



CITY OF SOLANA BEACH

SOLANA BEACH CITY COUNCIL, SUCCESSOR AGENCY TO THE REDEVELOPMENT
AGENCY, PUBLIC FINANCING AUTHORITY, AND HOUSING AUTHORITY

AGENDA

Joint REGULAR Meeting

Wednesday, December 9, 2020 * 6:00 p.m.

Teleconference Location Only-City Hall/Council Chambers, 635 S. Highway 101, Solana Beach, California
This meeting will be conducted in accordance with Governor Newsom's Executive Order N-29-20 related to the COVID-19 virus.

PUBLIC MEETING VIEWING

❖ **Live Broadcast on Local Government Channel, Live web-streaming, and Archived videos online.**

The Regular Meetings of the City Council are scheduled for the 2nd and 4th Wednesdays and are broadcast live on Cox Communications-Channel 19, Spectrum(Time Warner)-Channel 24, and AT&T Universe Channel 99. The video taping of meetings are maintained as a permanent record and contain a detailed account of the proceedings. Council meeting tapings are archived and available for viewing on the City's [Public Meetings](#) webpage.

❖ **Zoom Virtual Webinar (registration required).** Register early and Join the meeting at least 15 minutes prior to the start time. To register to view/listen to the meeting, go to this public participant link https://us02web.zoom.us/webinar/register/WN_arXqvZCiTIKC8fHUQz4fhA for this meeting, follow the prompts to enter your name and email address. * To receive a confirmation email allowing you to enter the meeting and the link to join, you will need to enter a valid email address. Choose Gallery View to see the presentations, when applicable.

MEETING LOCATION WILL NOT BE OPEN TO THE PUBLIC.

Due to the Executive Order to stay home, in person participation at City Council meetings will not be allowed at this time. In accordance with the Executive Order to stay home, there will be no members of the public in attendance at Council Meetings. Alternatives to in-person attendance for viewing and participating in City Council meetings are being provided under Public Participation.

AGENDA MATERIALS

A full City Council agenda packet including relative supporting documentation is posted online www.cityofsolanabeach.org Closed Session Agendas are posted at least 72 hours prior to regular meetings and at least 24 hours prior to special meetings.

PUBLIC PARTICIPATION

❖ Written correspondence regarding an agenda item at an open session meeting should be submitted to the City Clerk's Office at EMAILGRP-CityClerksOfc@cosb.org with the Subject line including the meeting date. Please include the Agenda Item# and topic in your email. * Correspondence received after the official posting of the agenda, but before 4:00 p.m. (or 2 hrs. prior to the meeting start time) on meeting day, will be distributed to Council and made available to the public online along with the agenda posting. Written submittals will be added to the record and not read out loud. * All submittals received before the start of the meeting will be made part of the record. The designated location for viewing public documents is the City's website www.cityofsolanabeach.org

❖ Zoom Webinar Public Comment Participation:

If you wish to provide a live verbal comment during the meeting, register for the Zoom Virtual (City Council Meeting) Webinar (registration required), register for the Zoom webinar as noted at the top, under Public Meeting/Zoom Webinar, and join the meeting using the "Join Webinar" link provided in your confirmation email.

1) EMAIL a Speaker Request by 3:00 p.m. (or 3 hrs. prior to the meeting start time) on meeting day to EMAILGRP-CityClerksOfc@cosb.org

- Subject line should include Request to Speak
- Content should include the Item/Topic you would like to speak on.

AND

2) REGISTER as a speaker on meeting day by 12:00 p.m. (noon) by going to:

https://us02web.zoom.us/webinar/register/WN_arXqvZCiTIKC8fHUQz4fhA and follow the required prompts to receive a confirmation email with your log in link.

- Join the meeting 30 minutes before the meeting begins by clicking on the link provided in your confirmation email.
- Speaking participants may use the computer's microphone and speakers to listen and communicate or they may also call into the meeting by dialing into the meeting with a telephone (this information will be provided

in your email confirmation). If you call in as well for better audio, mute your computer's speakers to eliminate feedback.

- Participants will be called upon from those who have submitted the Speaker Request, registered, and logged on as described above. You will be called on by name and unmuted by the meeting organizer and may provide comments for the allotted time. Allotted speaker times are listed under each [Agenda](#) section.
- Participants can use a computer microphone and speakers to listen and communicate or dial into the meeting with a telephone (if you log in and call in, mute one of the devices to eliminate feedback).
- Do not self-mute since you will be muted when you enter the meeting and organizers will unmute you to provide comments. All oral comments received prior to the close of the meeting will be made part of the meeting record.

SPECIAL ASSISTANCE NEEDED - AMERICAN DISABILITIES ACT TITLE 2

In compliance with the Americans with Disabilities Act of 1990, persons with a disability may request an agenda in appropriate alternative formats as required by Section 202. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to the City Clerk's office (858) 720-2400 EMAILGRP-CityClerksOfc@cosb.org at least 72 hours prior to the meeting.

As a courtesy to all meeting attendees, please set cellular phones and pagers to silent mode and engage in conversations offline/muted.

CITY COUNCILMEMBERS

Lesa Heebner, Mayor

Kristi Becker, Councilmember

Kelly Harless, Councilmember

David A. Zito, Councilmember District 1

Jewel Edson, Councilmember District 3

**Gregory Wade
City Manager**

**Johanna Canlas
City Attorney**

**Angela Ivey
City Clerk**

SPEAKERS:

See Public Participation on the first page of the Agenda for publication participation options.

READING OF ORDINANCES AND RESOLUTIONS:

Pursuant to [Solana Beach Municipal Code](#) Section 2.04.460, at the time of introduction or adoption of an ordinance or adoption of a resolution, the same shall not be read in full unless after the reading of the title, further reading is requested by a member of the Council. If any Councilmember so requests, the ordinance or resolution shall be read in full. In the absence of such a request, this section shall constitute a waiver by the council of such reading.

CALL TO ORDER AND ROLL CALL:

CLOSED SESSION REPORT:

FLAG SALUTE:

APPROVAL OF AGENDA:

C. STAFF REPORTS: (C.1.)

Note to Public: Refer to [Public Participation](#) for information on how to submit public comment.

Any member of the public may address the City Council on an item of concern by submitting written correspondence for the record to be filed with the record or by registering to join the virtual meeting online to speak live, per the Public Participation instructions on the Agenda. The maximum time allotted for each speaker is THREE MINUTES (SBMC 2.04.190).

C.1. Deputy Mayor Appointment. (File 0410-85)

Recommendation: That the City Council

1. Review and consider an official appointment for Deputy Mayor to serve a term from December 9, 2020 to December 8, 2021.
 - a. Elected Mayor call for nomination of a Deputy Mayor.
 - b. Call for the vote.

[Item C.1. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

PRESENTATIONS: *Ceremonial items that do not contain in-depth discussion and no action/direction.*

Residential Organics Recycling Implementation and Education/Outreach Review

ORAL COMMUNICATIONS:

Note to Public: Refer to [Public Participation](#) for information on how to submit public comment.

This portion of the agenda provides an opportunity for members of the public to address the City Council on items relating to City business and not appearing on today's agenda by having submitted written comments for the record to be filed with the record or by registering to join the virtual meeting online to speak live, per the Public Participation instructions on the Agenda.

Comments relating to items on this evening's agenda are taken at the time the items are heard. Pursuant to the Brown Act, no action shall be taken by the City Council on public comment items. Council may refer items to the City Manager for placement on a future agenda. The maximum time allotted for each speaker is THREE MINUTES (SBMC 2.04.190).

COUNCIL COMMUNITY ANNOUNCEMENTS / COMMENTARY:

An opportunity for City Council to make brief announcements or report on their activities. These items are not agendized for official City business with no action or substantive discussion.

A. CONSENT CALENDAR: (Action Items) (A.1. - A.3.)

Note to Public: Refer to [Public Participation](#) for information on how to submit public comment.

Items listed on the Consent Calendar are to be acted in a single action of the City Council unless pulled for discussion.

Any member of the public may address the City Council on an item of concern by submitting written correspondence for the record to be filed with the record or by registering to join the virtual meeting online to speak live, per the Public Participation instructions on the Agenda. The maximum time allotted for each speaker is THREE MINUTES (SBMC 2.04.190).

Those items removed from the Consent Calendar by a member of the Council will be trailed to the end of the agenda, while Consent Calendar items removed by the public will be discussed immediately after approval of the Consent Calendar.

A.1. Streetlight Preventative Maintenance and Repairs Services. (File 0820-35)

Recommendation: That the City Council

1. Adopt **Resolution 2020-059:**

- a. Authorizing the City Manager to execute Amendment No. 6 to the Professional Services Agreement with Siemens Mobility, Inc. in an amount not to exceed \$30,000 for Streetlight Preventative Maintenance and Repairs Services.
- b. Authorizing an appropriation of \$30,000 from the Streetlight Maintenance Undesignated Reserves into the Streetlight Maintenance Professional Services Account for FY 2020/21.
- c. Authorizing the City Treasurer to amend the FY 2020/21 Adopted Budget accordingly.

[Item A.1. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

A.2. Register Of Demands. (File 0300-30)

Recommendation: That the City Council

1. Ratify the list of demands for October 24, 2020 – November 13, 2020.

[Item A.2. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

A.3. Budget Update. (File 0330-30)

Recommendation: That the City Council

1. Receive the report listing changes made to the Fiscal Year 2020-2021 General Fund Adopted Budget.

[Item A.3. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

C. STAFF REPORTS: (C.2. – C.4.)

Note to Public: Refer to [Public Participation](#) for information on how to submit public comment.

Any member of the public may address the City Council on an item of concern by submitting written correspondence for the record to be filed with the record or by registering to join the virtual meeting online to speak live, per the Public Participation instructions on the Agenda. The maximum time allotted for each speaker is THREE MINUTES (SBMC 2.04.190).

C.2. 6th Cycle Housing Element Update - Final Draft. (File 0630-10)

Recommendation: That the City Council

1. Authorize the submittal of the Draft Housing Element Update to HCD (Housing and Community Development).

[Item C.2. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

C.3. Fiscal Year 2019/20 Comprehensive Annual Financial Report (CAFR). (File 0310-22)

Recommendation: That the City Council

1. Accept and file the City of Solana Beach Comprehensive Annual Financial Report (CAFR) for the fiscal year July 1, 2019 – June 30, 2020.
2. Accept and file the Communication of Internal Control Related Matters Identified in an Audit letter.
3. Accept and file the Independent Accountants' Report on Agreed-Upon Procedures Applied to Appropriations Limit Worksheets letter.
4. Accept and file The Auditor's Communication with Those Charged with Governance letter.

[Item C.3. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

C.4. CARES Act Coronavirus Relief Fund (CRF) Community Assistance/Relief Funding Update. (File 0240-70, 0390-32)

Recommendation: That the City Council

Recommendation Pending

[Item C.4. Report \(click here\) - Pending](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

WORK PLAN COMMENTS:

Adopted June 12, 2019

COMPENSATION & REIMBURSEMENT DISCLOSURE:

GC: Article 2.3. Compensation: 53232.3. (a) Reimbursable expenses shall include, but not be limited to, meals, lodging, and travel. 53232.3 (d) Members of a legislative body shall provide brief reports on meetings attended at the expense of the local agency "City" at the next regular meeting of the legislative body.

COUNCIL COMMITTEE REPORTS: [Council Committees](#)

REGIONAL COMMITTEES: (outside agencies, appointed by this Council)

- a. City Selection Committee (meets twice a year) Primary-Edson, Alternate-Zito
- b. County Service Area 17: Primary- Harless, Alternate-Edson
- c. Escondido Creek Watershed Authority: Becker /Staff (no alternate).
- d. League of Ca. Cities' San Diego County Executive Committee: Primary-Becker, Alternate-Harless and any subcommittees.
- e. League of Ca. Cities' Local Legislative Committee: Primary-Harless, Alternate-Becker
- f. League of Ca. Cities' Coastal Cities Issues Group (CCIG): Primary-Becker, Alternate-Harless
- g. North County Dispatch JPA: Primary-Harless, Alternate-Becker
- h. North County Transit District: Primary-Edson, Alternate-Becker
- i. Regional Solid Waste Association (RSWA): Primary-Hegenauer, Alternate-Becker
- j. SANDAG: Primary-Zito, 1st Alternate-Edson, 2nd Alternate-Becker, and any subcommittees.
- k. SANDAG Shoreline Preservation Committee: Primary-Hegenauer, Alternate-Zito
- l. San Dieguito River Valley JPA: Primary-Hegenauer, Alternate-Zito
- m. San Elijo JPA: Primary-Zito, Primary-Becker, Alternate-City Manager
- n. 22nd Agricultural District Association Community Relations Committee: Primary-Edson, Primary-Harless

STANDING COMMITTEES: (All Primary Members) (Permanent Committees)

- a. Business Liaison Committee – Zito, Edson.
- b. Fire Dept. Management Governance & Organizational Evaluation – Harless, Hegenauer
- c. Highway 101 / Cedros Ave. Development Committee – Edson, Becker
- d. Parks and Recreation Committee – Zito, Harless
- e. Public Arts Committee – Edson, Hegenauer
- f. School Relations Committee – Hegenauer, Harless
- g. Solana Beach-Del Mar Relations Committee – Zito, Edson

ADJOURN:

Next Regularly Scheduled Meeting is January 13, 2021

Always refer the City's website Event Calendar for Special Meetings or an updated schedule.

Or Contact City Hall 858-720-2400

www.cityofsolanabeach.org

AFFIDAVIT OF POSTING

STATE OF CALIFORNIA }
COUNTY OF SAN DIEGO } §
CITY OF SOLANA BEACH }

I, Angela Ivey, City Clerk of the City of Solana Beach, do hereby certify that this Agenda for the December 9, 2020 Council Meeting was called by City Council, Successor Agency to the Redevelopment Agency, Public Financing Authority, and the Housing Authority of the City of Solana Beach, California, was provided and posted on December 2, 2020 at 4:45 p.m. on the City Bulletin Board at the entrance to the City Council Chambers. Said meeting is held at 6:00 p.m., December 9, 2020, in the Council Chambers, at City Hall, 635 S. Highway 101, Solana Beach, California.

Angela Ivey, City Clerk * City of Solana Beach, CA

CITIZEN CITY COMMISSION AND COMMITTEE MEETINGS:

Regularly Scheduled, or Special Meetings that have been announced, are posted on each Citizen Commission's Agenda webpage. See the [Citizen Commission's Agenda webpages](#) or the City's Events [Calendar](#) for updates.

- **Budget & Finance Commission**
- **Climate Action Commission**
- **Parks & Recreation Commission**
- **Public Arts Commission**
- **View Assessment Commission**



STAFF REPORT CITY OF SOLANA BEACH

TO: Honorable Mayor and City Councilmembers
FROM: Gregory Wade, City Manager
MEETING DATE: December 9, 2020
ORIGINATING DEPT: City Clerk's Office
SUBJECT: **Deputy Mayor Appointment**

BACKGROUND:

Resolution 1996-017 (Attachment 1) states that the City Council shall appoint a mayor and mayor pro tempore on an annual basis at the first City Council meeting of December. The mayor and mayor pro tempore shall be selected by the affirmative vote of not less than three members of the City Council. The mayor pro tempore may be referred to as the deputy mayor, as is the current practice.

District Elections of the Legislative Body

On July 10, 2018, the City Council adopted Ordinance 488 establishing a By-District Election Process in Four Council Districts and an *Elective Office of Mayor*. The November 3, 2020 General Election was the first election transitioning to district elections for a separately elected Mayor, District 1 Councilmember, and District 3 Councilmember.

Since the Mayor is now an elected office for a four-year term, only the appointment of the Deputy Mayor for December 9, 2020 through December 8, 2021 is before the Council for consideration.

DISCUSSION:

This is a summary of Resolution 1996-017 which pertains to general guidelines for making appointments, modified to apply to only Deputy Mayor:

- Each member shall be given the opportunity to serve as Deputy Mayor.
- Deputy Mayor terms may be shared. If shared, priority would be given to those never served or those with the least total terms as Deputy Mayor.
- Six-month terms are deemed a full term as Deputy Mayor. When fulfilling the position of Deputy Mayor for less than six months, due to the Deputy Mayor's

CITY COUNCIL ACTION:

incapacity, the member will not be considered to have served a full term as Deputy Mayor.

- When an appointment is declined, eligibility for Deputy Mayor shall be lost, unless re-elected. A person who declines to accept a shared term as Deputy Mayor shall not lose any eligibility.
- Council may choose to use alternative criteria for appointments.

CEQA COMPLIANCE STATEMENT: N/A

FISCAL IMPACT: N/A

WORK PLAN: N/A

OPTIONS:

- Review and consider making the official appointment of Deputy Mayor for a term until December 8, 2021.
- Do not take action and continue to a future meeting.
- Provide alternative direction.

DEPARTMENT RECOMMENDATION:

Staff recommends that the City Council review and consider an official appointment for Deputy Mayor to serve a term from December 9, 2020 to December 8, 2021.

1. Elected Mayor call for nomination of a Deputy Mayor.
2. Call for the vote.

CITY MANAGER'S RECOMMENDATION:

Approve Department Recommendation



Gregory Wade, City Manager

Attachment:

1. Resolution 1996-017 - Guidelines Deputy Mayor Appointments.

RESOLUTION NO. 96-17

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
SOLANA BEACH, CALIFORNIA, ESTABLISHING POLICIES
REGARDING APPOINTMENT OF MAYOR AND DEPUTY MAYOR**

WHEREAS, the City Council is authorized and directed by Government Code Section 36801 to meet after a general municipal election and choose one of its number as mayor and one of its number as mayor pro tempore; and

WHEREAS, the City Council has determined that it is in the best interest of the City of Solana Beach to establish policies regarding the appointment of mayor and mayor pro tempore.

NOW, THEREFORE, the City Council of the City of Solana Beach California, resolves as follows:

1. The City Council shall appoint a mayor and mayor pro tempore on an annual basis. The appointment shall be made at the first City Council meeting of December. The mayor and mayor pro tempore shall serve until their successor is appointed.
2. The mayor and mayor pro tempore shall be selected by the affirmative vote of not less than three members of the City Council.
3. The mayor pro tempore may be referred to as the deputy mayor.
4. When selecting the mayor and mayor pro tempore, the Council shall use the following criteria:
 - a. The deputy mayor shall have first priority to serve as mayor.
 - b. To the extent possible, each member shall be given the opportunity to serve as deputy mayor and then mayor.
 - c. The position of finish for each member at their last election will be an important factor in choosing between members who each have served as mayor or between members who have not previously served as mayor.
 - d. The first place finisher in each election shall have the opportunity to serve a full year term as mayor.

- e. Any member may share their term as mayor with any other member. Priority would be given to those who have not served, or if all have served, priority would be given to the member with the least total terms as mayor.
 - f. If a member accepts a shared term of at least six months as mayor, that shall be deemed a full term as mayor. However, if due to an incapacity a mayor is not able to fulfill a term, a member who is called upon to fill less than six months of the remainder of another member's term as mayor shall not be considered to have served a full term as mayor. The member called upon under such a situation shall be allowed to continue serving as mayor the next full term.
 - g. A person may decline an appointment, but shall lose eligibility unless the person subsequently regains eligibility as a result of re-election. A person who declines to accept a shared term as mayor shall not lose any eligibility.
 - h. The Council may choose to appoint a person to the position of mayor or deputy mayor based on factors other than those set forth in this resolution.
5. This resolution shall supersede all prior resolutions concerning this matter.


PASSED, APPROVED, AND ADOPTED by the City Council of the City of Solana Beach, California, at a regular meeting held on the 5th day of February, 1996, by the following vote:

AYES: Councilmembers - Campbell, Dodson, Kellejian, Renteria, Tompkins

NOES: Councilmembers - None

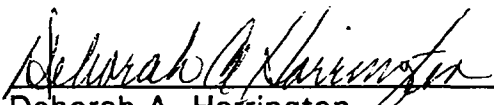
ABSTAIN: Councilmembers - None

ABSENT: Councilmembers - None



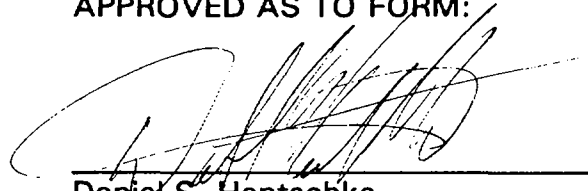
Marion B. Dodson, Mayor

ATTEST:



Deborah A. Harrington
City Clerk

APPROVED AS TO FORM:



Daniel S. Hentschke
City Attorney



STAFF REPORT CITY OF SOLANA BEACH

TO: Honorable Mayor and City Councilmembers
FROM: Gregory Wade, City Manager
MEETING DATE: December 9, 2020
ORIGINATING DEPT: Engineering Department
SUBJECT: **Consideration of Resolution 2020-059 Authorizing the City Manager to Execute Amendment No. 6 to the Streetlight Preventative Maintenance and Repair Services Agreement with Siemens Mobility, Inc.**

BACKGROUND:

In May 2016, City Council authorized the City Manager to enter into a Professional Services Agreement (PSA) with Siemens Mobility, Inc., (Siemens) effective July 1, 2016, for streetlight preventative maintenance and repair services. Since the PSA was initially approved, four amendments have been executed consistent with the City Council's initial authorization. The final extension of the PSA was executed in June 2020 for an amount of \$32,334. The PSA is set to expire at the end of the current Fiscal Year (FY) on June 30, 2021. Prior to its expiration, Staff will issue a Request for Proposals for continuation of these services.

This item is before the City Council to consider adoption of Resolution 2020-059 (Attachment 1) authorizing the City Manager to execute Amendment No. 6 to the PSA with Siemens for Streetlight Preventative Maintenance and Repair Services, for a one-time increase to the compensation of \$30,000 to cover costs associated with utility mark-out requests.

DISCUSSION:

One component of the streetlight preventative maintenance and repair services with Siemens is for utility mark-out requests. Per state law, underground utility system locations must be identified and located before excavating or digging is allowed. This responsibility is the obligation of the respective owners of these utilities. Since the City owns and operates various underground utilities (streetlights, traffic signals, sewers, storm drains), the City is required to participate in an organization (Underground Service Alert System) that coordinates and identifies the location of underground utilities. While

CITY COUNCIL ACTION:

AGENDA ITEM # A.1.

City Staff identifies the location of the City's sewer, storm drain, and other City-owned underground utilities, the location of underground utilities for streetlights and traffic signals is performed by Siemens on behalf of the City.

During the past several months, requests for utility mark-outs has increased significantly. Due to the significant increase of these requests, brought about in large part by the Citywide fiber-optic installation currently being performed by Netly, additional funding is needed to supplement the budgeted amount in the streetlight preventative maintenance and repair services agreement with Siemens. The action being considered through this Staff Report would allow for Siemens to continue its utility mark-outs through the end of FY 2020/21. Although Siemens also maintains the City's traffic signals, additional funding is not needed to mark out the traffic signals since there are relatively few signals as compared to streetlights.

The streetlight PSA and all authorized extensions expire at the end of FY 2020/21. As such, the increased utility mark-out requests would also be identified in the scope of work during the upcoming Request for Proposals (RFP) process to secure the City's streetlight maintenance service provider beyond FY 2020/21. It is anticipated that this will increase the annual cost for these services.

CEQA COMPLIANCE STATEMENT:

The work associated with the streetlight maintenance agreement is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15301(c) of the State CEQA Guidelines.

FISCAL IMPACT:

The cost of maintenance of the City's streetlights is paid from the Solana Beach Lighting Maintenance District (or Streetlight District) Professional Services Account. A part of the maintenance of the streetlight system is underground utility identification (marking out) of the system when excavation is proposed near any of the streetlights. A total of \$30,000 is proposed to be added to the contract amount for FY 2020/21 for a total contract amount not to exceed \$62,334. There are sufficient funds identified for this amendment in the Street Lighting District Fund 211. This request will result in an increase to the FY 2020/21 Budget for fund 211 in the amount of \$30,000. If approved, the Engineering Report will be updated accordingly for this increase in expenditures.

WORK PLAN:

This project is not identified in the 2020/21 Work Plan.

OPTIONS:

- Approve Staff recommendation.

- Approve Staff recommendation with alternative amendments or modifications.
- Deny Staff recommendation and provide direction.

DEPARTMENT RECOMMENDATION:

Staff recommends that the City Council adopt Resolution 2020-059:

1. Authorizing the City Manager to execute Amendment No. 6 to the Professional Services Agreement with Siemens Mobility, Inc. in an amount not to exceed \$30,000 for Streetlight Preventative Maintenance and Repairs Services.
2. Authorizing an appropriation of \$30,000 from the Streetlight Maintenance Undesignated Reserves into the Streetlight Maintenance Professional Services Account for FY 2020/21.
3. Authorizing the City Treasurer to amend the FY 2020/21 Adopted Budget accordingly.

