to cover the cost of having a uniformed officer board the transit buses to check on the safety of the passengers and drivers.

PUBLIC HEARING

None required.

Attachments:

- A. Memorandum of Understanding for Safety and Security Services

Attachment 'A'



FRESNO COUNTY RURAL TRANSIT AGENCY
2035 Tulare Street, Suite 201, Fresno, CA 93721
Phone: 559-233-6789 Fax: 559-233-9645
Webpage: www.ruraltransit.org

Safety and Security Services

Memorandum of Understanding

The Fresno County Rural Transit Agency (FCRTA) and the City of kerman Police Department hereby agree to enter into this Memorandum of Understanding (MOU) for the purpose of providing safety and security services for FCRTA passengers, drivers and vehicles within the City of Kerman. This is in compliance with direction from the Federal Transit Administration (FTA) guidance on Safety and Security for Public Transit Operators.

The City of kerman Police Department will provide the following services on any day during the week:

- A uniformed officer shall Board the stopped vehicle at a designated stop
- Make visual observations while inside vehicle
- Engage in dialogue with driver of vehicle
- Assist with any questions by passengers

FCRTA shall reimburse the City of kerman Police Department for costs associated in providing these services in the amount of \$2,600.00 for the period of 7/01/14 to 6/30/15. To be renewed on an annual basis by both parties.

FCRTA Date

City of kerman Date

A JOINT POWERS AGENCY TO PROVIDE A COORDINATED TRANSIT SYSTEM FOR RURAL FRESNO COUNTY
THE CITIES OF: COALINGA; FIREBAUGH; FOWLER; HURON; KERMAN; KINGSBURG; MENDOTA; ORANGE COVE; PARLIER; REEDLEY; SANGER; SAN JOAQUIN; SELMA; & FRESNO COUNTY