CITY MANAGER'S RECOMMENDATION:

Approve Department Recommendation.



Gregory Wade, City Manager

Attachments:

1. Resolution 2020-059

RESOLUTION 2020-059

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOLANA BEACH, CALIFORNIA, AUTHORIZING THE CITY MANAGER TO EXECUTE AMENDMENT NO. 6 TO THE STREETLIGHT PREVENTATIVE MAINTENANCE AND REPAIR SERVICES AGREEMENT WITH SIEMENS MOBILITY, INC.

WHEREAS, in May 2016, City Council authorized the City Manager to enter into a Professional Services Agreement (PSA) with Siemens Mobility, Inc., (Siemens) effective July 1, 2016, for streetlight preventative maintenance and repair services. Since the PSA was initially approved, four amendments have been executed. The PSA is set to expire at the end of the current fiscal year on June 30, 2021; and

WHEREAS, one component of the streetlight preventative maintenance and repair services with Siemens is for utility mark-out requests. Per state law, underground utility system locations must be identified and located before excavating or digging is allowed. Since the City owns and operates various underground utilities (streetlights, traffic signals, sewers, storm drains), the City is required to participate in an organization that coordinates location identification for underground utilities; and

WHEREAS, due to the extensive fiber-optic construction taking place along the majority of the City's streets, the budget in the streetlight preventative maintenance and repair services agreement is underfunded. In the past year, the requests for utility mark-outs has increased significantly. Although Siemens also maintains the City's traffic signals, additional funding is not needed to mark out the traffic signals since there are relatively few signals as compared to streetlights.

NOW, THEREFORE, the City Council of the City of Solana Beach, California, does resolve as follows:

1. That the above recitations are true and correct.
2. That the City Council authorizes the City Manager to execute Amendment No. 6 to the Professional Services Agreement with Siemens Mobility, Inc. in an amount not to exceed \$30,000 for Streetlight Preventative Maintenance and Repairs Services.
3. That the City Council authorizes an appropriation of \$30,000 from the Streetlight Maintenance Undesignated Reserves into the Streetlight Maintenance Professional Services Account for FY 2020/21.

ATTACHMENT 1

4. That the City Council authorizes the City Treasurer to amend the FY 2020/21 Adopted Budget accordingly.

PASSED AND ADOPTED this 9th day of December, 2020, at a regular meeting of the City Council of the City of Solana Beach, California by the following vote:

AYES: Councilmembers –
NOES: Councilmembers –
ABSTAIN: Councilmembers –
ABSENT: Councilmembers –

LESA HEEBNER, Mayor

APPROVED AS TO FORM:

ATTEST:

JOHANNA N. CANLAS, City Attorney

ANGELA IVEY, City Clerk



STAFF REPORT CITY OF SOLANA BEACH

TO: Honorable Mayor and City Councilmembers
FROM: Gregory Wade, City Manager
MEETING DATE: December 9, 2020
ORIGINATING DEPT: Finance
SUBJECT: Register of Demands

BACKGROUND:

Section 3.04.020 of the Solana Beach Municipal Code requires that the City Council ratify a register of demands which represents all financial demands made upon the City for the applicable period.

Register of Demands- 10/24/20 through 11/13/20

Check Register-Disbursement Fund (Attachment 1)		\$	1,532,714.52
Net Payroll	October 30, 2020		163,614.49
Federal & State Taxes	October 30, 2020		40,479.83
PERS Retirement (EFT)	October 30, 2020		45,351.26
Retirement Payroll	November 4, 2020		4,764.00
Council Payroll	November 12, 2020		4,103.98
Federal & State Taxes	November 12, 2020		399.60
PERS Retirement (EFT)	November 12, 2020		535.34
Net Payroll	November 13, 2020		235,498.27
Federal & State Taxes	November 13, 2020		66,219.63
PERS Retirement (EFT)	November 13, 2020		46,207.93

TOTAL		\$	<u>2,139,888.85</u>
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DISCUSSION:

Staff certifies that the register of demands has been reviewed for accuracy, that funds are available to pay the above demands, and that the demands comply with the adopted budget.

CEQA COMPLIANCE STATEMENT:

Not a project as defined by CEQA.

CITY COUNCIL ACTION: _____ _____

FISCAL IMPACT:

The register of demands for October 24, 2020 through November 13, 2020 reflects total expenditures of \$2,139,888.85 from various City funding sources.

WORK PLAN:

N/A

OPTIONS:

- Ratify the register of demands.
- Do not ratify and provide direction.

DEPARTMENT RECOMMENDATION:

Staff recommends that the City Council ratify the above register of demands.

CITY MANAGER'S RECOMMENDATION:

Approve Department Recommendation.



Gregory Wade, City Manager

Attachments:

1. Check Register – Disbursement Fund

PENTAMATION
 DATE: 11/16/2020
 TIME: 17:31:33

CITY OF SOLANA BEACH, CA
 CHECK REGISTER - DISBURSEMENT FUND

PAGE NUMBER: 1
 ACCTPA21

SELECTION CRITERIA: transact.ck_date between '20201024 00:00:00.000' and '20201113 00:00:00.000'
 ACCOUNTING PERIOD: 5/21

FUND - 001 - GENERAL FUND

CASH ACCT	CHECK NO	ISSUE DT	VENDOR	NAME	BUDGET UNIT	-----DESCRIPTION-----	SALES TAX	AMOUNT
1011	98105	10/29/20	5935	ALTUM GROUP	21355005550	B20-0273 PROF SVC-SEP	0.00	2,393.75
1011	98106	10/29/20	4777	BLUE CARD-ACROSS THE STR	00160006120	BLUE CARD RENWL FY21	0.00	216.00
1011	98107	10/29/20	5307	CALIFORNIA COMMUNITY CHO	55000007750	FY21 CAL-CCA QTR 2	0.00	2,350.00
1011	98108	10/29/20	2098	CULLIGAN OF SAN DIEGO	00160006120	WATER FLTR 8/01-9/30	0.00	85.60
1011	98109	10/29/20	218	DATATICKET INC.	00160006140	PRKNG TCKT ADMIN-SEP	0.00	139.40
1011	98110	10/29/20	1242	DSR - DOOR SERVICE & REP	00165006570	AS NEEDED RPR-FS	0.00	1,584.00
1011	98111	10/29/20	5674	EMANUELS JONES AND ASSOC	00150005200	PROF SVC-OCT	0.00	2,500.00
1011	98112	10/29/20	5610	ERGOSTOP INC.	12050005460	MNTR ARM/BASE-3 EACH	0.00	1,053.00
1011	98112	10/29/20	5610	ERGOSTOP INC.	12050005460	MNTR ARM/KYBRD STAND	0.00	1,602.58
TOTAL CHECK								2,655.58
1011	98113	10/29/20	506	GOLD COAST SURVEYING, IN	00165006510	PROF SVC - SEP	0.00	6,403.00
1011	98114	10/29/20	2593	GOLDFARB & LIPMAN	00150005250	PROF SVC-AUG	0.00	118.00
1011	98115	10/29/20	1011	HDL-HINDERLITER, DE LLAM	00150005300	Q1 CY STAX-CONTRACT	0.00	1,216.80
1011	98115	10/29/20	1011	HDL-HINDERLITER, DE LLAM	00150005300	Q1 CY20 STAX AUDIT	0.00	874.40
TOTAL CHECK								2,091.20
1011	98116	10/29/20	11	ICMA RETIREMENT TRUST-45	001	ICMA PD 10/30/20	0.00	11,640.27
1011	98117	10/29/20	3859	ICMA RETIREMENT TRUST-RH	001	ICMA PD 10/30/20	0.00	1,975.74
1011	98118	10/29/20	87	ISLA VERDE HOA	20575007530	LNDSCAPE MAINT-JUL	0.00	425.00
1011	98118	10/29/20	87	ISLA VERDE HOA	20575007530	LNDSCAPE MAINT-AUG	0.00	425.00
TOTAL CHECK								850.00
1011	98119	10/29/20	5098	JOSE GARCIA	00165006560	MILEAGE-10/18	0.00	34.50
1011	98120	10/29/20	4134	KEN ONG & LIN SHAW	001	RFND-ENC19-0046/402 S	0.00	530.00
1011	98121	10/29/20	2887	LANCE,SOLL & LUNGHARD, L	00150005300	FY20 AUDIT SVC	0.00	-5,603.22
1011	98121	10/29/20	2887	LANCE,SOLL & LUNGHARD, L	50900007700	FY20 AUDIT SVC	0.00	-3,911.96
1011	98121	10/29/20	2887	LANCE,SOLL & LUNGHARD, L	65278007810	FY20 AUDIT SVC	0.00	-735.33
1011	98121	10/29/20	2887	LANCE,SOLL & LUNGHARD, L	55000007750	FY20 AUDIT SVC	0.00	-294.13
1011	98121	10/29/20	2887	LANCE,SOLL & LUNGHARD, L	26355005580	FY20 AUDIT SA HSNG	0.00	-594.15
1011	98121	10/29/20	2887	LANCE,SOLL & LUNGHARD, L	00150005300	FY19 SINGLE AUDIT	0.00	-691.21
1011	98121	10/29/20	2887	LANCE,SOLL & LUNGHARD, L	50900007700	FY20 AUDIT SVC	0.00	354.90
1011	98121	10/29/20	2887	LANCE,SOLL & LUNGHARD, L	55000007750	FY20 AUDIT SVC	0.00	612.90
1011	98121	10/29/20	2887	LANCE,SOLL & LUNGHARD, L	65278007810	FY20 AUDIT SVC	0.00	828.10
1011	98121	10/29/20	2887	LANCE,SOLL & LUNGHARD, L	65278007810	FY20 AUDIT SVC	0.00	1,430.10
1011	98121	10/29/20	2887	LANCE,SOLL & LUNGHARD, L	55000007750	FY20 AUDIT SVC	0.00	4,377.10
1011	98121	10/29/20	2887	LANCE,SOLL & LUNGHARD, L	00150005300	FY20 AUDIT SVC	0.00	6,269.90
1011	98121	10/29/20	2887	LANCE,SOLL & LUNGHARD, L	50900007700	FY20 AUDIT SVC	0.00	7,559.10
1011	98121	10/29/20	2887	LANCE,SOLL & LUNGHARD, L	00150005300	FY20 AUDIT SVC	0.00	10,827.90

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CITY OF SOLANA BEACH, CA
 CHECK REGISTER - DISBURSEMENT FUND

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 ACCOUNTING PERIOD: 5/21

FUND - 001 - GENERAL FUND

CASH ACCT	CHECK NO	ISSUE DT	VENDOR	NAME	BUDGET UNIT	-----DESCRIPTION-----	SALES TAX	AMOUNT
TOTAL CHECK							0.00	20,430.00
1011	98122	10/29/20	5938	LINDA GARDNER	00160006130	RFND-ANIMAL REMOVAL	0.00	30.00
1011	98123	10/29/20	5014	MANAGED SOLUTION	00150005450	PROF SVC-SEP	0.00	750.00
1011	98123	10/29/20	5014	MANAGED SOLUTION	00150005450	PROF SVC-SEP	0.00	1,044.12
TOTAL CHECK							0.00	1,794.12
1011	98124	10/29/20	111	MISSION LINEN & UNIFORM	50900007700	LAUNDRY-PUB WORKS	0.00	8.86
1011	98124	10/29/20	111	MISSION LINEN & UNIFORM	00165006520	LAUNDRY-PUB WORKS	0.00	12.40
1011	98124	10/29/20	111	MISSION LINEN & UNIFORM	00165006560	LAUNDRY-PUB WORKS	0.00	12.41
1011	98124	10/29/20	111	MISSION LINEN & UNIFORM	00165006530	LAUNDRY-PUB WORKS	0.00	19.49
TOTAL CHECK							0.00	53.16
1011	98125	10/29/20	50	OFFICE DEPOT INC	00150005300	SHELF	0.00	96.96
1011	98126	10/29/20	5937	ONG SHAW REVOCABLE TRUST	001	RFND-SBGR-356/402 S R	0.00	127,511.00
1011	98127	10/29/20	5361	HABITAT PROTECTION, INC	00160006130	ANIMAL REMOVAL-OCT	0.00	145.00
1011	98128	10/29/20	88	SANTA FE HILLS HOA	20475007520	LNDSCAPE MAINT-JUL	0.00	16,250.00
1011	98128	10/29/20	88	SANTA FE HILLS HOA	20475007520	LNDSCAPE MAINT-AUG	0.00	16,250.00
TOTAL CHECK							0.00	32,500.00
1011	98129	10/29/20	141	SANTA FE IRRIGATION DIST	20475007520	005979029 0815-101520	0.00	895.69
1011	98130	10/29/20	169	SDG&E CO INC	00165006540	UTILITES-09/07-10/06	0.00	942.18
1011	98130	10/29/20	169	SDG&E CO INC	20375007510	UTILITES-09/07-10/06	0.00	2,426.58
1011	98130	10/29/20	169	SDG&E CO INC	00165006570	UTILITIES-09/04-10/06	0.00	2,778.12
1011	98130	10/29/20	169	SDG&E CO INC	00165006570	UTILITES-09/07-10/06	0.00	5,081.06
1011	98130	10/29/20	169	SDG&E CO INC	21100007600	UTILITIES-09/04-10/06	0.00	6,506.01
1011	98130	10/29/20	169	SDG&E CO INC	00165006530	UTILITES-09/07-10/06	0.00	719.32
1011	98130	10/29/20	169	SDG&E CO INC	00165006540	UTILITIES-09/04-10/06	0.00	424.24
1011	98130	10/29/20	169	SDG&E CO INC	00165006530	UTILITIES-09/04-10/06	0.00	499.91
TOTAL CHECK							0.00	19,377.42
1011	98131	10/29/20	3909	SECTRAN SECURITY INC	12050005460	COURIER SVC-OCT	0.00	113.37
1011	98131	10/29/20	3909	SECTRAN SECURITY INC	12050005460	COURIER SVC FUEL-OCT	0.00	15.25
TOTAL CHECK							0.00	128.62
1011	98132	10/29/20	5890	TYLER TECHNOLOGIES, INC.	13550005300	IMPLMNTN-NON-HR-SEP	0.00	5,760.00
1011	98132	10/29/20	5890	TYLER TECHNOLOGIES, INC.	13550005200	IMPLMNTN-HR-SEP	0.00	640.00
1011	98132	10/29/20	5890	TYLER TECHNOLOGIES, INC.	13550005200	PROJ MANMNT-SEP	0.00	576.00
1011	98132	10/29/20	5890	TYLER TECHNOLOGIES, INC.	13550005300	PROJ MANMNT-SEP	0.00	1,344.00
TOTAL CHECK							0.00	8,320.00
1011	98133	10/29/20	1414	UNION BANK OF CALIFORNIA	50900007700	ADMIN FEE WSTWTR-2021	0.00	2,605.00
1011	98134	10/29/20	30	VERIZON WIRELESS-SD	00160006120	FIRE CELL 06/29-07/28	0.00	466.66
1011	98134	10/29/20	30	VERIZON WIRELESS-SD	00160006120	FIRE CELL 07/29-08/28	0.00	680.96
1011	98134	10/29/20	30	VERIZON WIRELESS-SD	27060006120	FIRE IPAD 07/29-08/28	0.00	114.03
1011	98134	10/29/20	30	VERIZON WIRELESS-SD	27060006120	FIRE IPAD 06/29-07/28	0.00	114.03

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FUND - 001 - GENERAL FUND

CASH ACCT	CHECK NO	ISSUE DT	VENDOR	NAME	BUDGET UNIT	-----DESCRIPTION-----	SALES TAX	AMOUNT
1011	98134	10/29/20	30	VERIZON WIRELESS-SD	00160006120	BC CELL 06/29-07/28	0.00	70.69
1011	98134	10/29/20	30	VERIZON WIRELESS-SD	00160006120	BC CELL 07/29-08/28	0.00	100.97
1011	98134	10/29/20	30	VERIZON WIRELESS-SD	00160006170	MS IPADS -07/29-08/28	0.00	152.04
1011	98134	10/29/20	30	VERIZON WIRELESS-SD	00160006170	MS IPADS -06/29-07/28	0.00	152.04
TOTAL CHECK							0.00	1,851.42
1011	98135	10/29/20	2823	WELLS FARGO BANK	65278007820	INT 2017TA BND 12/01	0.00	40,501.44
1011	98135	10/29/20	2823	WELLS FARGO BANK	65278007820	PRIN 2017TA BND 12/01	0.00	59,400.00
TOTAL CHECK							0.00	99,901.44
1011	98136	10/29/20	5594	WEX BANK	00160006120	AUTO FUEL-AUG	0.00	1,121.50
1011	98136	10/29/20	5594	WEX BANK	00160006120	CR EXEMPT TAX-AUG	0.00	-81.88
TOTAL CHECK							0.00	1,039.62
1011	98137	10/29/20	37	XEROX CORPORATION	00150005350	COPIER CLRKS-SEP	0.00	271.68
1011	98137	10/29/20	37	XEROX CORPORATION	00150005350	COPIER UPSTAIRS-SEP	0.00	298.25
1011	98137	10/29/20	37	XEROX CORPORATION	00150005350	COPIER PLANNING-SEP	0.00	546.78
TOTAL CHECK							0.00	1,116.71
1011	98138	11/03/20	4738	MEDICAL EYE SERVICES	00150005400	ROUNDING SEP 20	0.00	-0.21
1011	98138	11/03/20	4738	MEDICAL EYE SERVICES	00150005400	ROUNDING OCT 20	0.00	-0.20
1011	98138	11/03/20	4738	MEDICAL EYE SERVICES	001	EE# TIMING OCT 20	0.00	11.29
1011	98138	11/03/20	4738	MEDICAL EYE SERVICES	001	EE# COBRA OCT 20	0.00	20.33
1011	98138	11/03/20	4738	MEDICAL EYE SERVICES	001	EE COBRA SEP 20	0.00	20.33
1011	98138	11/03/20	4738	MEDICAL EYE SERVICES	001	EE# TIMING SEP 20	0.00	-11.29
1011	98138	11/03/20	4738	MEDICAL EYE SERVICES	001	EE# COBRA OCT 20	0.00	45.16
1011	98138	11/03/20	4738	MEDICAL EYE SERVICES	001	VISION OCT 20	0.00	401.30
1011	98138	11/03/20	4738	MEDICAL EYE SERVICES	001	VISION SEP 20	0.00	412.60
TOTAL CHECK							0.00	899.31
1011	98139	11/03/20	1087	PREFERRED BENEFIT INS AD	001	DENTAL OCT 20	0.00	2,648.10
1011	98139	11/03/20	1087	PREFERRED BENEFIT INS AD	001	DENTAL SEP 20	0.00	2,691.60
1011	98139	11/03/20	1087	PREFERRED BENEFIT INS AD	001	EE TIMING OCT 20	0.00	43.50
1011	98139	11/03/20	1087	PREFERRED BENEFIT INS AD	00150005400	ADMIN FEE OCT 20	0.00	4.50
TOTAL CHECK							0.00	5,387.70
1011	98140	11/05/20	1135	AFFORDABLE PIPELINE SERV	50900007700	J-SEWER CLEANING	0.00	575.00
1011	98140	11/05/20	1135	AFFORDABLE PIPELINE SERV	00165006520	H-STORM DRAIN MAINT	0.00	1,140.00
TOTAL CHECK							0.00	1,715.00
1011	98141	11/05/20	4832	AT&T CALNET 3	00160006150	9391012275 8/24-9/23	0.00	164.68
1011	98141	11/05/20	4832	AT&T CALNET 3	00160006150	9391012275 9/24-10/23	0.00	164.95
1011	98141	11/05/20	4832	AT&T CALNET 3	00160006170	9391053651 8/25-9/24	0.00	241.42
1011	98141	11/05/20	4832	AT&T CALNET 3	00160006170	9391012281 8/25-9/24	0.00	89.21
1011	98141	11/05/20	4832	AT&T CALNET 3	00150005450	9391012278 8/24-9/23	0.00	3,236.00
1011	98141	11/05/20	4832	AT&T CALNET 3	00150005450	9391012282 8/24-9/23	0.00	20.61
1011	98141	11/05/20	4832	AT&T CALNET 3	00150005450	9391053641 8/24-9/23	0.00	164.68
1011	98141	11/05/20	4832	AT&T CALNET 3	00150005450	9391062899 8/24-9/23	0.00	164.68
TOTAL CHECK							0.00	4,246.23
1011	98142	11/05/20	5914	BIOCLEAN ENVIROMENTAL SE	00165006520	INSTL CPTR SYS-SITE#4	0.00	3,531.46

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CITY OF SOLANA BEACH, CA
 CHECK REGISTER - DISBURSEMENT FUND

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SELECTION CRITERIA: transact.ck_date between '20201024 00:00:00.000' and '20201113 00:00:00.000'
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FUND - 001 - GENERAL FUND

CASH ACCT	CHECK NO	ISSUE DT	VENDOR	NAME	BUDGET UNIT	-----DESCRIPTION-----	SALES TAX	AMOUNT
1011	98143	11/05/20	5334	CALIFORNIA BUILDING STAN	001	Q1 BLDG STNDRDS SURCH	0.00	-29.00
1011	98143	11/05/20	5334	CALIFORNIA BUILDING STAN	001	Q1 BLDG STNDRDS SURCH	0.00	293.00
TOTAL CHECK							0.00	264.00
1011	98144	11/05/20	2476	CCAC	00150005150	2021 MMBRSH-IVEY	0.00	130.00
1011	98145	11/05/20	5051	CINTAS CORPORATION NO. 2	00165006570	FIRST AID SUPPLIES-PW	0.00	83.24
1011	98146	11/05/20	2631	CLEAN STREET	00165006550	STREET SWP-OCT	0.00	3,431.28
1011	98147	11/05/20	211	CONSOLIDATED ELECTRICAL	00165006570	LAMPS	0.00	75.43
1011	98148	11/05/20	1022	COUNTY REGISTRAR OF VOTE	00150005150	2020 GEN ELEC SVC	0.00	10,000.00
1011	98148	11/05/20	1022	COUNTY REGISTRAR OF VOTE	00150005150	2020 GEN ELEC SVC	0.00	10,000.00
1011	98148	11/05/20	1022	COUNTY REGISTRAR OF VOTE	00150005150	2020 GEN ELEC SVC	0.00	15,000.00
1011	98148	11/05/20	1022	COUNTY REGISTRAR OF VOTE	00150005150	2020 GEN ELEC SVC	0.00	55,000.00
TOTAL CHECK							0.00	90,000.00
1011	98149	11/05/20	127	COX COMMUNICATIONS INC	00150005450	CTYINTRNT 09/19-10/18	0.00	586.80
1011	98150	11/05/20	38	DEPARTMENT OF CONSERVATI	001	SMIP FEES-JUL-SEP 20	0.00	1,077.50
1011	98150	11/05/20	38	DEPARTMENT OF CONSERVATI	001	SMIP FEES-JUL-SEP 20	0.00	-53.88
TOTAL CHECK							0.00	1,023.62
1011	98151	11/05/20	94	ESGIL CORPORATION	00155005560	BLDG PRMT 10/01-10/02	0.00	82.60
1011	98151	11/05/20	94	ESGIL CORPORATION	00155005560	BLDG PRMT 10/12-10/16	0.00	2,472.53
1011	98151	11/05/20	94	ESGIL CORPORATION	00155005560	BLDG PRMT 10/05-10/09	0.00	10,262.64
1011	98151	11/05/20	94	ESGIL CORPORATION	00155005560	BLDG PRMT 09/28-09/30	0.00	17,499.02
TOTAL CHECK							0.00	30,316.79
1011	98152	11/05/20	5262	GEORGE HILLS COMPANY, IN	12050005460	ANNUAL ADMIN FEE	0.00	1,200.00
1011	98152	11/05/20	5262	GEORGE HILLS COMPANY, IN	12050005460	ANNL MEDCARE/CMS FEE	0.00	250.00
1011	98152	11/05/20	5262	GEORGE HILLS COMPANY, IN	12050005460	CLM.1904 PROF SVC-SEP	0.00	27.00
1011	98152	11/05/20	5262	GEORGE HILLS COMPANY, IN	12050005460	2003.GAUTSCH-SEP	0.00	90.00
1011	98152	11/05/20	5262	GEORGE HILLS COMPANY, IN	12050005460	CLM.2101 PROF SVC-SEP	0.00	153.00
TOTAL CHECK							0.00	1,720.00
1011	98153	11/05/20	2089	ICMA MEMBERSHIP RENEWALS	00150005200	WADE-MEMBERSHIP 2021	0.00	1,400.00
1011	98154	11/05/20	5014	MANAGED SOLUTION	00150005450	PROF SVC-OCT	0.00	750.00
1011	98154	11/05/20	5014	MANAGED SOLUTION	00150005450	PROF SVC-AUG	0.00	1,011.60
TOTAL CHECK							0.00	1,761.60
1011	98155	11/05/20	5901	MAX THREADS LLC	00160006150	COVID-19 FACE MASKS	0.00	3,042.25
1011	98156	11/05/20	111	MISSION LINEN & UNIFORM	50900007700	LAUNDRY-PUB WORKS	0.00	8.86
1011	98156	11/05/20	111	MISSION LINEN & UNIFORM	00165006520	LAUNDRY-PUB WORKS	0.00	12.40
1011	98156	11/05/20	111	MISSION LINEN & UNIFORM	00165006560	LAUNDRY-PUB WORKS	0.00	12.41
1011	98156	11/05/20	111	MISSION LINEN & UNIFORM	00165006530	LAUNDRY-PUB WORKS	0.00	19.49
TOTAL CHECK							0.00	53.16
1011	98157	11/05/20	191	NAPA AUTO PARTS INC	00165006530	REFRIGERANT/OIL	0.00	75.40

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CITY OF SOLANA BEACH, CA
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FUND - 001 - GENERAL FUND

CASH ACCT	CHECK NO	ISSUE DT	VENDOR	NAME	BUDGET UNIT	-----DESCRIPTION-----	SALES TAX	AMOUNT
1011	98158	11/05/20	5361	HABITAT PROTECTION, INC	00165006570	PEST CONTROL-OCT-FC	0.00	32.00
1011	98158	11/05/20	5361	HABITAT PROTECTION, INC	00165006570	PEST CONTROL-OCT-LC	0.00	32.00
1011	98158	11/05/20	5361	HABITAT PROTECTION, INC	00165006570	PEST CONTROL-OCT-PW	0.00	32.00
1011	98158	11/05/20	5361	HABITAT PROTECTION, INC	00165006570	PEST CONTROL-OCT-MS	0.00	32.00
1011	98158	11/05/20	5361	HABITAT PROTECTION, INC	00165006570	PEST CONTROL-OCT-FS	0.00	37.00
1011	98158	11/05/20	5361	HABITAT PROTECTION, INC	00165006570	PEST CONTROL-OCT-CH	0.00	49.50
1011	98158	11/05/20	5361	HABITAT PROTECTION, INC	00165006570	AS ND PST CNTL-OCT-MS	0.00	27.00
TOTAL CHECK							0.00	241.50
1011	98159	11/05/20	113	PITNEY BOWES GLOBAL FINA	00150005150	MAIL SUPPLIES-SEALER	0.00	78.30
1011	98160	11/05/20	1112	RANCHO SANTA FE SECURITY	00165006560	RESTRM LCK/UNLOCK-SEP	0.00	583.57
1011	98160	11/05/20	1112	RANCHO SANTA FE SECURITY	00165006560	RESTRM LCK/UNLOCK-OCT	0.00	583.57
1011	98160	11/05/20	1112	RANCHO SANTA FE SECURITY	00165006560	ALARM MONITORING-SEP	0.00	252.00
1011	98160	11/05/20	1112	RANCHO SANTA FE SECURITY	00165006560	ALARM MONITORING-OCT	0.00	252.00
TOTAL CHECK							0.00	1,671.14
1011	98161	11/05/20	257	SAN DIEGO COUNTY SHERIFF	00160006110	COVID-19 MASK DETAIL	0.00	337.80
1011	98161	11/05/20	257	SAN DIEGO COUNTY SHERIFF	001	CR TOW FEE-AUG	0.00	-218.84
1011	98161	11/05/20	257	SAN DIEGO COUNTY SHERIFF	001	CR TOW FEE-JUL	0.00	-218.84
1011	98161	11/05/20	257	SAN DIEGO COUNTY SHERIFF	00160006110	COVID-19 MASK DETAIL	0.00	1,471.69
1011	98161	11/05/20	257	SAN DIEGO COUNTY SHERIFF	21960006110	LAW ENFORCEMENT-JUL	0.00	12,482.02
1011	98161	11/05/20	257	SAN DIEGO COUNTY SHERIFF	00160006110	LAW ENFORCEMENT-JUL	0.00	373,283.86
1011	98161	11/05/20	257	SAN DIEGO COUNTY SHERIFF	21960006110	LAW ENFORCEMENT-AUG	0.00	12,482.02
1011	98161	11/05/20	257	SAN DIEGO COUNTY SHERIFF	00160006110	LAW ENFORCEMENT-AUG	0.00	373,283.85
TOTAL CHECK							0.00	772,903.56
1011	98162	11/05/20	5725	SIEMENS MOBILITY, INC.	00165006540	TRAFFIC SGNL MNT-SEP	0.00	1,087.36
1011	98162	11/05/20	5725	SIEMENS MOBILITY, INC.	00165006540	TRAFFIC CALL OUT-SEP	0.00	988.00
TOTAL CHECK							0.00	2,075.36
1011	98163	11/05/20	4959	TELECOM LAW FIRM	00150005250	COX PROF SVC-AUG	0.00	6,492.00
1011	98164	11/05/20	30	VERIZON WIRELESS-SD	00150005450	IT CELL 08/24-09/23	0.00	152.04
1011	98165	11/05/20	3723	WAGeworks	00150005400	FSA ADMIN-OCT	0.00	123.50
1011	98166	11/12/20	2137	AFLAC	001	OCTOBER 20	0.00	895.40
1011	98167	11/12/20	4794	AMR	27060006120	CSA17.20 NIBP CUFFS	0.00	311.13
1011	98168	11/12/20	4832	AT&T CALNET 3	00160006120	9391059865 9/1-9/30	0.00	393.71
1011	98168	11/12/20	4832	AT&T CALNET 3	00160006120	9391012280 8/24-9/23	0.00	573.09
TOTAL CHECK							0.00	966.80
1011	98169	11/12/20	5947	BARBARA PRUETT	001	SBGR397/970 AVOCADO	0.00	50,796.00
1011	98173	11/12/20	1914	US BANK	00155005560	PAPER/SHARPIE/FLDRS	0.00	139.14
1011	98173	11/12/20	1914	US BANK	00160006170	HOSE COUPLING	0.00	2.68
1011	98173	11/12/20	1914	US BANK	00150005450	HOSTING DOMAINS-JUL	0.00	9.95
1011	98173	11/12/20	1914	US BANK	00150005200	WATER FOR VOLUNTEERS	0.00	10.38

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FUND - 001 - GENERAL FUND

CASH ACCT	CHECK NO	ISSUE DT	VENDOR	NAME	BUDGET UNIT	-----DESCRIPTION-----	SALES TAX	AMOUNT
1011	98173	11/12/20	1914	US BANK	00150005450	PRINTER CORD	0.00	10.76
1011	98173	11/12/20	1914	US BANK	00155005550	POST-IT NOTES	0.00	11.14
1011	98173	11/12/20	1914	US BANK	00160006170	CLOCK	0.00	12.90
1011	98173	11/12/20	1914	US BANK	00160006170	MATCHES	0.00	13.46
1011	98173	11/12/20	1914	US BANK	00165006570	WALL CLOCK	0.00	13.98
1011	98173	11/12/20	1914	US BANK	00160006170	SPONGES	0.00	14.54
1011	98173	11/12/20	1914	US BANK	00160006170	BLEACH/DETERGNT	0.00	15.93
1011	98173	11/12/20	1914	US BANK	00160006170	SPRAY BOTTLE	0.00	18.31
1011	98173	11/12/20	1914	US BANK	00165006510	TAPE MEASURE	0.00	20.45
1011	98173	11/12/20	1914	US BANK	00160006120	FUEL FOR TOOLS	0.00	21.43
1011	98173	11/12/20	1914	US BANK	00160006120	WILDLAND SUPPLIES	0.00	23.62
1011	98173	11/12/20	1914	US BANK	00165006510	COUNTY MAP FEE	0.00	24.00
1011	98173	11/12/20	1914	US BANK	00160006120	FUEL	0.00	30.00
1011	98173	11/12/20	1914	US BANK	00160006170	USLA DUES-MASON	0.00	30.00
1011	98173	11/12/20	1914	US BANK	00160006170	TEAM PHOTO REFRSHMNTS	0.00	30.00
1011	98173	11/12/20	1914	US BANK	00165006560	LED BULBS-CRT	0.00	30.51
1011	98173	11/12/20	1914	US BANK	00160006170	SCUBA EQUIP MAINT	0.00	32.79
1011	98173	11/12/20	1914	US BANK	00160006120	2 IPAD CHARGERS	0.00	36.52
1011	98173	11/12/20	1914	US BANK	00160006170	SANITIZING WIPES	0.00	36.62
1011	98173	11/12/20	1914	US BANK	00160006120	WIPER-F150	0.00	40.63
1011	98173	11/12/20	1914	US BANK	00165006560	OUTDOOR FLOOD LIGHT	0.00	41.62
1011	98173	11/12/20	1914	US BANK	00160006140	FOLDERS	0.00	42.01
1011	98173	11/12/20	1914	US BANK	00160006170	CLIPBOARD	0.00	43.09
1011	98173	11/12/20	1914	US BANK	00160006170	PATCHES-PT UNIFORMS	0.00	48.00
1011	98173	11/12/20	1914	US BANK	00160006170	FUEL	0.00	49.11
1011	98173	11/12/20	1914	US BANK	00160006170	TEAM PHOTO REFRSHMNTS	0.00	53.85
1011	98173	11/12/20	1914	US BANK	00165006570	LANDSCAPE LIGHTS	0.00	53.86
1011	98173	11/12/20	1914	US BANK	00165006570	LANDSCAPE LIGHTS	0.00	58.19
1011	98173	11/12/20	1914	US BANK	00160006170	FUEL	0.00	61.63
1011	98173	11/12/20	1914	US BANK	00160006170	FUEL	0.00	64.62
1011	98173	11/12/20	1914	US BANK	00160006120	FUEL	0.00	69.36
1011	98173	11/12/20	1914	US BANK	00160006170	SANITIZER SPRAY	0.00	72.14
1011	98173	11/12/20	1914	US BANK	00160006170	DETERGENT/SNTZG WIPES	0.00	74.71
1011	98173	11/12/20	1914	US BANK	00150005450	CONSTANT CONTACT-AUG	0.00	75.00
1011	98173	11/12/20	1914	US BANK	00160006120	FUEL	0.00	75.96
1011	98173	11/12/20	1914	US BANK	00160006120	BTTLS/SHWR HD/PAN/HSE	0.00	82.75
1011	98173	11/12/20	1914	US BANK	00160006120	FUEL	0.00	83.87
1011	98173	11/12/20	1914	US BANK	13550005450	ADOBE PRO SUB-G WADE	0.00	86.36
1011	98173	11/12/20	1914	US BANK	00160006120	FUEL	0.00	87.20
1011	98173	11/12/20	1914	US BANK	13550005450	ADOBE PRO SUB-GREEK	0.00	89.71
1011	98173	11/12/20	1914	US BANK	13550005450	ADOBE PRO SUB-THAYER	0.00	91.38
1011	98173	11/12/20	1914	US BANK	00165006510	THERMOMETER	0.00	96.26
1011	98173	11/12/20	1914	US BANK	00160006170	STINGRAY BAGS	0.00	96.98
1011	98173	11/12/20	1914	US BANK	00160006120	WILDLAND SUPPLIES	0.00	97.14
1011	98173	11/12/20	1914	US BANK	00150005200	ID BADGES	0.00	120.36
1011	98173	11/12/20	1914	US BANK	00160006170	BINOCULAR REPAIR	0.00	123.10
1011	98173	11/12/20	1914	US BANK	00150005150	SHEET LIFTRS/FILE BOX	0.00	123.20
1011	98173	11/12/20	1914	US BANK	00150005450	MISAC MMBRSHP-MANRQZ	0.00	130.00
1011	98173	11/12/20	1914	US BANK	13550005450	ZOOM SUB	0.00	140.00
1011	98173	11/12/20	1914	US BANK	00165006530	8 HARD HATS	0.00	141.93
1011	98173	11/12/20	1914	US BANK	00165006560	GRANITE	0.00	157.21
1011	98173	11/12/20	1914	US BANK	00160006120	WILDLAND SUPPLIES	0.00	172.35

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FUND - 001 - GENERAL FUND

CASH ACCT	CHECK NO	ISSUE DT	VENDOR	NAME	BUDGET UNIT	-----DESCRIPTION-----	SALES TAX	AMOUNT
1011	98173	11/12/20	1914	US BANK	550	QUICKBOOKS-06/23/20	0.00	197.79
1011	98173	11/12/20	1914	US BANK	13550005450	ZOOM SUB	0.00	232.33
1011	98173	11/12/20	1914	US BANK	13550005450	ZOOM SUB	0.00	233.43
1011	98173	11/12/20	1914	US BANK	00160006120	TRSH BAGS/TWLS/DTRGNT	0.00	295.00
1011	98173	11/12/20	1914	US BANK	00160006120	WILDLAND SUPPLIES	0.00	331.64
1011	98173	11/12/20	1914	US BANK	00165006530	2 TIRES-F250	0.00	403.79
1011	98173	11/12/20	1914	US BANK	50900007700	2 TIRES-F250	0.00	482.65
1011	98173	11/12/20	1914	US BANK	00160006120	F150 TRUCK RPR	0.00	962.00
1011	98173	11/12/20	1914	US BANK	13550005450	LAPTOP-G WADE	0.00	1,850.33
TOTAL CHECK							0.00	8,421.65
1011	98174	11/12/20	1056	CALIFORNIA PARK & RECREA	00170007110	CPRS MMBRSHP-WENGER	0.00	170.00
1011	98175	11/12/20	5943	COOPER MORTIMER	00160006170	LG TRAINING SMMR 2020	0.00	205.00
1011	98176	11/12/20	372	EMPLOYMENT DEVELOPMENT D	00150005300	CA PIT-PE063020 PN&IN	0.00	1,456.71
1011	98176	11/12/20	372	EMPLOYMENT DEVELOPMENT D	00150005300	SUI PE 06/30/20	0.00	6,632.60
TOTAL CHECK							0.00	8,089.31
1011	98177	11/12/20	5674	EMANUELS JONES AND ASSOC	00150005200	PROF SVC-NOV	0.00	2,575.00
1011	98178	11/12/20	223	FEDEX	00150005150	SHIPPING-09/29/20	0.00	40.12
1011	98179	11/12/20	11	ICMA RETIREMENT TRUST-45	001	ICMA PD 11/13/20	0.00	11,837.72
1011	98180	11/12/20	3859	ICMA RETIREMENT TRUST-RH	001	ICMA PD 11/13/20	0.00	2,008.29
1011	98181	11/12/20	5889	KOA HILLS CONSULTING, LL	13550005200	PROJ MANAGMNT-AUG	0.00	3,944.00
1011	98181	11/12/20	5889	KOA HILLS CONSULTING, LL	13550005200	PROJ MANAGMNT-SEP	0.00	3,944.00
1011	98181	11/12/20	5889	KOA HILLS CONSULTING, LL	13550005200	PROJ MANAGMNT-OCT	0.00	3,944.00
1011	98181	11/12/20	5889	KOA HILLS CONSULTING, LL	13550005300	PROJ MANAGMNT-OCT	0.00	9,656.00
1011	98181	11/12/20	5889	KOA HILLS CONSULTING, LL	13550005300	PROJ MANAGMNT-SEP	0.00	9,656.00
1011	98181	11/12/20	5889	KOA HILLS CONSULTING, LL	13550005300	PROJ MANAGMNT-AUG	0.00	9,656.00
TOTAL CHECK							0.00	40,800.00
1011	98182	11/12/20	5942	LAUREN YIM	00150005400	L YIM LIVESCAN	0.00	28.00
1011	98183	11/12/20	5944	LAW OFFICE OF FELIX TINK	12050005460	VCE OF SD V COSB RELE	0.00	16,474.06
1011	98184	11/12/20	2102	LEGAL SHIELD CORP	001	PPD LEGAL-OCT 20	0.00	64.75
1011	98185	11/12/20	4023	LIFE-ASSIST, INC	00160006120	COVID-19 THERMOMETERS	0.00	193.17
1011	98186	11/12/20	5014	MANAGED SOLUTION	00150005450	PROF SVC-OCT	0.00	1,076.76
1011	98187	11/12/20	5946	MEINEKE FAMILY TRUST	001	SBGR375/301 W CLIFF	0.00	30,889.00
1011	98188	11/12/20	2019	NORTH COUNTY EVS, INC	00160006120	ON CALL REPAIR-09/21	0.00	380.92
1011	98188	11/12/20	2019	NORTH COUNTY EVS, INC	00160006120	ON CALL REPAIR-10/05	0.00	759.68
TOTAL CHECK							0.00	1,140.60
1011	98189	11/12/20	1953	PALOMAR COLLEGE	00160006120	NRTH CNTY FF TSTING	0.00	3,000.00

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CASH ACCT	CHECK NO	ISSUE DT	VENDOR	NAME	BUDGET UNIT	-----DESCRIPTION-----	SALES TAX	AMOUNT
1011	98190	11/12/20	5151	PHARMALINK, INC	27060006120	CSA17.20-DEA II FEE	0.00	150.00
1011	98191	11/12/20	416	REGIONAL COMMS SYS, MS 0	00160006120	CAP CODE-SEP	0.00	32.50
1011	98192	11/12/20	5941	RICHARD LAPHAM	001	RFND-SDP 624/343 VIA	0.00	600.00
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	20475007520	005979021 1002-110220	0.00	345.37
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	00165006530	011695000 1002-110220	0.00	124.95
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	00165006550	011695000 1002-110220	0.00	73.39
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	50900007700	005506014 1002-110220	0.00	708.15
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	00165006520	005506014 1002-110220	0.00	236.05
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	00165006560	005506001 0902-110220	0.00	74.42
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	00165006560	005506004 0902-110220	0.00	74.42
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	00165006560	005506009 0902-110220	0.00	74.42
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	00165006560	012448001 0902-110220	0.00	82.85
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	00165006560	005979001 0902-110220	0.00	98.69
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	00165006560	005506007 0902-110220	0.00	107.10
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	20875007580	005506003 0902-110220	0.00	117.34
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	00165006560	005506006 0902-110220	0.00	129.56
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	00165006560	012448000 0902-110220	0.00	130.83
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	00165006560	005506013 0902-110220	0.00	170.15
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	00165006560	005506000 0902-110220	0.00	178.29
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	00165006560	005506005 0902-110220	0.00	227.32
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	00165006560	005506010 0902-110220	0.00	238.05
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	00165006560	005506002 0902-110220	0.00	373.72
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	00165006560	005506011 0902-110220	0.00	378.57
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	20375007510	005979000 0902-110220	0.00	600.03
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	00165006570	005506008 0902-110220	0.00	616.22
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	00165006560	005506012 0902-110220	0.00	1,833.57
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	20475007520	005979017 1002-110220	0.00	59.55
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	20475007520	005979018 1002-110220	0.00	101.02
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	00165006560	005506018 1002-110220	0.00	360.45
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	20475007520	005979019 1002-110220	0.00	402.62
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	20475007520	005979015 1002-110220	0.00	533.87
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	20475007520	005979025 1002-110220	0.00	726.14
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	20475007520	005979024 1002-110220	0.00	767.61
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	20475007520	005979016 1002-110220	0.00	801.54
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	20475007520	005979026 1002-110220	0.00	899.56
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	20475007520	005979020 1002-110220	0.00	1,001.35
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	20475007520	005979014 1002-110220	0.00	1,054.13
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	00165006560	005506019 1002-110220	0.00	1,084.29
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	20475007520	005979023 1002-110220	0.00	1,106.91
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	20875007580	005506020 1002-110220	0.00	1,206.16
1011	98194	11/12/20	141	SANTA FE IRRIGATION DIST	20475007520	005979022 1002-110220	0.00	1,540.46
TOTAL CHECK							0.00	18,639.12
1011	98195	11/12/20	1231	STAPLES CONTRACT & COMME	00150005150	BINDER/BINDER CLIPS	0.00	31.63
1011	98195	11/12/20	1231	STAPLES CONTRACT & COMME	00150005400	PRINTER INK	0.00	124.97
1011	98195	11/12/20	1231	STAPLES CONTRACT & COMME	00150005150	BINDER/TABS	0.00	56.65
TOTAL CHECK							0.00	213.25

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FUND - 001 - GENERAL FUND

CASH ACCT	CHECK NO	ISSUE DT	VENDOR	NAME	BUDGET UNIT	-----DESCRIPTION-----	SALES TAX	AMOUNT
1011	98196	11/12/20	4959	TELECOM LAW FIRM	00150005250	LCC PROF SVC-10/27/20	0.00	1,000.00
1011	98197	11/12/20	3980	TURNOUT MAINTENANCE COMP	00160006120	CLN HELMET-BACKUP	0.00	20.00
1011	98198	11/12/20	30	VERIZON WIRELESS-SD	00160006140	CODES CELL 9/24-10/23	0.00	141.35
1011	98199	11/12/20	4844	WARWICK GROUP CONSULTANT	45099266190	9926.21 PROF SVC-OCT	0.00	4,945.00
1011	98200	11/12/20	5832	WESTERN EXTRICATION SPEC	00160006120	COVER HANDLE	0.00	9.70
1011	98201	11/12/20	5916	WEX FLEET UNIVERSAL	00165006560	AUTO FUEL-09/08-10/07	0.00	64.15
1011	98201	11/12/20	5916	WEX FLEET UNIVERSAL	00165006570	AUTO FUEL-09/08-10/07	0.00	106.91
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1011	V9000182	11/05/20	2097	UT SAN DIEGO - NRTH COUN	00155005550	HSNG ELMNT UPDT WKSHP	0.00	431.86
1011	V9000182	11/05/20	2097	UT SAN DIEGO - NRTH COUN	00155005550	HSNG ELMNT UPDT WKSHP	0.00	431.86
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TOTAL CHECK							0.00	1,455.71

PENTAMATION
DATE: 11/16/2020
TIME: 17:31:33

CITY OF SOLANA BEACH, CA
CHECK REGISTER - DISBURSEMENT FUND

PAGE NUMBER: 10
ACCTPA21

SELECTION CRITERIA: transact.ck_date between '20201024 00:00:00.000' and '20201113 00:00:00.000'
ACCOUNTING PERIOD: 5/21

FUND - 001 - GENERAL FUND

CASH ACCT	CHECK NO	ISSUE DT	VENDOR	NAME	BUDGET UNIT	-----DESCRIPTION-----	SALES TAX	AMOUNT
1011	V9000183	11/12/20	13	SOLANA BEACH FIREFIGHTER	001	FD DUES 11/13/20	0.00	913.50
1011	V9000184	11/12/20	3066	SUMMIT ENVIRONMENTAL GRO	45099266190	9926 PROF SVC SND-OCT	0.00	2,415.00
1011	V9000185	11/12/20	2097	UT SAN DIEGO - NRTH COUN	24093556510	9355 FY22 CDBG NOTICE	0.00	245.88
TOTAL CASH ACCOUNT							0.00	1,532,714.52
TOTAL FUND							0.00	1,532,714.52
TOTAL REPORT							0.00	1,532,714.52



STAFF REPORT CITY OF SOLANA BEACH

TO: Honorable Mayor and City Councilmembers
FROM: Gregory Wade, City Manager
MEETING DATE: December 9, 2020
ORIGINATING DEPT: Finance
SUBJECT: **Report on Changes Made to the General Fund Adopted Budget for Fiscal Year 2020/21**

BACKGROUND:

Staff provides a report at each Council meeting that lists changes made to the current Fiscal Year (FY) General Fund Adopted Budget.

The information provided in this Staff Report lists the changes made through November 18, 2020.

DISCUSSION:

The following table reports the revenue, expenditures, and transfers for 1) the Adopted General Fund Budget approved by Council on June 12, 2019 (Resolution 2019-085) and 2) any resolutions passed by Council that amended the Adopted General Fund Budget.

GENERAL FUND - ADOPTED BUDGET PLUS CHANGES						
As of November 18, 2020						
Action	Description	Revenues	Expenditures	Transfers from GF		Net Surplus
Reso 2019-085	Adopted Budget	19,827,600	(19,602,500)	(151,100)	(1)	\$ 74,000
Reso 2020-101	FY2019/20	(495,000)	361,000	80,000	(2)	20,000
	(1) Transfers to:		151,100			
	Debt Service for Public Facilities			151,100		
	(2) Transfer to:		(80,000)			
	City CIP Fund			(80,000)		

CEQA COMPLIANCE STATEMENT:

Not a project as defined by CEQA

FISCAL IMPACT:

N/A

COUNCIL ACTION:

WORK PLAN:

N/A

OPTIONS:

- Receive the report.
- Do not accept the report

DEPARTMENT RECOMMENDATION:

Staff recommends that the City Council receive the report listing changes made to the FY 2020-2021 General Fund Adopted Budget.

CITY MANAGER'S RECOMMENDATION:

Approve Department Recommendation



Gregory Wade, City Manager



STAFF REPORT CITY OF SOLANA BEACH

TO: Honorable Mayor and City Councilmembers
FROM: Gregory Wade, City Manager
MEETING DATE: December 9, 2020
ORIGINATING DEPT: Community Development
SUBJECT: **Final Draft 6th Cycle Housing Element Update**

BACKGROUND:

The Housing Element is a State-mandated policy document. The Housing Element is required by State Housing law to be updated every eight years. The City's current Housing Element is for the 5th Cycle planning period which covers 2013-2021. The next planning period is the 6th Cycle which covers 2021-2029.

Housing Element Law, enacted in 1969, mandates that local governments adequately plan to meet the existing and projected housing needs of all economic segments of the community. The law acknowledges that, in order for the private market to adequately address housing needs and demand, local governments must adopt land use plans and regulatory systems which provide opportunities for, and do not unduly constrain, housing development.

All California municipalities are required by Article 10.6 of the Government Code (Sections 65580-65590) to adopt a Housing Element as part of their General Plan. Distinct from the other General Plan elements, the Housing Element is subject to detailed statutory requirements and mandatory review by the California Department of Housing and Community Development (HCD).

This item is before the City Council to review and discuss the Draft Housing Element Update including, as necessary, proposed candidate housing sites and housing programs and to consider authorizing Staff to submit it to HCD for review and comment in accordance with Housing Element procedures set forth by State Law.

COUNCIL ACTION:

DISCUSSION:

The Housing Element is a guiding document that is used to implement goals, policies, objectives and programs that further the development of housing for all income levels in the City. The Housing Element is one of seven mandatory Elements of the General Plan that identifies ways to address housing needs of current and future residents.

As mandated by state law, the City is required to include specific content within the Housing Element in an effort to provide each jurisdiction’s “fair share” of regional housing needs. The San Diego Association of Governments (SANDAG) is responsible for preparing the Regional Housing Needs Assessment (RHNA) for all jurisdictions within the SANDAG region. For the 6th Cycle planning period (April 15, 2021 to April 15, 2029), the City of Solana Beach was allocated a total 875 units. The following table shows the 6th Cycle RHNA Allocation by jurisdiction and income category:

Jurisdiction	Very Low	Low	Moderate	Above Moderate	Total Allocation
Carlsbad	1,311	784	749	1,029	3,873
Chula Vista	2,750	1,777	1,911	4,667	11,105
Coronado	312	169	159	272	912
Del Mar	37	64	31	31	163
El Cajon	481	414	518	1,867	3,280
Encinitas	469	369	308	408	1,554
Escondido	1,864	1,249	1,527	4,967	9,607
Imperial Beach	225	123	183	798	1,329
La Mesa	859	487	577	1,874	3,797
Lemon Grove	295	166	193	705	1,359
National City	645	506	711	3,575	5,437
Oceanside	1,268	718	883	2,574	5,443
Poway	468	268	241	342	1,319
San Diego	27,549	17,331	19,319	43,837	108,036
San Marcos	728	530	542	1,316	3,116
Santee	406	200	188	425	1,219
Solana Beach	316	159	160	240	875
Unincorporated County	1,834	992	1,165	2,709	6,700
Vista	515	321	369	1,356	2,561
Region (Totals)	42,332	26,627	29,734	72,992	171,685

The City conducted three workshops (March 5, 2020, October 15, 2020 and November 12, 2020) during which City Staff and Kimley-Horn Associates, the City’s Housing Element consultant, provided updates about the State’s requirements for the Housing Element Update process and solicited input from the community regarding various housing challenges, facilitation of housing programs, and housing opportunities within the community. Comments received from the community and City Council have contributed

to the draft Housing Plan section of the Housing Element which lays out the goals, policies and programs aimed to facilitate housing development in the community.

The City received several comments from the public regarding the Housing Element Update. Below is summary of the comments provided to the City:

- Comments were received regarding incentivizing ADU's.
- Additional comments advocated for a Smoke-free/Vape-free policy.
- Consider allowing more permissive subdivision standards.
- Focus on implementing state legislation.
- Consider prioritizing funds for the development of deed-restricted affordable housing.
- Consider public institutional properties as potential sites for low-income housing for individuals.
- Evaluate the role of affordable housing in helping the City to meet both its RHNA obligations and its Climate Action Plan goals.
- Consider creating a planning group to identify and suggest policies that may reduce costs for affordable housing projects.
- Consider unused commercial space for mixed-use and residential.

In addition to comments received, the City also launched an online community survey to gather additional feedback regarding the Housing Element Update. Participants were asked to consider potential policies and programs to include in the Housing Element, as well as potential housing types and opportunities for housing in the City. The survey also solicited feedback regarding potential barriers to housing access and constraints to the development of housing. The following are figures that summarize the survey results:

Figure C-1: Priority Housing Development Locations

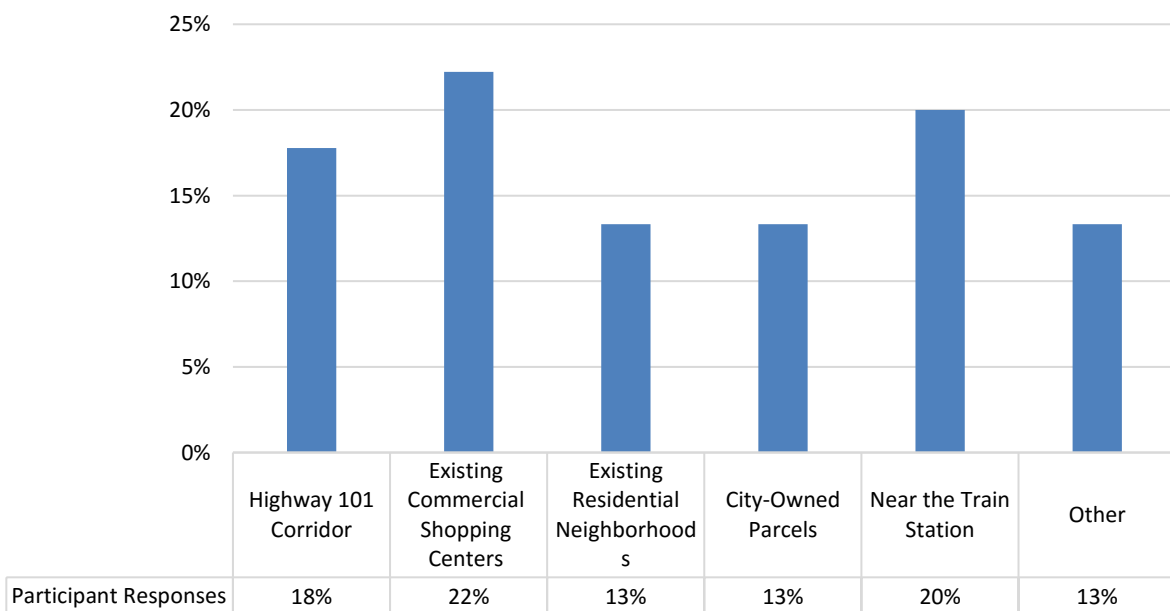


Figure C-2: Preferred Housing Development Types

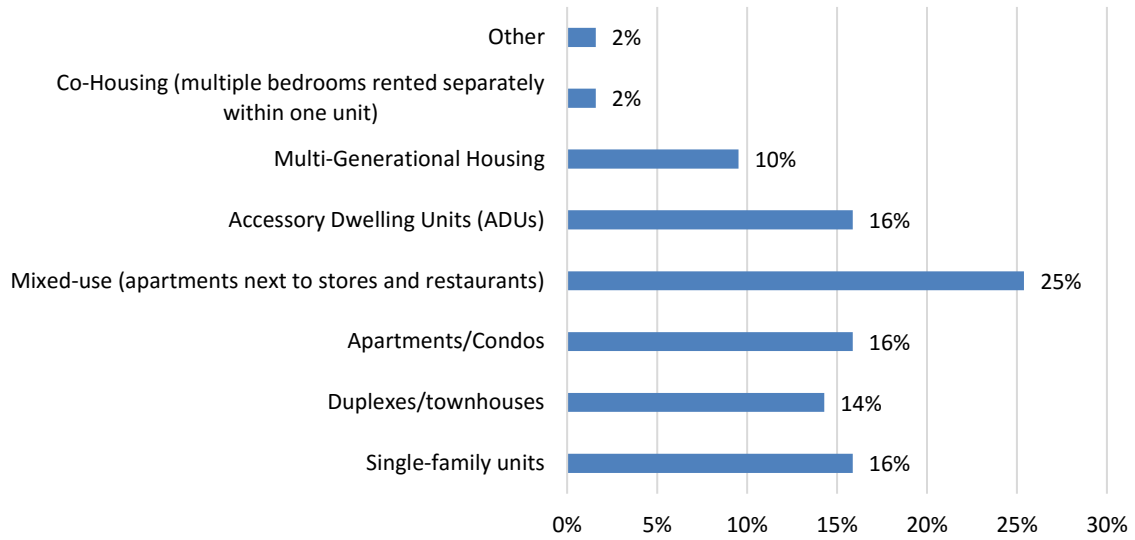


Figure C-3: Rating of Mixed-Use Housing as a Good Solution

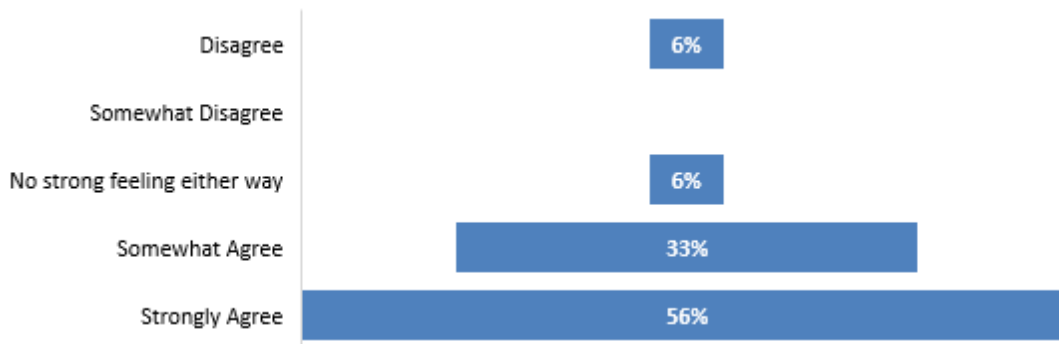


Figure C-4: Desired Information on ADU's

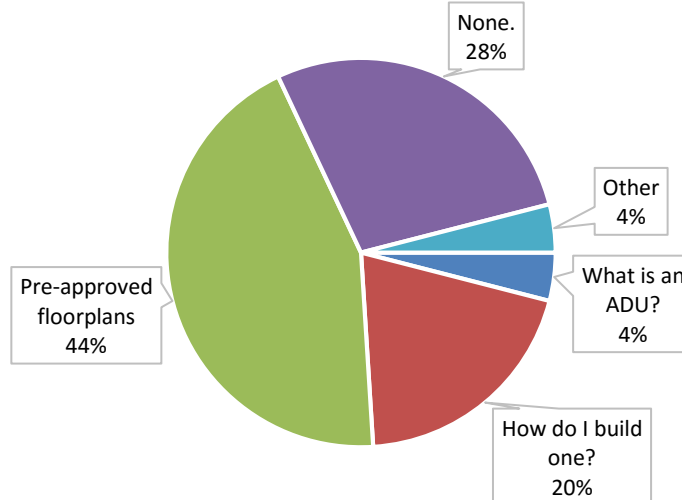


Figure C-5: Needed Special Needs Housing Types

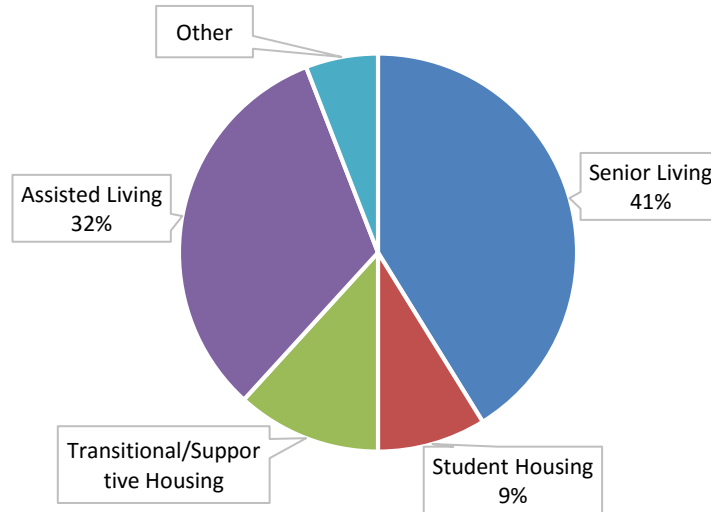
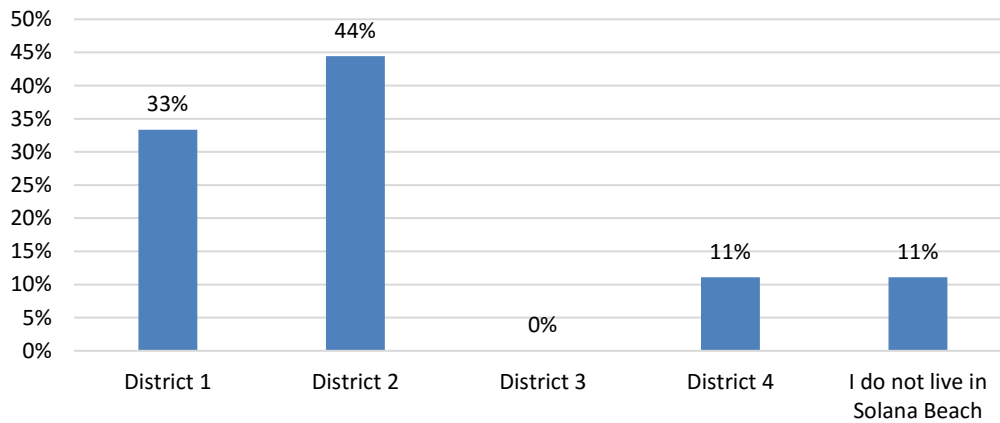


Figure C-6: Participant’s Council Districts



The draft Housing Element also includes a map and list of candidate sites where the housing for each income category could be developed. After review and evaluation of the City’s existing zoning and General Plan land use capacity, it has been determined that the City can accommodate the 2021-2029 RHNA allocation through a variety of methods and among the candidate sites identified without the need to rezone any properties in the City. While the City has very little vacant/undeveloped land, the draft Housing Element identifies vacant and City-owned properties suitable for development of housing, identifies additional capacity on existing residentially zoned and commercially zoned sites, and identifies future development capacity for accessory dwelling units (ADUs) throughout the City. Details of this analysis are contained in Appendix B – Candidate Sites Analysis of the Housing Element.

Sites identified to meet the City’s very low- and low-income housing categories were selected based on factors established by the State (AB 1397), which include a default

density of 20 dwelling units per acre and a minimum parcel size of ½ acre, but not greater than 10 acres. There were some exceptions to the minimum parcel size requirement either where there had been examples of recent development on similarly sized sites or where sites were identified as having common ownership to adjacent parcels that could possibly be combined into a suitable site for housing or mixed use development. Due to the City’s existing land use and zoning designations, the candidate sites analysis resulted in a greater concentration of very low- and low-income housing sites being located in the southwestern quadrant of the City, where higher density zoning designations currently exist.

For moderate-income and above moderate-income housing, sites were identified based on properties that had the greatest possibility to be redeveloped on existing medium- and low-density zoned properties. In most instances, the sites identified would allow for development of one or more units based on the permitted densities.

As noted in the draft Housing Element, the RHNA allocation of residential units by income category is summarized in the following table:

Table B-1: Summary of RHNA Status and Sites Inventory					
	Extremely Low/ Very Low Income	Low Income	Moderate Income	Above Moderate Income	Total
2021-2029 RHNA	316	159	160	240	875
RHNA Credit (Units Built)		32		57	89
Total RHNA Obligations	316	127	160	183	786
Sites Available					
Existing Residentially Zoned Properties	10		44	34	88
Existing Commercially Zoned Properties	486		--	182	668
Total Potential Capacity Based on Existing GP and Zoning	496		44	216	756
Accessory Dwelling Unit Production	35		125		160
Total Sites Available	531		169	216	916
Sites Surplus	88		9	33	130

The draft Housing Element was made available for public comment on October 22, 2020 through November 23, 2020. Comments from the public and City Council have been incorporated into the final draft of the City’s 2021-2029 Housing Element. HCD will provide comments to the final draft within 60 days of City submittal. Based on HCD comments, edits will be made for final consideration and adoption by City Council prior to April 15, 2021.

It should also be noted that while the City, along with 3 other jurisdictions, filed a legal challenge because we did not get a fair hearing on our appeals, the City and all of the jurisdictions in San Diego County are required by California law to have a certified housing element by April 2021.

CEQA COMPLIANCE STATEMENT:

This discussion item is not a project as defined by CEQA.

FISCAL IMPACT:

There is no fiscal impact as a result of this item.

OPTIONS:

The following are a list of City Council option may consider:


- Authorize submittal to HCD as drafted.
- Modify proposed draft goals, policies and candidate sites, and authorize submittal to HCD with modifications.

DEPARTMENT RECOMMENDATION:

Staff recommends that the City Council authorize the submittal of the Draft Housing Element Update to HCD.

CITY MANAGER'S RECOMMENDATION:

Approve Department Recommendation.



Gregory Wade, City Manager

Attachments:

1. Draft Housing Element Update



City of Solana Beach Housing Element 2021-2029

Draft (December 2020)

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Introduction

Section 1: Introduction

A. Role of the Housing Element

The Housing Element is one of the seven state mandated elements included in the City of Solana Beach's General Plan. The purpose of the Housing Element is to identify and plan for the City's existing and projected housing needs; it contains a detailed outline and work program of the City's goals, policies, quantified objectives, and programs for the preservation, improvement, and development of housing for a sustainable future. Each eight-year planning cycle, the City is allocated a specific number of housing units called the Regional Housing Needs Allocation (RHNA). The RHNA quantifies current and future housing growth within a City. Through research and analysis, the Housing Element identifies available candidate housing sites and establishes the City's official housing policies and programs to accommodate Solana Beach's Regional Housing Need Assessment (RHNA) goals as determined by the San Diego Association of Governments (SANDAG).

B. State Policy and Authorization

1. Background

As a mandated Element of the Solana Beach General Plan, the Housing Element must meet all requirements of existing state law. Goals, programs and policies, and quantified objectives developed within the Housing Element are consistent with state law and are implemented within a designated timeline to ensure the City accomplishes the identified actions as well as maintains compliance with state law. The California Department of Housing and Community Development (HCD) reviews each Housing Element for substantial compliance with state law, HCD's review and certification is required before a local government can adopt its housing element as part of its overall General Plan

2. State Requirements

California State Housing Element Law (California Government Code Article 10.6 and Section 65588) establishes the requirements for the Housing Element. Each local government in the state must adopt a Housing Element and review and revise it no less than once every eight years.

The California Legislature identifies overall housing goals for the state to ensure every resident has access to housing and a suitable living environment; section 65588 of the California Government Code states the following Housing Element goals:

- a. The availability of housing is of vital statewide importance, and the early attainment of decent housing and a suitable living environment for every Californian, including farmworkers, is a priority of the highest order.
- b. The early attainment of this goal requires cooperative participation of government and the private sector in an effort to expand housing opportunities and accommodate the housing needs of Californians in all economic levels.
- c. The provisions of housing affordable to low- and moderate-income households requires the cooperation of all levels of the government.
- d. Local and State governments have a responsibility to use the powers vested in them to facilitate the improvement and development of housing to make adequate provision for housing needs of all economic segments of the community. The Legislature recognizes that in carrying out this responsibility, each local government also has the responsibility to consider economic, environmental, and fiscal factors and community goals set forth in the general plan and to cooperate with other local governments and the state in addressing regional housing needs.

Table 1-1 summarizes State Housing Element requirements and identifies the location in this document where these requirements are addressed.

Table 1-1: Housing Element Requirements		
Housing Element Requirement(s)	Gov. Code Section	Reference in Housing Element
Analysis of employment trends.	Section 65583.a	Section 2-B
Projection and quantification of existing and projected housing needs for all income groups.	Section 65583.a	Section 3-E
Analysis and documentation of the City’s housing characteristics, including cost for housing compared to ability to pay, overcrowding, and housing condition.	Section 65583.a	Section 2-D
An inventory of land suitable for residential development including vacant sites and sites having redevelopment potential.	Section 65583.a	Appendix B
Analysis of existing and potential governmental constraints upon the maintenance, improvement or development of housing for all income levels.	Section 65583.a	Section 3-B
Analysis of existing and potential nongovernmental (private sector) constraints upon maintenance, improvement or development of housing for all income levels.	Section 65583.a	Section 3-A
Analysis concerning the needs of the homeless.	Section 65583.a	Section 2-E.7
Analysis of special housing needs: handicapped, elderly, large families, farm workers, and female-headed households.	Section 65583.a	Section 2-E
Analysis of opportunities for energy conservation with respect to residential development.	Section 65583.a	Section 3-F.5-7
Identification of Publicly-Assisted Housing Developments.	Section 65583.a	Section 3-E
Identification of Units at Risk of Conversion to Market Rate Housing.	Section 65583.a	Section 3-E
Identification of the City’s goal relative to the maintenance, improvement, and development of housing.	Section 65583.a	Section 4-B
Analysis of quantified objectives and policies relative to the maintenance, improvement, and development of housing.	Section 65583.b	Section 4-C
Identification of adequate sites that will be made available through appropriate action with required public services and facilities for a variety of housing types for all income levels.	Section 65583.c(1)	Appendix B
Identification of strategies to assist in the development of adequate housing to meet the needs of low and moderate-income households.	Section 65583.c(2)	Section 3-E.3
Description of the Public Participation Program in the formulation of Housing Element Goals, Policies, and Programs.	Section 65583.d	Appendix C
Description of the Regional Housing Needs Assessment (RHNA) prepared by the Southern California Association of Governments.	Section 65583.e	Section 3-E
Analysis of Fair Housing, including Affirmatively Furthering Fair Housing.		Section 3-G

Housing Element Requirement(s)	Gov. Code Section	Reference in Housing Element
Review of the effectiveness of the past Element, including the City’s accomplishments during the previous planning period.	Section 65583.f	Appendix A
Source: State of California, Department of Housing and Community Development.		

The City of Solana Beach’s current Housing Element was last amended in 2014 for the 5th cycle for the 2014 to 2021 planning period; the 6th Cycle Housing Element will plan for the 2021-2029 planning period. Multiple amendments have been made to State Housing Element law since the adoption of the current Housing Element. These amendments change the required analysis, reporting and type of policies that must be contained in the City’s 2021-2029 Housing Element. The contents of this Housing Element comply with these amendments to State housing law and all other federal, State and local requirements.

3. Regional Housing Needs Assessment (RHNA)

California’s RHNA is a methodology for determining future housing need within the state, by income category, and is based on growth in population, households, and employment. The statewide RHNA is determined under the administration of HCD. The quantified housing need is then allocated among the State’s 18 Metropolitan Planning Organizations (MPOs), in the City of Solana Beach’s case, this agency is SANDAG.

In accordance with Section 65583 of the California Government Code, SANDAG then delegates a “fair share” of housing need to its member jurisdictions. The RHNA allocation is then divided amongst four income categories, which are benchmarked on the County of San Diego’s median income for a family of four. **Table 1-2** below identifies the four income categories by which the City’s RHNA allocation is divided.

Income Category	Percent of Median Family Income (MFI)
Very Low Income	0-50% MFI
Low Income	51-80% MFI
Moderate Income	81-120% MFI
Above Moderate Income	>120% MFI

For the 2021-2029 planning period the City of Solana Beach is allocated a total of 875 units, including:

- 316 units affordable to very low-income households
- 159 units affordable to low-income
- 160 units affordable to moderate-income
- 240 units affordable to above-moderate income

4. Relationship to Other General Plan Elements

The Housing Element is one Element (Chapter) of the Solana Beach General Plan. The goals, policies, actions, and programs described in the Housing Element relate to and are consistent with the other Elements of the Solana Beach General Plan. The City’s Housing Element focuses on programs and policies that support the preservation, improvement, and development of housing to meet the existing and projected future needs of its population.

The Housing Element relates to development policies contained in the Land Use Element, which designates the proposed general distribution, general location, and extent of the uses of the land for housing, business, industry, open space, and other uses. The Land Use Element also includes the standards of housing density (dwelling units per acre) and building intensity (Floor Area Ratio) established for various land use designations identified in the plan. By

designating areas for residential development, the General Plan identifies limits on densities and types of housing units constructed in the City. The Land Use Element identifies lands designated for a range of commercial and office uses creating employment opportunities for various income groups. The presence and potential for job growth affects the current and future demand for local housing at the various income levels in the City.

The Circulation Element of the General Plan also relates to the Housing Element. The Circulation Element is intended to better balance the needs of all roadway users by making enhancements to existing circulation facilities to establish a comprehensive multi-modal system that facilitates more walking, cycling, and transit use. Consequently, the Housing Element must include policies and incentives that consider the types of infrastructure essential for residential housing units in addition to mitigating the effects of growth in the City.

The Housing Element has been reviewed for consistency with the City's other General Plan components, and the policies and programs in this Element are consistent with the policy direction contained in other parts of the General Plan. As portions of the City's General Plan may be amended in the future, the Housing Element will be reviewed to ensure internal consistency is maintained.

5. Public Participation (UPDATED AS WE PROCEED)

Section 65583 of the Government Code states that, "The local government shall make diligent effort to achieve public participation of all economic segments of the community in the development of the housing element, and the program shall describe this effort." Meaningful community participation is also required in connection with the City's Assessment of Fair Housing (AFH). A discussion of citizen participation is provided below.

As part of the 6th Cycle Housing Element Update process, the City of Solana Beach has conducted extensive public outreach activities beginning in 2019. All information relating to the project is available on the Housing Element Update website page located on the City's website and the page is updated regularly to include new information as it becomes available.

Outreach for the 6th Cycle Housing Element to the Solana Beach community, includes the following actions:

Community Workshop#1 - The City of Solana Beach conducted a Community Workshop at City Hall on Thursday, March 5, 2020. The purpose of the meeting was to provide information on the Housing Element update process and to gather input and ideas from the public that will shape the goals, policies and programs in the Housing Element. The workshop included a PowerPoint presentation as well as an interactive feedback session to answer the following questions:

- What are the biggest challenges to housing in Solana Beach?
- What types of programs or assistance could the City provide to facilitate housing?
- What other opportunities or ideas do you have to address Housing issues in Solana Beach?

There were a number of common themes expressed by participants during the workshop. These themes ranged from challenges relating to the high cost of land and limited remaining undeveloped areas within the City to participants wanting to see an emphasis on accessory dwelling units and mixed-use development. The comments provide great insight into the areas of opportunity that are addressed within the Housing Element. Appendix C contains a summary of all public comments regarding the Housing Element received by the City during the update process.

Community Workshop #2 – The City conducted a second community workshop on October 15, 2020 virtually, using Zoom. The workshop was advertised through flyers in both English and Spanish and on the City' Housing Element Update webpage. The workshop is available for viewing at <https://www.ci.solana-beach.ca.us/housingelement>. During the workshop, participants were provided with an overview of the current status of the update process, information on previous outreach efforts, and information on each section of the Draft Housing Element. The workshop also directed participants to take an online housing survey and to provide comments on the Public Review Draft.

As required by Government Code Section 65585(b)(2), all written comments regarding the Housing Element made by the public have previously been provided to each member of the City Council.

Online Community Survey – On October 15, 2020 the City of Solana Beach launched an online community survey to gather additional feedback regarding the Housing Element Update. Participants were asked to consider potential policies and programs to include in the Housing Element, as well as potential housing types and opportunities for housing in the City. The survey also solicited feedback regarding potential barriers to housing access and constraints to the development of housing.

City Council Study Session – The City will hold a City Council Study Session on October 28, 2020.

Community Workshop #3 – On November 12, 2020, the City hosted a third community workshop.

Project Website – The City made diligent efforts to be transparent with the community regarding the Housing Element Update process, including the creation of a centralized source for all information.

Fact Sheets – In an effort to inform the public of the Housing Element Update process and the different components, the City created a fact sheet that provided information on the process, timeline, the City's local RHNA allocation, and different methods for obtaining more information. This fact sheet was translated into Spanish as well.

6. Data Sources

The data used for the completion of this Housing Element comes from a variety of sources. These include, but are not limited to:

- 2000 and 2010 Census
- American Community Survey
- Regional Analysis of Impediments to Fair Housing (AI)
- Regional Forecast by the San Diego Association of Governments (SANDAG), 2019
- Point-in-Time Homeless Census by the Regional Task Force on the Homeless, 2019
- Home Mortgage Disclosure Act (HMDA) lending data
- California Department of Economic Development
- California Employment Development Division Occupational Wage data, 2019
- Department of Housing and Urban Development, Comprehensive Housing Affordability Strategy (CHAS), 2012-2016
- San Diego Apartment Association Survey, 2019

The data sources represent the best data available at the time this Housing Element Update was prepared. The original source documents contain the assumptions and methods used to compile the data.

7. Housing Element Organization

This Housing Element represents the City's policy program for the 2021-2029 6th Planning Period. The Housing Element is comprised of the following Chapters:

Chapter 1: Introduction contains a summary of the content, organization and statutory considerations of the Housing Element;

Chapter 2: Community Profile contains an analysis of the City's population, household and employment base, and characteristics of the housing stock;

Chapter 3: Housing Constraints and Resources examine governmental and non-governmental constraints on the production, maintenance, and affordability of housing and provides a summary of housing resources, including sites identification, funding and financial considerations, and an analysis of fair housing;

Chapter 4: Housing Policy Plan addresses Solana Beach’s identified housing needs, including housing goals, policies and programs.

Appendices provides various appendices with supplementary background resources including:

- **Appendix A** – Review of Past Performance of 5th Cycle Housing Element Programs
- **Appendix B** – Adequate Sites Analysis
- **Appendix C** – Community Engagement Summary
- **Appendix D** – Glossary of Housing Terms (Optional)



Community Profile

Section 2: Community Profile

This Community Profile for the City of Solana Beach provides an overview of the City’s housing and population conditions. The Community Profile lays the foundation for the Housing Element’s policies by describing and assessing the factors and characteristics that contribute to the supply and demand for housing in Solana Beach. Specifically, the Community Profile describes the community’s population, employment, economic, and household characteristics. Special Needs groups and housing stock characteristics are also described.

The data used for this community profile has been collected using the most current available from the San Diego County Association of Governments (SANDAG), 2010 U.S. Census, 2013-2017 American Community Survey, the California Department of Finance, the California Employment Development Department, the California Department of Education and other currently available real estate market data.

A. Population Characteristics

The characteristics of Solana Beach inform the planning process and help establish policies for current and future needs of the City. Population characteristics affect current and future housing demand in the City. Population growth, age composition, and race/ethnicity influence the type and extent of housing needed and the ability of the local population to afford housing costs. The following section describes and analyzes the various population characteristics and local trends that affect housing needs.

1. Population Growth

Solana Beach is a small coastal community in the San Diego Region, with an estimate population of 13,367 residents. The 2010 American Census reported that from 2000 to 2010 Solana Beach’s population declined by about one percent. Compared to surrounding cities, the one percent population decline is modest relative to Del Mar’s 14 percent decline and Carlsbad’s 66 percent increase in population in those ten years. SANDAG’s Regional Growth Forecast data (**Table 1**) shows Solana Beach is projected to grow fourteen percent from 2010 through 2050, from 12,867 to 14,870. The increase in population compares closely to neighboring jurisdiction, which are projected to grow from ten to sixteen percent through 2050.

Jurisdictions	Population						Percent Change	
	2000 Actual	2010 Actual	2012 Projected	2020 Projected	2035 Projected	2050 Projected	2000 - 2010	2012- 2050
Oceanside*	161,029	167,086	169,319	177,840	188,597	189,377	3.8%	12%
Carlsbad*	78,247	105,328	107,674	118,450	124,351	124,518	34.6%	16%
Encinitas*	58,014	59,518	60,346	62,908	65,264	66,670	2.6%	10%
Solana Beach*	12,979	12,867	13,000	13,367	14,207	14,870	-0.9%	14%
Del Mar	4,389	4,161	4,194	4,399	4,672	4,732	-5.2%	13%
San Diego City	1,223,400	1,307,402	1,321,315	1,453,267	1,665,609	1,777,936	6.9%	35%
San Diego County	2,813,833	3,095,313	3,143,429	3,435,713	3,853,698	4,068,759	10.0%	29%

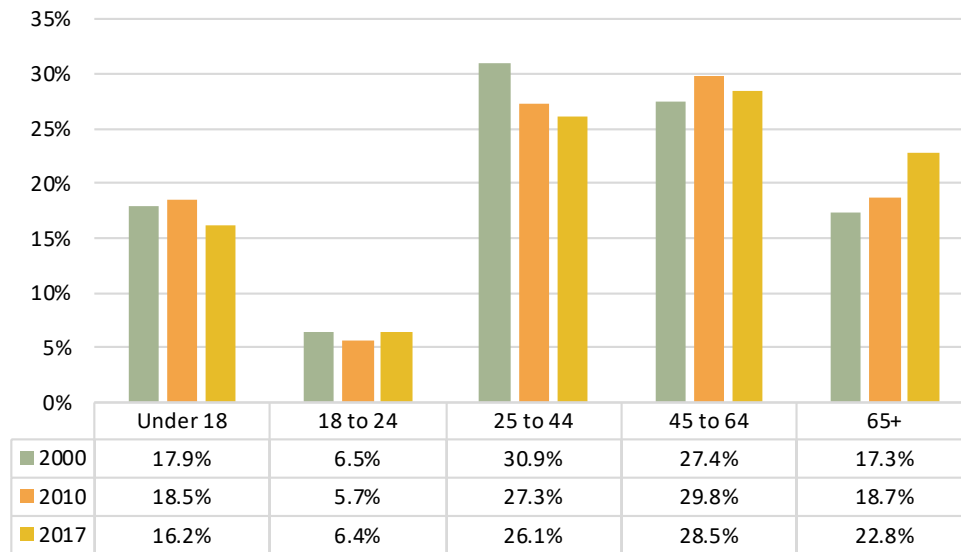
Represents an estimate from the SANDAG 2050 Regional Growth Forecast.
Sources: Bureau of the Census (2000-2010) and SANDAG Regional Growth Forecast Update (2013).
 *North coastal cities in San Diego County

2. Age Characteristics

The age composition of a community is an important factor in evaluating housing needs because housing demand within the market is often determined by the preferences of certain age groups. Conventionally, young adults and seniors tend to favor apartments, low to moderate-cost condominiums, and smaller or more affordable single-family units because they tend to live on smaller or fixed incomes and have smaller families. While the middle-aged demographic, persons between 35-years and 65-years, makes up a major portion of buyers, as well as the market for moderate to high cost apartments and condominiums because they generally have higher incomes and larger families. As population moves through different stages of life, housing is required to accommodate new or adjusted needs. In order to produce a well-balanced and healthy community, where needs are met, it is essential that a community be provided with appropriate housing to accommodate needs of all ages.

As shown in **Figure 1**, in 2017, majority of Solana Beach’s population (54.6 percent) falls into middle age, 25 years to 64 years, category. The data in Figure one shows a slightly reduced middle age population, from 58.3 percent in 2000 to 54.6 percent in 2017, a 6.3 percent change. The data also shows an increasing population of 65 years or over from seventeen percent to about 23 percent, a 31.7 percent increase. Figure 1 also exemplifies a decline in population under the age 18 from 17.9 percent to 16.2 percent. An aging population in a community is important to note because of the changing or additional needs in housing costs, accessibility and accommodations that an aging population may require.

Figure 1: Age Distribution in Solana Beach (2000 – 2017)



Source: United States Census Bureau, 2000 and 2010 and American community Survey, 5-Year Estimates, 2017.

The data in **Table 2** compares the age distribution of Solana Beach to San Diego County and surrounding jurisdictions. According the American Community Survey 2017 estimates, the Solana Beach population of 65+ is approximately 10% higher than San Diego County. However, an older population is not abnormal in North County when comparing age demographics to surrounding communities. In Del Mar, 25 percent of the population is age 65 years and over, the highest percentage in the North County region; in Oceanside, Carlsbad and Encinitas the population 65 years and over is above fifteen percent, higher than the County and City of San Diego of about twelve percent. In Solana Beach, the population under the age of 18 is lower than the county by about seven percent. The population of people age 18 to 24 is 5.3 percent lower than the County.

Jurisdiction	Under 5	5 to 17	18 to 24	25 to 44	45 to 64	65 years +
Oceanside	6.4%	15.0%	10.1%	28.1%	25.2%	15.1%
Carlsbad	6.0%	17.4%	6.4%	24.3%	29.8%	16.0%
Encinitas	5.5%	15.0%	5.7%	26.5%	30.4%	16.9%
Solana Beach	3.9%	12.4%	6.4%	26.1%	28.5%	22.8%
Del Mar	1.7%	10.3%	1.3%	25.0%	36.2%	25.6%
San Diego	6.3%	14.2%	11.7%	32.6%	23.3%	12.0%
San Diego County	6.5%	15.7%	10.9%	29.5%	24.5%	12.9%

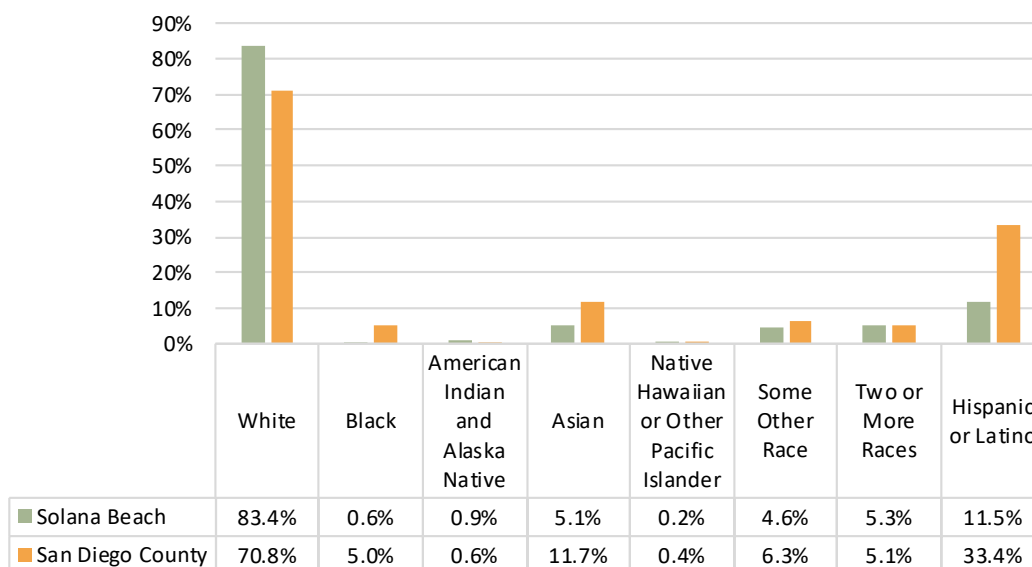
Source: American Community Survey, 5-Year Estimates, 2017.

3. Race/Ethnicity Characteristics

Racial and ethnic composition of a community is important to understand and analyze the implications for housing to the extent that different racial and ethnic groups have different household characteristics, income levels, and cultural backgrounds which may affect their housing needs, housing choice and housing types.

The American Community Survey data (shown in **Table 3**) reports Solana Beach’s White population to be 12.6 percent higher than San Diego County. The City of Solana Beach’s demographics (**shown in Figure 2**) show a significantly smaller percentage of residents who are Black compared to the County of San Diego (0.6 percent compared to five percent). Similarly, the percentage of the population within Solana Beach who is Asian is less than half of the overall County’s percentage of the population who is Asian (5.1 percent compared to 11.7 percent). Both the Native Hawaiian/Other Pacific Islander and American Indian/Alaska Native populations are each below one percent of the total population (0.4 and 0.6 percent respectively). Of San Diego’s total population, 33.4 reported Hispanic or Latino, nearly triple the 11.5 percent who reported Hispanic or Latino in Solana Beach. Overall, Solana Beach’s White population is a higher percentage than the County’s, with less overall diversity than the County.

Figure 2: Racial Ethnic Composition, 2017



Source: American Community Survey, 5-Year Estimates, 2017.

In addition to comparing Solana Beach’s demographics to the County of San Diego, the data in **Table 4** tracks the racial and ethnic demographics over the course of about 20 years, from 2000 to 2017. The American Community Survey data reports the racial and ethnic composition of Solana Beach from 2000 to 2017, showing the trends and changes in the City. The data shows that Solana Beach’s population has been primarily White between 2000 and 2017, however, the White population has shown a modest decline by about four percent overall. While the Black population percentage remains virtually unchanged, under one percent of the total population from 2000 to 2017, the Asian population increased from 3.5 percent in 2000 to 5.1 percent in 2017. Of Solana Beach’s total population in 2000, about fifteen percent identified as Hispanic or Latino, whereas in 2017 the Hispanic or Latino population decreased to 11.5 percent in 2017.

Race/Ethnicity	2000	2010	2017	Percent Change 2000 to 2010	Percent Change 2010 to 2017
White	87.0%	85.8%	83.4%	-1.4%	-2.8%
Black	0.5%	0.5%	0.6%	0.0%	20.0%
American Indian and Alaska Native	0.4%	0.5%	0.9%	25.0%	80.0%
Asian	3.5%	4.0%	5.1%	14.3%	27.5%
Native Hawaiian or Other Pacific Islander	0.1%	0.1%	0.0%	0.0%	-100.0%
Some Other Race	5.6%	5.7%	4.6%	1.8%	-19.3%
Two or More Races	2.9%	3.4%	5.3%	17.2%	55.9%
Hispanic or Latino	14.8%	15.9%	11.5%	7.4%	-27.7%

Source: United States Census Bureau, 2000 and 2010 and American Community Survey, 5-Year Estimates, 2017.

The racial and ethnic composition of a population may affect housing needs because of cultural preferences associated with different racial/ethnic groups. Cultural influences may reflect preference for a specific type of housing; additionally, race and ethnicity tend to correlate with other characteristics such as location choices, mobility, and income. In Solana Beach, most of the population is white, and poverty primarily affects the City’s Black and American Indian or Alaskan Native residents, with 17.3 percent and twenty percent living below the poverty level respectively (Shown in **Figure 6**). Race and ethnicity as they correlate with income and poverty, are important in recognizing housing needs trends and housing availability.

B. Economic Characteristics

Reporting and analyzing economic characteristics of a community is an important component of the Housing Element because the data provides valuable insight of the community’s ability to access the housing market as well as financial restraints consistent with housing needs and accommodations. Incomes associated with different types of employment and the number of workers in a household affect housing affordability and choice. Therefore, to consider a healthy balance between jobs and housing, it is important to consider the employment characteristics of a community. Local employment growth is linked to local housing demand, and the reverse being true when employment contracts.

1. Employment and Wage Scale

For a City to achieve a healthy balance between jobs and housing, it is important to consider employment, wage and occupational characteristics and growth changes. Based on the SANDAG Sub-regional Growth Forecast (Table 5), San Diego County can expect a 17.6 percent employment growth from 2020 to 2050. Solana Beach is expected to grow 18.7 percent between 2010 and 2050, but only about 8 percent from 2020 to 2050. Though the job growth in San Diego County (34.4 percent) outpaces Solana Beach, nearby counties are shown to experience similar growth rates. Solana Beach’s neighbor to the North, Encinitas, is shown to experience a 15.2 percent job growth from 2010 to 2050. Del Mar, to the south, projects a significantly lower job growth rate (6.6 percent).

Jurisdiction	2010	2020	2050	% Change 2010-2050	Numeric Change 2010-2050
Carlsbad	64,956	77,431	85,718	32.0%	20,762
Del Mar	4,431	4,542	4,725	6.6%	294
Encinitas	25,643	27,276	29,542	15.2%	3,899
Oceanside	41,142	48,208	54,091	31.5%	12,949
Solana Beach	7,417	8,156	8,802	18.7%	1,385
San Diego County	1,421,941	1,624,124	1,911,405	34.4%	489,464

Source: SANDAG Series 13 Subregional Growth Forecast (2013)

Table 5 shows Solana Beach to generate a total of 1,385 jobs between 2010 and 2050, an 18.7 percent increase overall, higher than the neighboring Cities, with similar demographics and populations, of Del Mar and Encinitas. The 2010 to 2050 employment growth of 18.7 percent in Solana Beach is slightly higher to its population growth (15.5 percent 2010 to 2050 population growth) shown in Table 1. In 2035, Solana Beach is projected to have 19.4 jobs per developed employment acre, which total 8,536 jobs available for a projected population of 11,809 (persons 18 years or over). In 2050, there are a projected 8,802 jobs available for a projected 12,247 persons over the age of 18.

Analyzing the employment by sector in a city is important in understanding growth changes, income and wages, and access to different types of housing, as well as, what housing needs maybe be present. Solana Beach is a moderate to high income community (see Table 11), which may be attributed to the high percent of persons in the professional, scientific, management, and administrative services Industries, an estimated 21.7 percent in 2010 and 23.6 percent in 2017. The data in Table 6 shows a large increase (211.4%) in agriculture, forestry, fishing and hunting, and mining from 2010 to 2017, as well as a in retail (104.5%). The data also reports a fifty percent decrease in public administration roles, and a twenty percent drop in the arts, entertainment, recreation and hospitality sectors. Education, healthcare and social services as well as professional, scientific, management and administration make up majority of the positions in Solana beach in 2017 (39.5 percent combined).

Industry Sector	2010		2017		Percent Change 2010-2017
	# of people employed	% of City Employment	# of people employed	% of City Employment	
Agriculture, forestry, fishing and hunting, and mining	35	0.5%	109	1.5%	211.4%
Construction	359	5.5%	364	5.1%	1.4%
Manufacturing	365	5.6%	454	6.3%	24.4%
Wholesale trade	254	3.9%	232	3.2%	-8.7%
Retail trade	396	6.1%	810	11.3%	104.5%

Industry Sector	2010		2017		Percent Change 2010-2017
	# of people employed	% of City Employment	# of people employed	% of City Employment	
Transportation and warehousing, and utilities	111	1.7%	202	2.8%	82.0%
Information	327	5.0%	201	2.8%	-38.5%
Finance and insurance, and real estate and rental leasing	644	9.9%	761	10.6%	18.2%
Professional, scientific, management, and administrative services	1,409	21.7%	1,689	23.6%	19.9%
Education services, health care, and social assistance	1,108	17.1%	1,140	15.9%	2.9%
Arts, entertainment, recreation, accommodation, and food services	963	14.8%	767	10.7%	-20.4%
Other services (except public administration)	279	4.3%	309	4.3%	10.8%
Public Administration	236	3.6%	117	1.6%	-50.4%
Total	6,486	100%	7,155	100%	10.3%

Source: American Community Survey, 5-Year Estimates, 2010 and 2017.

In addition to reporting and analyzing employment sector trends, analyzing the unemployment rate is essential to understanding current housing affordability and needs, as well as projected needs. According to the American Community Survey Data, (Table 7) Solana Beach experienced just below a four percent unemployment rate in 2017, the lowest unemployment rate in the North County region. The data reports San Diego County to have about a seven percent unemployment rate in 2017, and surrounding jurisdictions to have unemployment rates ranging from 3.9 in Del Mar to 6.6 percent in Oceanside.

Jurisdiction	Unemployment rate*
Oceanside	6.6%
Carlsbad	5.2%
Encinitas	4.9%
Solana Beach	3.8%
Del Mar	3.9%
San Diego	7.0%
San Diego County	7.1%

Source: American Community Survey, 5-Year Estimates, 2017.
*Population 16 years and over

Table 8 displays average annual wage data for occupations compiled by the California Employment Development Department (EDD) for the San Diego Metropolitan Statistical Area in 2019. Professional and health services occupations, including managers, doctors, attorneys, architects, and engineers were among the highest paying professions in the region. In addition to the traditionally higher paying occupations, computer and mathematical occupations averaged over \$100,000 in the County, and making careers in tech higher paying than healthcare, architecture and engineering occupations. Education and financial occupations generally offer high to moderate pay scales while the food preparation and retail sales offer lower wages. Compared to County statistics, the City of Solana

Beach’s residents benefitted from higher paying jobs and a lower unemployment rate. According to the data in Table 6, majority of Solana Beach’s residents maintain mid to high level paying occupations.

Table 8: Mean Salary by Occupation in San Diego County	
Occupation	Salary
Management	\$131,550
Legal	\$125,772
Healthcare Practitioners and Technical	\$97,702
Architecture and Engineering	\$98,760
Computer and Mathematical	\$101,629
Life, Physical and Social Sciences	\$86,073
Business and Financial Operations	\$80,510
Education, Training and Library	\$66,335
Arts, Design, Entertainment, Sports and Media	\$61,635
Construction and Extraction	\$58,011
Protective Services	\$58,798
Community and Social Service	\$57,077
Installation, Maintenance and Repair	\$53,025
Sales	\$43,543
Office and Administration Support	\$43,266
Production	\$42,499
Transportation and Material Moving	\$38,450
Healthcare Support	\$38,858
Building, Grounds Cleaning, and Maintenance	\$33,718
Personal Care and Service	\$31,530
Farming, Fishing and Forestry	\$32,872
Food Preparation and Serving Related	\$26,380
<i>Source: California Employment Development Division, Occupational Wage data, 2019.</i>	

C. Household Characteristics

A household is considered all persons who occupy a housing unit, as defined by the Census; this may include single persons living alone, families related through marriage, blood or adoption, domestic partnerships and unrelated individuals living together. Not all housing is considered a housing unit including, nursing facilities, residential care facilities, dormitories, and other group living, as well as, the persons living with them are not considered a household.

Information on household characteristics assists understanding growth and determining the housing needs of a community. Income and affordability are best measured at the household level, as well as the special needs of certain groups, such as large families, single parent households, or low and extremely low-income households. For example, if a City has a prominent aging population, who are homeowners but live on fixed incomes, it may consider implementing a home beautification assistance program.

2. Household Type and Size

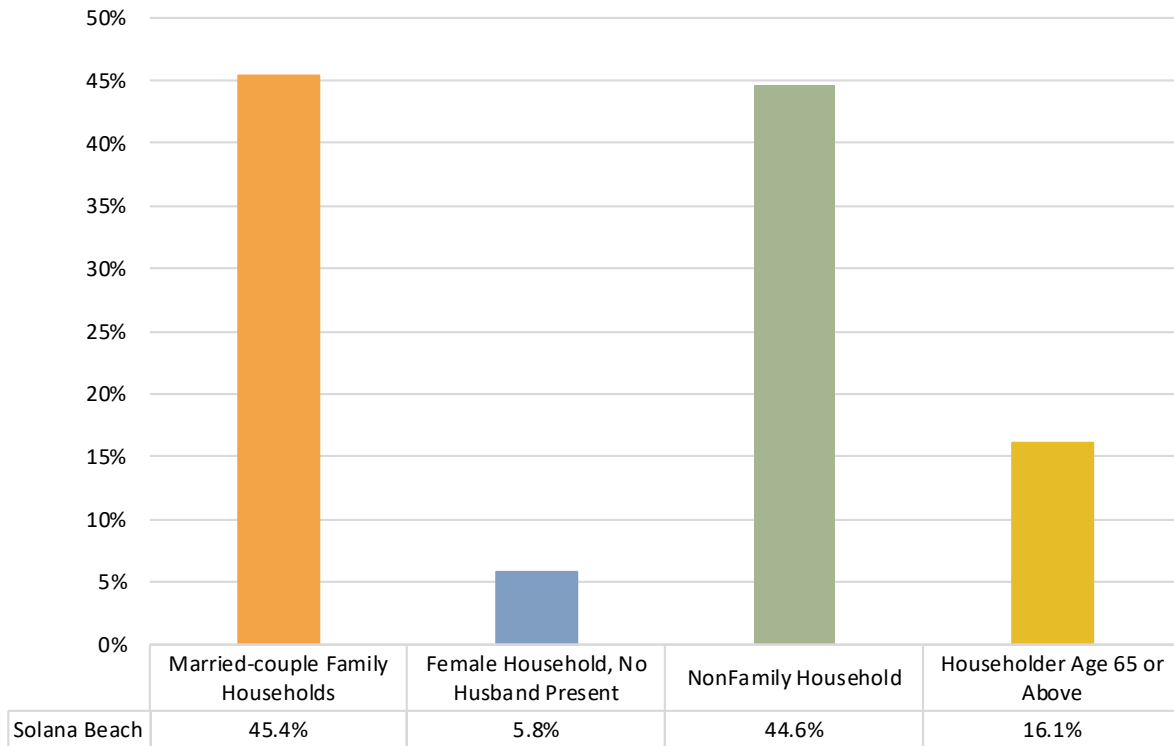
According to the American Community Survey 2017, there were 1,111,739 total households in San Diego County. Of those households, 5,744—less than one percent— were in Solana Beach. Compared to surrounding jurisdictions, Solana Beach is one of the smallest communities, being only larger than Del Mar, which has 2,157 households. The data in **Table 9** breaks down characteristics the total households of Solana Beach and its surrounding communities. Nearly half of all the Households in Solana Beach were married-couple families, similar to both the County and nearby jurisdictions. Just under six percent of the households were female headed with no husband present, about half of the eleven percent female headed households in San Diego County. The data also reports that 44.6 percent of all households reported non-family; an abnormally high number compared to 32.8 percent reported in the County and as low as 29.2 percent in Carlsbad to 41.8 percent in Del Mar, of nearby jurisdictions.

Jurisdiction	Married-couple Family Households	% of Total Households	Female Household, No Husband Present	% of Total Households	Non-Family Household	% of Total Households	Total Households
Oceanside	31,652	51.1%	7,115	11.5%	20,142	32.5%	61,978
Carlsbad	24,617	56.9%	4,576	10.6%	12,626	29.2%	43,281
Encinitas	13,026	53.6%	1,560	6.4%	8,698	35.8%	24,284
Solana Beach	2,608	45.4%	331	5.8%	2,559	44.6%	5,744
Del Mar	1,060	49.1%	75	3.5%	901	41.8%	2,157
San Diego	221,461	44.5%	56,305	11.3%	196,653	39.6%	497,189
San Diego County	556,665	50.1%	133,696	12.0%	364,949	32.8%	1,111,739

Source: American Community Survey, 5-Year Estimates, 2017.

Figure 3 displays the data in Table 9, with the addition of householder age 65 and above. Previously noted in Figure 1, Solana Beach has a growing population over the age of 65. In 2000, the population 65 years and over was 17.3 growing to 22.8 percent in 2017. A high percentage of persons over 65 years contributes to a higher percentage of Senior headed households. About sixteen percent of all households in Solana Beach are senior headed.

Figure 3: Solana Beach Household Characteristics in Percent (2017)



Source: American Community Survey, 5-Year Estimates, 2017.

Table 10 shows that between 2000 and 2010, Solana Beach experienced a five percent decrease in total households and a 1.6 percent increase from 2010 to 2017. Overall Solana Beach has experienced a less than one percent decrease in total households from 2010 to 2017. The data shows that both the married-couple households and the female households with no husband present have slightly decreased from 2000 to 2017. However, the percentage of householders 65 years and over, or senior headed households, has steadily increased; jumping from 10.4 percent in 2000 to 11.5% in 2010 then increasing again to 16.1 percent in 2017.

	2000	Percent	2010	Percent	2017	Percent
Total Households	5,754	100.0%	5,650	100.0%	5,744	100.0%
Married-couple Family Households	2,723	47.3%	2,730	48.3%	2,608	45.4%
Female Household, No Husband Present	389	6.8%	360	6.4%	331	5.8%
Non-family Household	2,474	43.0%	2,367	41.9%	2,556	44.6%
Householder 65 Years and Over	599	10.4%	647	11.5%	--	16.1%

Source: American Community Survey, 5-Year Estimates, 2017.

Household size is an indicator of one source of population growth and an indicator of the character households, which represent the most basic unit of demand for housing. Although there can be more than one family in a housing unit, the measure of persons per household provides an indicator of the number of persons residing in a household organizing unit and the number of persons living in a housing unit. Average household size can be both a result and indicator of housing affordability and other household economic conditions.

Table 11 displays the average number of persons per household in North County San Diego as well as San Diego city and the County as a whole. The American Community Survey reports Solana Beach to have an average household size of 2.33 persons in 2017. The average household size of Solana Beach is smaller than the 2.87 average for the County. However, the average household size of surrounding communities is similar, ranging from 2.01 persons per households in Del Mar to 2.81 persons per household in Oceanside.

Jurisdiction	Average Persons per Household
Oceanside	2.81
Carlsbad	2.60
Encinitas	2.56
Solana Beach	2.33
Del Mar	2.01
San Diego	1.37
San Diego County	2.87

Source: American Community Survey, 5-Year Estimates, 2017.

3. Household Income

Household income is directly connected to affordability, as household income increases, it is more likely that the household can afford market rate housing units, larger units and/or pursue ownership opportunities. As household income decreases, households tend to pay a disproportionate amount of their income for housing. This may influence increased incidence of overcrowding and substandard living conditions.

The California State Department of Housing and Community Development (HCD) has identified the following income categories based on the Area Median Income (AMI) of San Diego County;

- Extremely Low-income: households earning up to 30 percent of the AMI
- Very Low-income: households earning between 31 and 50 percent of the AMI
- Low-income: households earning between 51 percent and 80 percent of the AMI
- Moderate Income: households earning between 81 percent and 120 percent of the AMI
- Above Moderate Income: households earning over 120 percent of the AMI

Combined, the extremely low, very low, and low-income groups are referred to as lower income.¹ Comprehensive Housing Affordability Strategy (CHAS) estimates based on 2006-2016 American Community Survey (ACS) data used

¹ Federal housing and community development programs typically assist households with incomes up to 80 percent of the AMI and use different terminology. For example, the Federal Community Development Block Grant (CDBG) program refers households with incomes between 51 and 80 percent AMI as moderate income (compared to low-income based on State definition).

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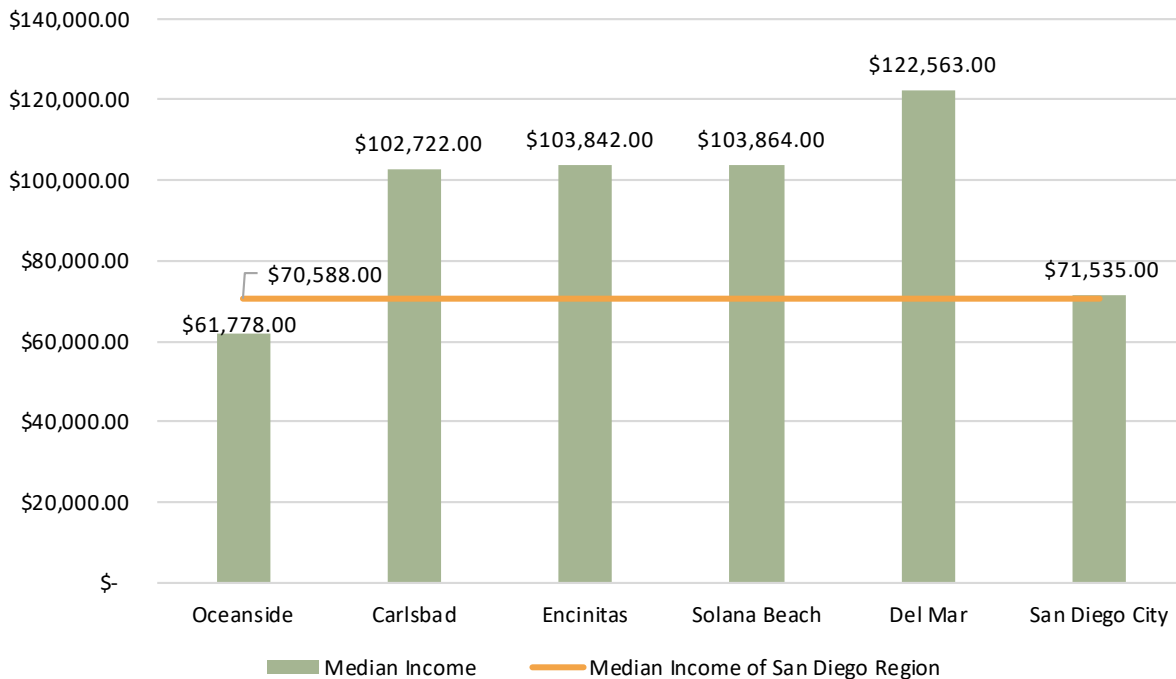
below. In 2017, approximately 76 percent of Solana Beach households earned moderate or above moderate incomes (Table 12), while 24 percent of households had incomes in the extremely low, very low, and low-income levels.

Income Category (% of County AMI)	Households	Percent
Extremely Low (30% AMI or less)	330	5.7%
Very Low (31 to 50% AMI)	355	6.2%
Low (51 to 80% AMI)	695	12.1%
Moderate or Above (over 80% AMI)	4,365	76%
Total	5,745	100%

Source: Department of Housing and Urban Development (HUD) Comprehensive Housing Affordability Strategy (CHAS), 2013-2017.

Household incomes in Solana Beach are significantly higher than the County, yet comparable to incomes in surrounding communities. The American Community Survey data reports that the median income in San Diego County was \$70,588 in 2017 (Figure 4). In the same year, Solana Beach reported an average income of \$103,864, similar to Encinitas’ median income of \$103,842 and Carlsbad’s median income of \$102,722. Solana Beach’s median income represents its high volume of professional residents in moderate to high paying jobs (Tables 6 and 8). The data in Table 13 shows that Solana Beach’s median reported income in 2017 was 32 percent higher than the County’s median income, a common trend in the North County region.

Figure 4: Median Household Income by City (2013-2017)



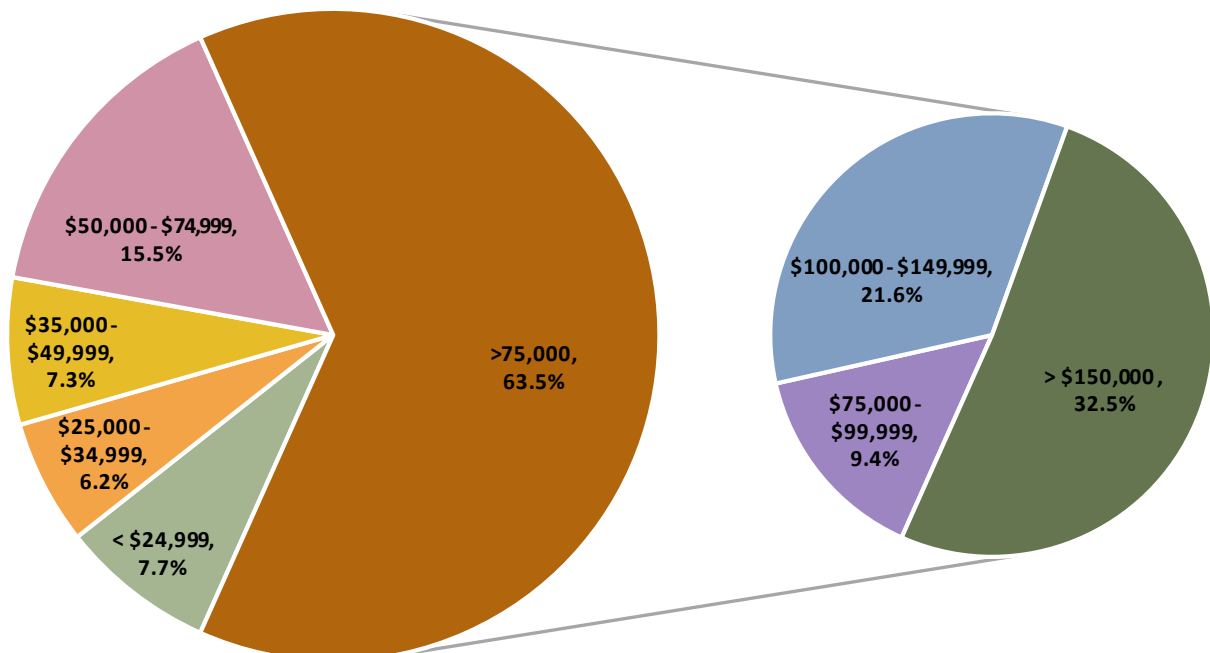
Source: American Community Survey, 5-Year Estimates, 2017.

Jurisdiction	Median Income	Percent Above/Below Regional Median
Oceanside	\$61,778	-14.3%
Carlsbad	\$102,722	31.3%
Encinitas	\$103,842	32.0%
Solana Beach	\$103,864	32.0%
Del Mar	\$122,563	42.4%
San Diego	\$71,535	1.3%
San Diego County	\$70,588	--

Source: American Community Survey, 5-Year Estimates, 2017.

The data displayed in **Figure 5** shows the majority of households in Solana Beach (63.5 percent) had an income of \$75,000 or higher. Majority of residents made above \$100,000 per year in 2017, with 21.6 percent households making \$100,000 to \$149,999 and 32.5 percent of households making \$150,000 or more. On the other hand, just 7.7 percent of households made less than \$24,000 and 13.5 percent made \$25,000 to \$49,999. Overall, the majority of Solana Beach’s households have moderate to high incomes.

Figure 5: Solana Beach Income Breakdown by Category



Source: American Community Survey, 5-Year Estimates, 2017.

D. Housing Problems

The Comprehensive Housing Affordability Strategy (CHAS) developed by the Census Bureau for HUD provides detailed information on housing needs by income level for different types of households in Solana Beach. The most recent available CHAS data for Solana Beach was published in August 2019 and was based on 2006-2016 ACS data. Housing problems considered by CHAS included:

- Units with physical defects (lacking complete kitchen or bathroom);
- Overcrowded conditions (housing units with more than one person per room);
- Housing cost burdens, including utilities, exceeding 30 percent of gross income; or
- Severe housing cost burdens, including utilities, exceeding 50 percent of gross income.

The types of problems in Solana Beach vary according to household income, type, and tenure (**Table 14**). These include:

- In general, owner-households had a lower level of housing problems (16 percent) than renter-households (22.6 percent).
- Approximately seven percent of owner households reported having a severe housing problem, where as almost sixteen percent of renters reported a severe housing problem.
- Overall, 38.6 percent of all households reported at least one housing problem and 22.8 percent of all households reported at least one severe housing problem.

Housing Problem Overview*	Owner	Percent	Renter	Percent	Total	Percent
Household has at least 1 of 4 Housing Problems	920	16.0%	1,300	22.6%	2,220	38.6%
Household has none of 4 Housing Problems	2,385	41.5%	1,085	18.9%	3,470	60.3%
Cost Burden not available, no other problems	25	0.4%	40	0.7%	65	1.1%
Total	3,325	57.8%	2,425	42.2%	5,750	100%
Severe Housing Problem Overview**	Owner	Percent	Renter	Percent	Total	Percent
Household has at least 1 of 4 Severe Housing Problems	400	7.0%	910	15.8%	1,310	22.8%
Household has none of 4 Severe Housing Problems	2,900	50.4%	1,470	25.6%	4,370	76.0%
Cost Burden not available, no other problems	24	0.4%	40	0.7%	65	1.1%
Total	3,325	57.8%	2,425	42.2%	5,750	100%

Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) 2012-2016.

* The four housing problems are: incomplete kitchen facilities, incomplete plumbing facilities, more than 1 person per room, and cost burden greater than 30%.

** The four severe housing problems are: incomplete kitchen facilities, incomplete plumbing facilities, more than 1.5 persons per room, and cost burden greater than 50%.

1. Overcrowding

A combination of low incomes and high housing costs forces households to live in overcrowded conditions. “Overcrowding” is generally defined as a housing unit occupied by more than one person per room in house (including living room and dining rooms, but excluding hallways, kitchen, and bathrooms). An overcrowded household results from either a lack of affordable housing (which forces more than one household to live together) and/or a lack of available housing units of adequate size. Overcrowding can indicate that a community does not have an adequate supply of affordable housing, especially for large families.

Overcrowded and severely overcrowded households can lead to neighborhood deterioration due to the intensive use of individual housing units leading to excessive wear and tear, and the potential cumulative overburdening of community infrastructure and service capacity. Furthermore, overcrowding in neighborhoods can lead to an overall decline in social cohesion and environmental quality. Such decline can often spread geographically and impact the quality of life and the economic value of property and the vitality of commerce within a city. The combination of lower incomes and high housing costs result in many households living in overcrowded housing conditions.

	Total	Overcrowded Housing Units (1.01-1.5 persons/room)	Percent	Severely Overcrowded Housing Units (>1.5 persons/room)	Percent
Owner Occupied	3,368	27	0.47%	0	0.0%
Renter Occupied	2,376	15	0.26%	28	0.49%
Total	5,744	42	0.73%	28	0.49%

Source: American Community Survey, 5-Year Estimates, 2017.

Because of Solana Beach’s demographic profile (older population, smaller household, higher income) overcrowding has not been a reported issue. According to the American Community Survey, shown in **Table 15**, less than one percent of owner-occupied households reported overcrowding (more than one person per room) and no owner-occupied households reported severe overcrowding (more than 1.5 persons per room). Of the renter-occupied households, less than one percent reported overcrowding or severe overcrowding. Only 1.2 percent of all households reported any kind of crowding, nearly five percent less than San Diego County. Additionally, overcrowding was less of an issue in Solana Beach than many of its neighbors, where Oceanside experienced 4.8 percent reported overcrowding and 3.4 percent in Encinitas. Overall, overcrowding in the North County area is reported as less of a problem than in San Diego County as a whole.

Jurisdiction	Total Overcrowded Units	Percent
Oceanside	2,997	4.8%
Carlsbad	892	2.1%
Encinitas	816	3.4%
Solana Beach	70	1.2%
Del Mar	0	0%
San Diego	31,411	6.3%
San Diego County	72,686	6.5%

Source: American Community Survey, 5-Year Estimates, 2017.

2. Overpayment (Cost Burden) In Relationship to Income

State and federal standards indicate that a household paying more than 30 percent of its income for housing is overpaying. Overpayment for housing can cause an imbalance on the remainder of a household’s budget. Understanding and measuring overpayment for housing in a community is an indicator of the dynamics of demand and supply.

Per the Housing and Urban Development CHAS report, show in **Table 17**, 3,189 households or about half of Solana Beach’s households reported some type of overpayment. About 15 percent of owners experienced a cost burden over 30 percent and only about 6 percent of owners reported a cost burden of 50 percent or greater. The data in Table 17 show that renters were importunately affected by cost burden, where 20.4 percent reported a 30 percent or higher burden and 13.5 percent reported a 50 percent or high cost burden.

Income by Cost Burden*	Owner				Renter				Total Households with Cost Burden	% of Tot. HH
	Cost Burden > 30%	% of Tot. HH*	Cost Burden > 50%	% of Tot. HH	Cost Burden > 30%	% of Tot. HH	Cost Burden > 50%	% of Tot. HH		
Household Income is less-than or = 30%	65	1.1%	55	1.0%	255	4.4%	240	4.2%	615	10.7%
Household Income >30% to less-than or = 50% HAMFI	99	1.7%	95	1.7%	275	4.8%	250	4.3%	719	12.5%
Household Income >50% to less-than or = 80% HAMFI	135	2.3%	95	1.7%	355	6.2%	235	4.1%	820	14.3%
Household Income >80% to less-than or = 100% HAMFI	120	2.1%	50	0.9%	205	3.6%	35	0.6%	410	7.1%

Table 17: Summary of Housing Overpayment

Income by Cost Burden*	Owner				Renter				Total Households with Cost Burden	% of Tot. HH
	Cost Burden > 30%	% of Tot. HH*	Cost Burden > 50%	% of Tot. HH	Cost Burden > 30%	% of Tot. HH	Cost Burden > 50%	% of Tot. HH		
Household Income >100% HAMFI	465	8.1%	60	1.0%	85	1.5%	15	0.3%	625	10.9%
Total	884	15.4%	355	6.2%	1,175	20.4%	775	13.5%	3,189	55.5%

Source: Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) 2012-2016.

*% of tot. HH = Percent of Total Households in Solana Beach

* Cost burden is the ratio of housing costs to household income. For renters, housing cost is gross rent (contract rent plus utilities). For owners, housing cost is "select monthly owner costs", which includes mortgage payment, utilities, association fees, insurance, and real estate taxes.

Note: HAMFI = HUD Area Median Family Income, this is the median family income calculated by HUD for each jurisdiction, to determine Fair Market Rents (FMRs) and income limits for HUD programs. HAMFI will not necessarily be the same as other calculations of median incomes (such as a simple Census number), due to a series of adjustments that are made.

E. Special Needs Groups

Certain households may have more difficulty in finding adequate and affordable housing due to special circumstances, therefore, it is important to understand the demographics of persons with special needs to recognize how it influences the housing needs within a community. Special needs populations include seniors, persons with disabilities, female-headed households, large households, and farm workers. In addition, many often have lower incomes because of their conditions. **Table 18** displays the data for persons with special needs in Solana Beach.

Table 18: Special Needs Groups

Special Needs Groups	# of People or Households	Percent of Total Population/ Households
Senior Headed Households	1,067	18.6%
Households with Seniors (65 years and over)	2,190	38.1%
Seniors Living Alone	926	16.1%
Persons with Disabilities	861	6.5%
Large Households (5 or more persons per household)	197	3.4%
Single-Parent Households	267	4.6%
Single-Parent, Female Headed Households with Children (under 18 years)	119	2.1%
People Living in Poverty	656	4.9%
Farmworkers	109	0.8%
Homeless*	80	---

Source: American Community Survey, 5-Year Estimates, 2017

* Total number of people includes counts for Solana Beach and surrounding jurisdictions, including Del Mar, Encinitas and San Deiguito.

1. Seniors

The senior population, generally defined as those 65 years of age and over, has several concerns: limited and fixed incomes, high health care costs, transit dependency, and living alone. Specific housing needs of the senior population include affordable housing, supportive housing (such as intermediate care facilities), group homes, and other housing that includes a planned service component.

A limited income for many seniors, often makes it difficult to find affordable housing. **Table 19** compares Solana Beach’s senior population to San Diego County and nearby cities. The data reports that in Solana Beach 22.8 percent of the population is age 65 or over, 3,040 persons. Among the senior population, 926 living alone, and 2,190 households have persons 65 years and over living in them (Table 18). Furthermore, about 18 percent of all households in Solana Beach were seniors headed households. In 2017, ACS reported 12.9 percent of San Diego County’s population to be age 65 or over, about half of Solana Beach’s Senior population. The North County Cities all report a higher senior population than the County, Del Mar’s being the highest at 25.6 percent. In addition to overpayment problems faced by seniors due to their relatively fixed incomes, many seniors are faced with various disabilities (Table 20).

Jurisdiction	Population Count	Percent
Oceanside	26,461	15.1%
Carlsbad	18,082	16.0%
Encinitas	10,582	16.9%
Solana Beach	3,040	22.7%
Del Mar	1,109	25.6%
San Diego	166,922	12.0%
San Diego County	425,217	12.9%

Source: American Community Survey, 5-Year Estimates, 2017.

2. Persons with Physical and Developmental Disabilities

Physical and developmental disabilities can hinder access to traditionally designed housing units as well as potentially limit the ability to earn adequate income. Physical, mental, and/or developmental disabilities may deprive a person from earning income, restrict mobility, or make self-care difficult. Thus, persons with disabilities often have special housing needs related to limited earning capacity, a lack of accessible and affordable housing, and higher health costs associated with a disability. Additionally, some residents suffer from disabilities that require living in a supportive or institutional setting.

Although no current comparisons of disability with income, household size, or race/ethnicity are available, it is reasonable to assume that a substantial portion of persons with disabilities would have annual incomes within Federal and State income limits, especially those households not in the labor force. Furthermore, many lower income persons with disabilities are likely to require housing assistance and services. Housing needs for disabled persons are further compounded by design issues and location factors, which can often be costly. For example, special needs of households with wheelchair-bound or semi-ambulatory individuals may require ramps, holding bars, special bathroom designs, wider doorways, lower cabinets, elevators, and other interior and exterior design features.

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Housing opportunities for persons with disabilities can be addressed through the provision of affordable, barrier-free housing. Rehabilitation assistance can be targeted toward renters and homeowners with disabilities for unit modification to improve accessibility.

The 2017 ACS identifies six disability types: hearing disability, vision disability, cognitive disability, ambulatory disability, self-care disability and independent living disability. The Census and the ACS provide clarifying questions to determine persons with disabilities and differentiate disabilities within the population. The ACS defines a disability as a report of one of the six disabilities identified by the following questions:

- Hearing Disability: Is this person deaf or does he/she have serious difficulty hearing?
- Visual Disability: Is this person blind or do they have serious difficulty seeing even when wearing glasses?
- Cognitive Difficulty: Because of a physical, mental, or emotional condition, does this person have serious difficulty concentrating, remembering, or making decisions?
- Ambulatory Difficulty: Does this person have serious difficulty walking or climbing stairs?
- Independent Living Difficulty: Because of a physical, mental, or emotional condition, does this person have difficulty doing errands alone such as visiting a doctor’s office or shopping?

According to the 2017 ACS, shown in **Table 20**, majority of persons in Solana Beach with a disability reported having an ambulatory disability (30.2 percent). Twenty-three percent of persons with a disability reported having independent living difficulties, which could be an effect of the generally older population of Solana Beach. The 2017 ACS data reports that 18.3 percent of persons with a disability had a cognitive difficulty and 17.6 percent had a hearing difficulty.

Among the persons with reported disabilities, 1,120 were 65 years and older, about 70 percent of reported disabilities. Only about five percent of documented disabilities were reported for persons under the age of eighteen, and a 24.6 percent were persons aged 18 to 64. Overall, of the total population in Solana Beach 6.5 percent are reported to have at least one disability (Table 18).

Disability Type	Under 18 with a Disability	18 to 64 with a Disability	65 years and Over with a Disability	Total	Percent of Population with Disability	Percent of Total Population
Population with a Hearing Difficulty	0	54	228	282	17.6%	2.1%
Population with a Vision Difficulty	5	17	34	56	3.5%	0.4%
Population with a Cognitive Difficulty	46	111	136	293	18.3%	2.2%
Population with an Ambulatory Difficulty	17	88	378	483	30.2%	3.6%
Population with a Self-care Difficulty	17	35	64	116	7.3%	0.9%
Population with an independent Living Difficulty	--	90	280	370	23.1%	2.8%

Table 20: Disability Status of Residents in Solana Beach						
Disability Type	Under 18 with a Disability	18 to 64 with a Disability	65 years and Over with a Disability	Total	Percent of Population with Disability	Percent of Total Population
Total	85	395	1,120	1,600*	100.0%	--
<i>Source: American Community Survey, 5-Year Estimates, 2017.</i> <i>*This number may double count as some persons report having one or more disabilities, therefore this total number differs from the total number of persons with a disability in Table 18.</i>						

State law requires that the Housing Element discuss the housing needs of persons with developmental disabilities. As defined by the Developmental Disabilities Assistance and Bill of Rights Act of 2000, a “developmental disability” is a severe, chronic disability of an individual that:

- Is attributable to a mental or physical impairment or combination of mental and physical impairments;
- Is manifested before the individual attains age 22;
- Is likely to continue indefinitely;
- Results in substantial functional limitations in three or more of the following areas of major life activity: a) self-care; b) receptive and expressive language; c) learning; d) mobility; e) self-direction; f) capacity for independent living; or g) economic self-sufficiency; and
- Reflects the individual’s need for a combination and sequence of special, interdisciplinary, or generic services, individualized supports, or other forms of assistance that are of lifelong or extended duration and are individually planned and coordinated.

Many people with developmental disabilities can live and work independently within a conventional housing environment. Individuals with more severe developmental disabilities require a group living environment where supervision is provided. The most severely affected individuals may require an institutional environment where medical attention and physical therapy are provided. Because developmental disabilities exist before adulthood, the first issue in supportive housing for persons with developmental disabilities is the transition from the person’s living situation as a child to an appropriate level of independence as an adult.

3. Large Households

Large Households are defined as households consisting of five or more persons. Such households comprise special needs groups because many communities have a limited supply of adequately sized and affordable housing units. To save for other necessities such as food, clothing and medical care, it is common for lower income large households to reside in smaller units with inadequate number of bedrooms, which frequently results in overcrowding and can contribute to fast rates of deterioration.

Securing housing large enough to accommodate all members of a household is more challenging for renters, because multi-family rental units are typically smaller than single-family ownership units. While apartment complexes offering two and three bedrooms are common, apartments with four or more bedrooms are rare. It is more likely that a large family will experience overcrowding in comparison to smaller families. Additionally, throughout the region, larger single-family homes, whether to rent or own, are generally not affordable to most lower income households.

The 2017 ACS reported a small percentage of large households in Solana Beach. **Table 21** displays the data for large households, showing that under four percent of total households in Solana Beach were large households. Among large households in Solana Beach, majority were owner occupied, 177; while just twenty were renter occupied. Overall, Solana beach has a small percentage of large households to accommodate.

Household Size	Owner	Percent	Renter	Percent	Total	Percent
5-Person Household	130	2.2%	9	0.1%	139	2.4%
6-person household	20	0.3%	10	0.2%	30	0.5%
7-or-more person Households	27	0.5%	1	0.01%	28	0.5%
Total	177	3.1%	20	0.3%	197	3.4%

Source: American Community Survey, 5-Year Estimates, 2017.

4. Single-Parent Households

Single-parent households often require special consideration and assistance due to their greater need for affordable and accessible day care, health care, and other supportive services. Many female-headed households with children are susceptible to having lower incomes than similar two-parent households. Single, female mothers often face social marginalization pressures that often limit their occupational choices and income earning potential, housing options and access to supportive services.

The data in **Table 22**, gathered from the 2017 ACS, shows that under five percent (267) of all households are single-parent households in Solana Beach. Of the 267 single parent households, 119 are reported female headed, no male present and 148 are male headed, no female present. Overall, the data shows that there are no single-parent households living in poverty.

	Single Parent-Male, No Female Present	Single Parent-Female, No Male Present	Single Parent Households Living in Poverty	Single Parent Households	Percent of Total Households
Solana Beach	148	119	0	267	4.6%

Source: American Community Survey, 5-Year Estimates, 2017.

5. Farmworkers

Farm workers are traditionally defined as persons whose primary incomes are earned through seasonal agricultural work. Farm workers have special housing needs because they earn lower incomes than many other workers and move throughout the year from one harvest location to the next.

Currently, there are a reported less than one percent of the population employed in agriculture, forestry, fishing and hunting, and mining occupations in Solana Beach. Due to the City's urban setting and the lack of farming-related land uses, there is no specific identified need for special housing for this.

6. Extremely Low-income Households and Poverty Status

2012-2016 Comprehensive Housing Affordability Strategy (CHAS) data indicates there were approximately 700 low-income households and 445 very low-income households. Very low-income households are those households that earn 50 percent or less of the median family income (MFI) for San Diego County. Extremely low-income households are those households which earn less than 30 percent of the MFI. There are approximately 435 extremely low-income

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households in Solana Beach (renters and owners). **Table 23** below, includes data characterizing affordability and cost burden for various income groups.

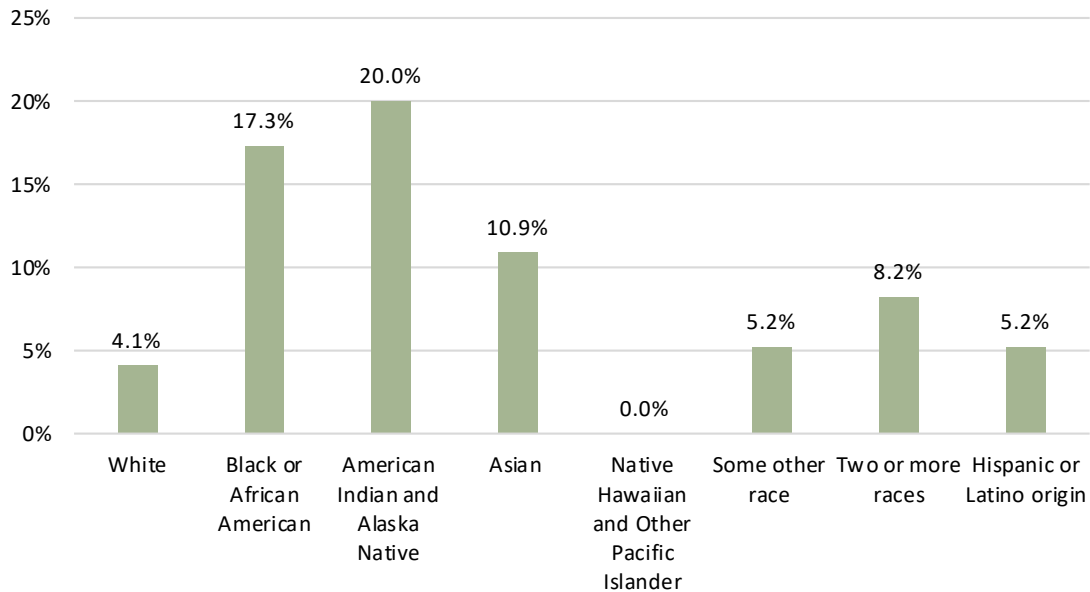
Table 23: Housing Problems for All Households (by Tenure)			
Income by Housing Problem	Owner		
	Household has at least 1 of 4 Housing Problems	Household has none of 4 Housing Problems	Cost Burden not available, no other Housing Problem
Household Income is less-than or = 30%	65	30	25
Household Income >30% to less-than or = 50% HAMFI	100	70	--
Household Income >50% to less-than or = 80% HAMFI	140	200	--
Household Income >80% to less-than or = 100% HAMFI	125	170	--
Household Income >100% HAMFI	490	1,915	--
Total	920	2,385	25
Income by Housing Problem	Renter		
	Household has at least 1 of 4 Housing Problems	Household has none of 4 Housing Problems	Cost Burden not available, no other Housing Problem
Household Income is less-than or = 30%	255	20	40
Household Income >30% to less-than or = 50% HAMFI	275	--	--
Household Income >50% to less-than or = 80% HAMFI	355	10	--
Household Income >80% to less-than or = 100% HAMFI	250	60	--
Household Income >100% HAMFI	165	995	--
Total	1,300	1,085	40
Total Households (Owner and Renter)	2,220	3,470	65
<p>Source: Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) 2012-2016.</p> <p>* The four housing problems are: incomplete kitchen facilities, incomplete plumbing facilities, more than 1 person per room, and cost burden greater than 30%.</p> <p>** The four severe housing problems are: incomplete kitchen facilities, incomplete plumbing facilities, more than 1.5 persons per room, and cost burden greater than 50%.</p> <p>Note: HAMFI = HUD Area Median Family Income, this is the median family income calculated by HUD for each jurisdiction, to determine Fair Market Rents (FMRs) and income limits for HUD programs. HAMFI will not necessarily be the same as other calculations of median incomes (such as a simple Census number), due to a series of adjustments that are made.</p>			

According to the 2017 ACS, 656 persons were reported to be living in poverty, about 4.9 percent of the population. **Figure 6**, displays the percent of persons living in poverty by race or ethnicity and Hispanic or Latino origin, based on own race/ethnicity.

The lowest percentage of people living in poverty was the population who identified as White, with just 4.1 percent of all persons who identified White living in poverty. American Indian and Alaska native was the highest percent of persons living in poverty at 20 percent of the total American Indian and Alaska native population living in poverty. Additionally, both the Black or African American and Asian populations were disproportionately affected by poverty.

as 17.3 percent of the Black or African American population in the City reported living in poverty and 10.9 percent of the Asian population in the City reported living in poverty. The Native Hawaiian and other Pacific Islander population shows no persons living in poverty; however, it should be noted that no people within Solana Beach reported their race/ethnicity as Native Hawaiian/other Pacific Islander.

Figure 6: Percent below Poverty Level, by Race and Hispanic or Latino Origin in Solana Beach



Source: American Community Survey, 5-Year Estimates, 2017.

7. Homeless

Throughout the country and the San Diego region, homelessness has become an increasingly important issue in light of the current economic conditions. Factors contributing to the rise in homelessness include increased unemployment and underemployment, a lack of housing affordable to lower and moderate-income persons (especially extremely low-income households), reductions in public subsidies to the poor, and the de-institutionalization of the mentally ill.

State law mandates that municipalities address the special needs of homeless persons within their jurisdictional boundaries. “Homelessness” as defined by the U.S. Department of Housing and Urban Development (HUD) has recently been updated, the following list the updated descriptions for homeless and the changes in the definition from HUD:

- People who are living in a place not meant for human habitation, in emergency shelter, in transitional housing, or are exiting an institution where they temporarily resided. The only significant change from existing practice is that people will be considered homeless if they are exiting an institution where they resided for up to 90 days (it was previously 30 days), and were in shelter or a place not meant for human habitation immediately prior to entering that institution.
- People who are losing their primary nighttime residence, which may include a motel or hotel or a doubled-up situation, within 14 days and lack resources or support networks to remain in housing. HUD had previously allowed people who were being displaced within 7 days to be considered homeless. The proposed regulation also describes specific documentation requirements for this category.
- Families with children or unaccompanied youth who are unstably housed and likely to continue in that state. This is a new category of homelessness, and it applies to families with children or unaccompanied youth who

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have not had a lease or ownership interest in a housing unit in the last 60 or more days, have had two or more moves in the last 60 days, and who are likely to continue to be unstably housed because of disability or multiple barriers to employment.

- People who are fleeing or attempting to flee domestic violence, have no other residence, and lack the resources or support networks to obtain other permanent housing. This category is similar to the current practice regarding people who are fleeing domestic violence.

This definition does not include persons living in substandard housing (unless it has been officially condemned); persons living in overcrowded housing (for example, doubled up with others), persons being discharged from mental health facilities (unless the person was homeless when entering and is considered to be homeless at discharge), or persons who may be at risk of homelessness (for example, living temporarily with family or friends.)

The Regional Task Force on the Homeless (RTFH) is San Diego County’s leading resource for information on issues of homelessness. The RTFH promotes a regional approach as the best solution to ending homelessness in San Diego County. RTFH compiles data from a physical Point-In-Time (PIT) count of sheltered (emergency and transitional) and street homeless persons. The 2019 Count was conducted on January 25, 2019 and the results are shown in **Table 24**. Oceanside had the largest homeless population of the North County coastal cities. Solana Beach’s homeless population includes homeless persons in Encinitas, San Dieguito, and Del Mar.

Table 24: Homelessness in Solana Beach and Surrounding Cities				
Jurisdiction	Unsheltered	Sheltered	Total	% of County
Oceanside	242	166	408	5.4%
Carlsbad	94	53	147	1.9%
Solana Beach*	47	33	80	1.1%
San Diego	2,283	2,604	4,887	64.1%
San Diego County	3,971	3,648	7,619	100%
<i>Source: San Diego Regional Task Force on the Homeless (RTFH), WeAllCount Survey Results, 2019.</i>				
<i>* Total number of people includes counts for Solana Beach and surrounding jurisdictions, including Del Mar, Encinitas and San Deiguito</i>				

According to RTFH, the San Diego region’s homeless population can be divided into two general groups: (1) urban homeless, and (2) rural homeless, including farm workers and day laborers who primarily occupy the hillsides, canyons and fields of the northern regions of the County. It is important to recognize that homeless individuals may fall into more than one category (for example, a homeless individual may be a veteran and a substance abuser), making it difficult to accurately quantify and categorize the homeless. RTFH reports the San Diego Region has seen an increase in the average length of time people reside in emergency shelters. The report shows that over 40 percent of the people who exit shelter move on to stable living conditions, but 26 percent return to homelessness within two years.

The North County region of San Diego experiences a reduced amount of homelessness compared to San Diego City and the County as a whole (Table 24). The City of Solana Beach (including nearby cities) has the lowest count of homeless persons in the North County region, 47 unsheltered and 33 sheltered, a total of 80 homeless persons.

8. Students

The college student population in the area is another significant factor affecting housing demand. Solana Beach is located near the University of California, San Diego, San Diego State University, the University of San Diego, California State University at San Marcos, Point Loma Nazarene University, Palomar College, Mesa College and Mira Costa College. According to the 2013-2017 ACS, 696 persons, about 5.2 percent of Solana Beach’s population, were enrolled

in college or graduate school, of total persons enrolled in college or graduate school 456 were females (65.5percent). While many of the City’s college students reside with their parents, some students reside in Solana Beach in their own independent housing and a general lack of affordable housing is often a factor in a student’s decision to move elsewhere after graduation.

F. Housing Stock Characteristics

The characteristics of the housing stock, including growth, type, availability and tenure, age and condition, housing costs, and affordability are important in determining the housing needs for the community. This section details the housing stock characteristics of Solana Beach to identify how well the current housing stock meets the needs of its current and future residents.

1. Housing Growth

According to the 2017 ACS, between 2000 and 2010, the Solana Beach housing stock was estimated to grow from 6,456 to 6,540 units, a 1.3 percent growth shown in Table 25. From 2010 to 2017, Solana Beach experienced a 1.9 percent housing growth. The Overall housing growth in the Northern Coastal County areas has been limited; when compared to adjacent cities, Solana Beach experienced the lowest percent of housing growth as Carlsbad saw a 32 percent growth from 2000 to 2010 and another 5.5 percent increase in housing stock from 2010 to 2017. Additionally, smaller cities, such as Del Mar saw a 9.3 percent growth from 2010 to 2017.

Jurisdiction	2000	2010	2017	Percent Change 2000 to 2010	Percent Change 2010 to 2017
Oceanside	59,581	64,435	66,715	8.1%	3.5%
Carlsbad	33,798	44,673	47,119	32.2%	5.5%
Encinitas	23,843	25,740	26,321	8.0%	2.3%
Solana Beach	6,456	6,540	6,665	1.3%	1.9%
Del Mar	2,557	2,596	2,838	1.5%	9.3%
San Diego	469,689	516,033	533,973	9.9%	3.5%
San Diego County	1,040,149	1,164,786	1,195,868	12.0%	2.7%

Source: U.S. Census Bureau, 2000 and 2010 and American Community Survey, 5-Year Estimate, 2017.

2. Housing Type

Table 26 provides characterization of the housing stock in Solana Beach and San Diego County per the 2013-2017 American Community Survey. The 2013-2017 American Community Survey indicates that single-family detached homes are the predominant housing type in both Solana Beach and San Diego County. However, Solana Beach proves to provide a diverse assortment of housing. Single-family housing units make up about 45.7 percent of Solana Beach’s housing stock and multi-family units make up 38.9 percent of the housing stock. Mobile homes make up under one percent of the total housing stock.

Jurisdiction	Single-Family Detached	Single-Family Attached	Multi-Family	Mobile Homes	Total Units
Solana Beach	3,051	992	2,596	26	6,665
San Diego County	613,113	112,939	426,053	42,614	1,195,868

Source: American Community Survey, 5-Year Estimates, 2017.

3. Housing Availability and Tenure

Housing tenure and vacancy rates generally influence the supply and cost of housing. Housing tenure defines if a unit is owner-occupied or renter-occupied. Tenure is an important market characteristic as it relates to the availability of housing product types and length of tenure. The tenure characteristics in a community can indicate several aspects of the housing market, such as affordability, household stability, and availability of unit types, among others. In many communities, tenure distribution generally correlates with household income, composition and age of the householder.

In 2017, Solana Beach’s occupied housing was nearly split evenly between owners and renters. Owners made up 58 percent of occupied housing units, majority in single-family detached housing (2,334). Just sixteen percent of single family detached units were occupied by renters, where nearly 80 percent of multi-family units were occupied by renters. All occupied mobile homes in the City were owner occupied.

	Single-Family Detached	Single-Family Attached	Multi-Family	Mobile Homes	Total Occupied Units
Owner Occupied	2,334	600	408	26	3,368
Renter Occupied	451	336	1,589	0	2,376
Total	2,785	936	1,997	26	5,744

Source: American Community Survey, 5-Year Estimates, 2017.

As shown in **Table 28**, owner-occupied households had a slightly higher average household size than renter-occupied households in 2017. The average owner-household size in 2017 was 2.41, whereas renter-occupied units average 2.21 persons per household. Additionally, overall household size is smaller than both the County’s average of 2.87 persons and the nearby jurisdictions ranging from 2.56 in Encinitas to 2.81 in Oceanside. The smaller household sizes could be due to the large number of seniors and senior headed households and smaller number of persons under 18 years in the City.

Jurisdiction	Owner Occupied Household Size	Renter Occupied Household Size	Average Household Size
Oceanside	2.73	2.91	2.81
Carlsbad	2.67	2.47	2.60
Encinitas	2.68	2.36	2.56
Solana Beach	2.41	2.21	2.33

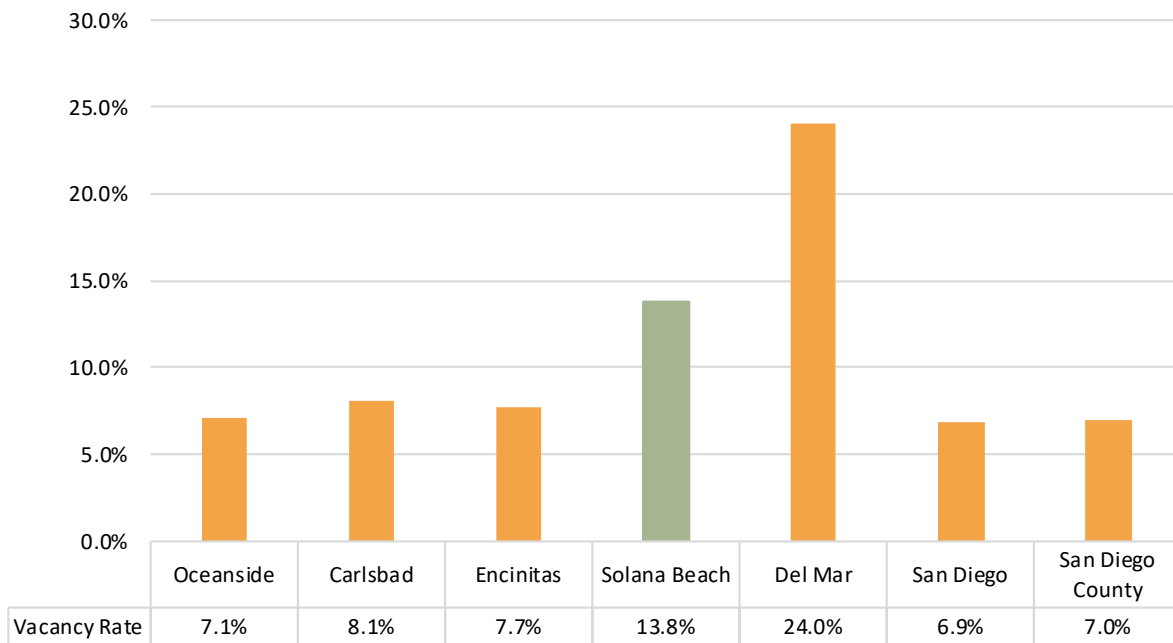
Jurisdiction	Owner Occupied Household Size	Renter Occupied Household Size	Average Household Size
Del Mar	2.19	1.80	2.01
San Diego	2.80	2.66	2.72
San Diego County	2.89	2.85	2.87

Source: American Community Survey, 5-Year Estimates, 2017.

Vacancy rates are an important housing indicator because they indicate the degree of choice available. High vacancy rates usually indicate low demand and/or high supply conditions in the housing market. Too high of a vacancy rate can be difficult for owners trying to sell or rent. Low vacancy rates usually indicate high demand and/or low supply conditions in the housing market. Too low of a vacancy rate can force prices up making it more difficult for lower and moderate-income households to find housing. Vacancy rates of between two to three percent are usually considered healthy for single-family or ownership housing, and rates of five to six percent are usually considered healthy for multi-family or rental housing. However, vacancy rates are not the sole indicator of market conditions. They must be viewed in the context of all the characteristics of the local and regional market.

The data displayed in **Figure 7** shows that Solana Beach has a vacancy rate of 13.8 percent, lower than Del Mar’s 24 percent, but nearly double the County’s vacancy rate and higher than nearby jurisdictions.

Figure 7: Vacancy Rates by Jurisdiction



Source: American Community Survey, 5-Year Estimates, 2017.

Table 290 displays the breakdown of type of vacant units in Solana Beach. Seasonal, recreational and occasional use units have the highest count of vacancy at 681 units, meaning that many of the vacant homes in Solana Beach are primarily seasonal vacation homes. There were 45 rented but unoccupied units in 2017 and 16 sold but unoccupied units. In addition, there were zero units vacant for migrant workers and only 88 units available for sale and for rent combined in 2017.

Type of Housing	Estimate
For rent	88
Rented, not occupied	45
For sale only	0
Sold, not occupied	16
For seasonal, recreational or occasional use	681
For migrant workers	0
Other vacant	91
Total	921

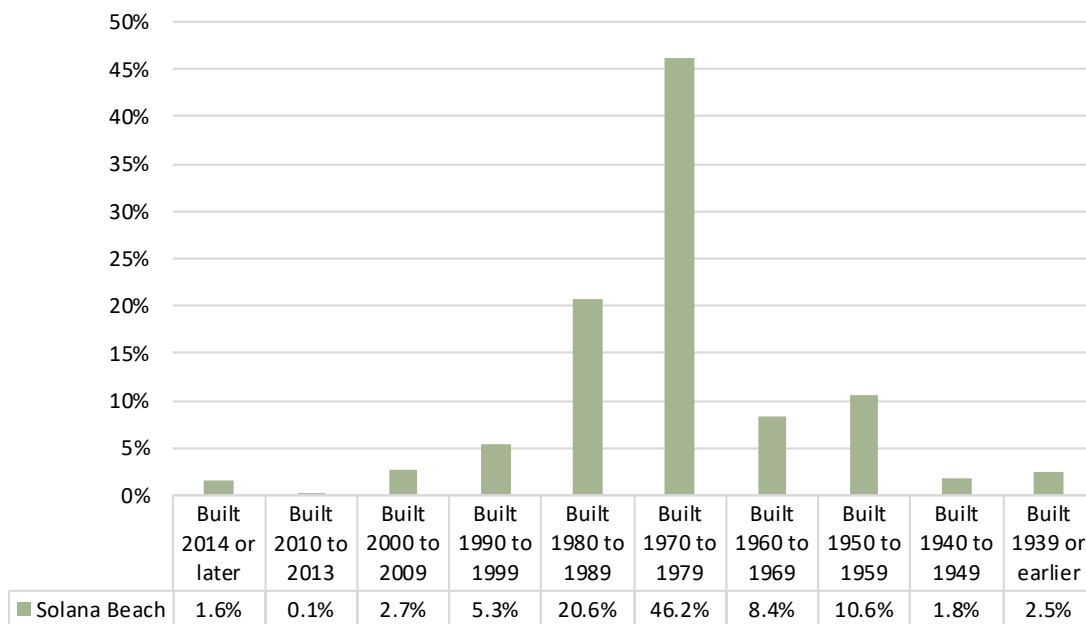
Source: American Community Survey, 5-Year Estimates, 2017.

4. Housing Age and Condition

Housing age can be an important indicator of housing condition within a community. For example, housing that is over 30 years old is typically in need of some major rehabilitation, such as a new roof, foundation, plumbing, etc. Many federal and state programs also use the age of housing as one factor in determining housing rehabilitation needs.

According to the data displayed in **Figure 8**, there was a housing stock boom from 1970 to 1978, with 46.2 percent of all housing built during this time. Between 1980 and 1989, a smaller number of homes were built but overall a large percentage of homes were built during the mid to late 20th century. Only about 4 percent units in Solana Beach built after 2000, and about 2 percent in 2014 or later. Typically, a large proportion of older housing would indicate that most of the City’s housing stock could require major rehabilitation. However, due to the City’s higher than average median household income and housing values, owner-occupied housing is better maintained than in many other jurisdictions.

Figure 8: Housing Stock Age



Source: American Community Survey, 5-Year Estimates, 2017.

5. Housing Costs and Affordability

Housing costs reflect the supply and demand of housing in a community. This section summarizes the cost and affordability of the housing stock to Solana Beach’s residents.

Table 30 shows the median home value in Solana Beach was \$1,103,900 in 2017. Value is significantly lower than Del Mar’s median home value of \$2,000,000, Solana Beach’s median home value is 28% higher than Encinitas. Additionally, Solana Beach’s median home value is about 56 percent higher than the County’s median home value of \$484,900.

Jurisdiction	Median Home Value
Oceanside	\$423,100
Carlsbad	\$713,600
Encinitas	\$862,300
Solana Beach	\$1,103,900
Del Mar	\$2,000,000
San Diego	\$523,600
San Diego County	\$484,900

Source: American Community Survey, 5-Year Estimates, 2017.

The primary source of information on rental costs in the San Diego region is the San Diego County Apartment Association (SDCAA). SDCAA conducts two surveys of rental properties per year. For the spring 2019 survey, 6,000 surveys were sent out to rental property owners and managers throughout San Diego County. Responses were received from 23,000 units. Although this survey sampled a broad variety of rental housing, it was not a scientific sampling.

Table 31 shows that in the fall of 2018, average monthly rents in Solana Beach ranged from \$2,043 for a one-bedroom apartment to \$2,770 for a three-bedroom apartment. In Spring of 2019, the average rent for a one-bedroom apartment increased from \$2,043 to \$2,099, and the rent for larger apartments increased moderately from \$2,391 for a two bedroom in 2018 to \$2,443 in 2019 and from \$2,770 to \$2,820 for a three bedroom. Average costs of rent in Spring of 2018 ranged from \$1,500 for a studio to \$2,712 for a three-bedroom.

Unit Type	Properties Surveyed	Spring 2019 Average Monthly Rent	Spring 2019 Average Rent/Sq. Foot	Fall 2018 Average Monthly Rent	Spring 2018 Average Monthly Rent
Studio	0/0	\$0	\$0.00	\$0	\$1,500
1 Bedroom	77/1	\$2,099	\$3.10	\$2,043	\$1,985
2 bedrooms	91/1	\$2,443	\$2.66	\$2,391	\$2,331
3+ Bedrooms	8/1	\$2,820	\$2.69	\$2,770	\$2,712

Source: Southern California Rental Housing Association, San Diego 2019 Vacancy and Rental Rate Survey, March 2019.

Housing affordability can be inferred by comparing the cost of renting or owning a home in the City with the maximum affordable housing costs for households at different income levels. Taken together, this information can generally show who can afford what size and type of housing and indicate the type of households most likely to experience overcrowding and overpayment.

The Federal Department of Housing and Urban Development (HUD) conducts annual household income surveys nationwide to determine a household's eligibility for federal housing assistance. Based on this survey, the California Department of Housing and Community Development (HCD) developed income limits, based on the Area Median Income (AMI), which can be used to determine the maximum price that could be affordable to households in the upper range of their respective income category. Households in the lower end of each category can afford less by comparison than those at the upper end. The maximum affordable home and rental prices for residents in San Diego County are shown in Table 33.

The data shows the maximum amount that a household can pay for housing each month without incurring a cost burden (overpayment). This amount can be compared to current housing asking prices (Table 30) and market rental rates (Table 31) to determine what types of housing opportunities a household can afford.

Extremely Low-income Households

Extremely low-income households earn less than 30 percent of the County AMI – up to \$22,500 for a one-person household and up to \$34,700 for a five-person household in 2019. Extremely low-income households cannot afford market-rate rental or ownership housing in Solana Beach without assuming a substantial cost burden.

Very Low-income Households

Very low-income households earn between 31 percent and 50 percent of the County AMI – up to \$37,450 for a one-person household and up to \$57,800 for a five-person household in 2019. A very low-income household can generally afford homes priced between \$174,500 and \$269,500, adjusting for household size. A very low-income household at the maximum income limit can afford to pay approximately \$936 to \$1,445 in monthly rent, depending on household size. Given the high cost of housing in Solana Beach, persons or households of very low-income could not afford to rent or purchase a home in the City.

Low-income Households

Low-income households earn between 51 percent and 80 percent of the County's AMI - up to \$59,950 for a one-person household and up to \$92,450 for a five-person household in 2019. The affordable home price for a low-income household at the maximum income limit ranges from \$239,500 to \$430,750. Based on the asking prices of homes for sale in 2019 (Table 24), ownership housing would not be affordable to low-income households. A one-person low-income household could afford to pay up to \$1,499 in rent per month and a five-person low-income household could afford to pay as much as \$2,311. Low-income households in Solana Beach would not be able to find adequately sized affordable apartment units (Table 25).

Moderate income Households

Persons and households of moderate income earn between 81 percent and 120 percent of the County's AMI – up to \$111,850, depending on household size in 2019. The maximum affordable home price for a moderate-income household is \$338,000 for a one-person household and \$521,250 for a five-person family. Moderate income households in Solana Beach would not be able to purchase a home in the City. The maximum affordable rent payment for moderate income households is between \$1,813 and \$2,796 per month. Appropriately-sized market-rate rental housing is generally affordable to households in this income group.

Table 32: Affordable Housing Costs (2019) San Diego County							
Annual Income	Affordable Monthly Housing Cost		Utilities Allowances, Taxes, and Insurance			Affordable Purchase Price	
	Rent	Sale	Rent	Sale	Taxes/Insurance		
<i>Extremely Low-income (30% of AMI)</i>							
1-Person	\$22,500	\$563	\$563	\$119	\$180	\$84	\$105,000
2-Person	\$25,700	\$643	\$643	\$152	\$220	\$96	\$120,000
3-Person	\$28,900	\$723	\$723	\$222	\$261	\$108	\$135,000
4-Person	\$32,100	\$803	\$803	\$237	\$323	\$120	\$149,750
5-Person	\$34,700	\$868	\$868	\$271	\$364	\$130	\$162,000
<i>Very Low-income (50% of AMI)</i>							
1-Person	\$37,450	\$936	\$936	\$119	\$180	\$140	\$174,500
2-Person	\$42,800	\$1,070	\$1,070	\$152	\$220	\$161	\$199,500
3-Person	\$48,150	\$1,204	\$1,204	\$222	\$261	\$180	\$224,500
4-Person	\$53,500	\$1,338	\$1,338	\$237	\$323	\$201	\$249,500
5-Person	\$57,800	\$1,445	\$1,445	\$271	\$364	\$217	\$269,500
<i>Low-income (80% AMI)</i>							
1-Person	\$59,950	\$1,499	\$1,499	\$119	\$180	\$225	\$279,500
2-Person	\$68,500	\$1,713	\$1,713	\$152	\$220	\$257	\$319,500
3-Person	\$77,050	\$1,926	\$1,926	\$222	\$261	\$289	\$359,000
4-Person	\$85,600	\$2,140	\$2,140	\$237	\$323	\$321	\$399,000
5-Person	\$92,450	\$2,311	\$2,311	\$271	\$364	\$347	\$430,750
<i>Moderate Income (120% AMI)</i>							
1-Person	\$72,500	\$1,813	\$1,813	\$119	\$180	\$272	\$338,000
2-Person	\$82,850	\$2,071	\$2,071	\$152	\$220	\$311	\$386,000
3-Person	\$93,200	\$2,330	\$2,330	\$222	\$261	\$350	\$434,000
4-Person	\$103,550	\$2,589	\$2,589	\$237	\$323	\$388	\$482,750
5-Person	\$111,850	\$2,796	\$2,796	\$271	\$364	\$419	\$521,250
<p><i>Source: San Diego Housing Commission, Allowances for Tenant-Furnished Utilities and Other Services Report and California Department of Housing and Community Development, 2019 Income Limits and Kimley Horn and Associates Assumptions: 2019 HCD income limits; 30% gross household income as affordable housing cost; 15% of monthly affordable cost for taxes and insurance; 10% down payment; and 4.5% interest rate for a 30-year fixed-rate mortgage loan. Utilities based on San Diego County Utility Allowance.</i></p>							



Constraints, Resources, and Fair Housing

Section 3: Housing Constraints, Resources and Fair Housing

A variety of constraints affect the provisions and opportunities for adequate housing in Solana Beach. Housing constraints consist of both governmental constraints, including but not limited to development standards and building codes, land use controls, and permitting processes; as well as, nongovernmental or market constraints, including but not limited to land costs, construction costs, and availability of finances. Combined, these factors create barriers to availability and affordability of new housing, especially for lower and moderate-income households.

A. Nongovernmental Constraints

Nongovernmental constraints largely affect the cost of housing in Solana Beach and can produce barriers to housing production and affordability. These constraints include the availability and cost of land for residential development, the demand for housing, financing and lending, construction costs, and the availability of labor, which can make it expensive for developers to build any housing, and especially affordable housing. The following highlights the primary market factors that affect the production of housing in Solana Beach.

1. Land Costs and Construction Costs

High land costs are a significant constraint to the development of affordable and middle-income housing in the City of Solana Beach. Land cost represents a significant cost component in residential development. There are significant fluctuations in land costs per square foot depending on location.

While the City contains numerous vacant properties, an April 20, 2020, web search revealed that less than 100 units were listed for sale, majority of the parcels zoned for single-family residence. Current housing data shows that the price of single-family residences ranged from \$889,000 for a three bed and two bath unit (1,072 sf) to \$2,545,000 for a three bed and 2 bath (2,124 sf). Beach front property with similar square is listed for as much as \$2,599,000 and homes with higher square footage reach \$4,200,000 and \$5,500,000. The limited supply and high cost of vacant land poses the largest constraint to the construction of affordable housing, especially affordable housing in Solana Beach. High land costs have a demonstrable effect on the cost of housing in Solana Beach, as the price of housing is directly related to the costs of acquiring land.

The cost of construction is another major factor in the price of housing. The International Code Council (ICC) provides estimates for the average cost of labor and materials for typical Type VA wood-frame housing. Estimates are based on “good-quality” construction, providing for materials and fixtures well above the minimum required by state and local building codes. In August 2019, the ICC estimated that the average per square-foot cost for good-quality housing in the San Diego region was approximately \$117 for multi-family housing and \$129 for single-family homes. Construction costs for custom homes and units with extra amenities, run even higher. Although construction costs are a significant portion of the overall development cost, they are consistent throughout the region and, especially when considering land costs, are not considered a major constraint to housing production in Solana Beach.

2. Availability Financing

The availability of financing in a community depends on a number of factors, including the type of lending institutions active in a community, lending practices, rates and fees charged, laws and regulations governing financial institutions, and equal access to such loans. Additionally, availability of financing affects a person’s ability to purchase or improve

a home. Under the Home Mortgage Disclosure Act (HMDA), lending institutions are required to disclose information on the disposition of loan applications and the income, gender, and race of loan applicants. The primary concern in a review of lending activity is to determine whether home financing is available to residents of a community. The data presented in this section include the disposition of loan applications submitted to financial institutions for home purchase, home improvement, and refinancing in Solana Beach.

Table 3-1 below displays the disposition of loan applications for the county of San Diego, per the 2016 Home Mortgage Disclosure Act report. Given the relatively high rate of approval for home purchase, improvement, and refinance loans, home financing is generally available and not considered to be a significant constraint to the provision and maintenance of housing in Solana Beach.

Table 3-1 Disposition of Loan Applications – San Diego County				
Applications	Total	Percent Approved	Percent Denied	Percent Other
<i>By Loan Type</i>				
Conventional Purchase	20,129	77.6%	5.2%	17.2%
Government-Backed Purchase ¹	6,721	72.8%	5.6%	21.5%
Home Improvement	1,875	78.0%	7.9%	14.2%
Refinancing	14,015	72.8%	7.3%	19.8%
<i>Notes: Percent approved includes loans approved by the lenders whether or not they are accepted by the applicants. Percent Other includes loan applications that were either withdrawn or closed for incomplete information. Source: HMDA data, 2017.</i> <i>1. Government-backed loans include loans insured or guaranteed by the Federal Housing Administration (FHA), Veteran Administration (VA), and Farm Service Agency (FSA)/Rural Housing Services (RHS).</i>				

3. Economic Constraints

Market forces on the economy and the trickle-down effects on the construction industry can act as a barrier to housing construction and especially to affordable housing construction. It is estimated that housing price growth will continue in the city and the region for the foreseeable future. Moving into 2020, the economy was growing, California was seeing a 1.6 percent growth in jobs from 2019 and experiencing all-time lows for unemployment rates.

A 2020 California Association of Realtors (CAR) report found that homes on the market in San Diego County cost an average of \$670,000 in February 2020, a seven percent increase year to year change. According to the CAR First Time Buyer Housing Affordability Index, from 2018 to 2019 the median value of a home in San Diego County was \$556,750 with monthly payments (including taxes and insurance) of \$2,880, requiring an average qualifying income of \$86,400. However, in the City of Solana Beach, homes and cost of living was significantly higher. According to March 2020 data from Zillow, the median cost of a home in Solana Beach is \$1,475,031. According to research conducted on Zillow.com, the median price of a home in Solana Beach increased nine percent from 2018 to 2020 (\$1,200,000 to \$1,310,000), and they are expected to rise another 0.4 percent moving into 2021. The same report found that the median list price per square foot in Solana Beach is \$790, which is higher than the San Diego-Carlsbad Metro average of \$390.

Solana Beach’s home value index (\$1,480,000) outpaced nearby coastal cities such Encinitas (\$925,000) and Carlsbad (\$785,100). The high cost of land and increasing home prices in Solana Beach can be seen as a constraint to the development of and access to housing, particularly the development of and access to affordable housing.

B. Governmental Constraints

In addition to market constraints, local policies and regulations also affect the price and availability of housing and the provision of affordable housing. For example, State and Federal regulations affect the availability of land for housing and the cost of housing production, making it difficult to meet the demand for affordable housing and limiting supply in a region. Regulations related to environmental protection, building codes, and other topics have significant, often adverse, impacts on housing cost and availability.

While the City of Solana Beach has limited control over State and Federal Laws that affect housing, local laws including land use controls, site improvement requirements, fees and exactions, permit processing procedures, and other factors can constrain the maintenance, development, and improvement of housing create barriers to housing.

1. Land Use Controls

In the State of California, cities are required to prepare a comprehensive, long term General Plan to guide future development. The Land Use Element of the General Plan establishes land uses and density of development within the City of Solana Beach, and is consistent with the City's Municipal Code. In 1976 California Legislature enacted the Coastal act which created a mandate for coastal cities and counties to manage the conservation and development of coastal zone areas. Solana Beach is located entirely within the State's Coastal Zone, therefore, in accordance with the Coastal Act requirements, the City developed a Local Coastal program which provides additional guidelines for development.

The Land Use Element in the City of Solana Beach's General Plan and the City's Local Coastal Program (LCP) set forth policies and regulations for guiding local development. These policies, together with existing zoning regulations, establish the amount and distribution of land to be allocated for different uses within the City. The LCP and Zoning Ordinance, each of which is consistent with the Community Plan, identify the following residential categories and their existing allowed densities:

- Estate Residential (ER-1, ER-2) (Max. 2 units/net acre)
- Low Residential (LR) (Max. 3 units/net acre)
- Low Medium Residential (LMR) (Max. 4 units/net acre)
- Medium Residential (MR) (Max. 7 units/net acre)
- Medium High Residential (MHR) (Max. 12 units/net acre)
- High Residential (HR) (Max. 20 units/net acre)

In addition to residential categories, Solana Beach also allows residential uses in commercial zones when integrated into a mixed-use development. Residential uses in commercial zones are also subject to additional limitations such as specific guidelines for placement of units, floor area ratio, and additional review. Commercial zones that allow residential uses include the following:

- General Commercial (C) (Max. 20 units/net acre)
- Light Commercial (LC) (Max. 12 units/net acre)

These categories accommodate development of a wide range of housing types in Solana Beach. Most future residential development will occur as in-fill housing on existing lots due to the built-out nature of the City. Furthermore, maintaining the existing residential categories is important for ensuring compatibility between the new and existing housing.

Scenic Area Overlay Zone

The purpose of the Scenic Area overlay zone is to regulate the development in areas of high scenic value to preserve and enhance the scenic resources present within and adjacent to such areas and to assure the exclusion of incompatible uses and structures. All projects within the zone require a Development Review Permit. Submittal requirements for applications for development review permits in the overlay zone can be found within Title 30 of the City's Municipal Code. The Scenic Area overlay zone primarily affects Open Space, Right of Way and Commercial zones. Therefore, it is not considered a constraint to the development of housing.

Hillside Overlay Zone

The purpose of the Hillside overlay zone is to restrict the grading of natural slopes with an inclination of 25 percent or greater in order to achieve the following:

- Preserve the natural topography and scenic qualities of the city;
- Protect native coastal sage/chaparral and grassland habitat;
- Preserve existing watersheds; and
- Reduce the potential for environmental hazards including soil erosion, siltation of coastal wetlands, landslides, adverse impacts due to runoff, and other impacts which could affect the public health, safety and general welfare.

All projects within the zone require a Development Review Permit. Submittal requirements for applications for development review permits in the overlay zone can be found within Title 30 of the City's Municipal Code. The Hillside overlay zone primarily affects small portions of residential zones and because it intends to reduce potential for hazards the overlay zone is necessary and not considered a constraint to the development of housing.

Floodplain Overlay Zone

The purpose of the Floodplain overlay zone is to ensure that any permitted development within the 100-year floodplain of the San Dieguito River Valley will not constitute an unreasonable, undesirable, or unnecessary obstruction to flood flow and that such development will not adversely affect coastal wetlands, riparian areas, or other sensitive habitat areas within the floodplain. All projects within the zone require a Development Review Permit. Submittal requirements for applications for development review permits in the overlay zone can be found within Title 30 of the City's Municipal Code. The Floodplain overlay zone intends to protect residents from environmental hazards and protect and conserve the land, it is therefore not considered a constraint to housing in Solana Beach.

Scaled Residential Overlay Zone

The purpose of the Scaled Residential overlay zone is to preserve and enhance the existing community character and aesthetic quality of the city of Solana Beach, by providing regulations to ensure and protect the character of established residential neighborhoods; and by preserving the traditional scale and seaside orientation of residential areas in the city of Solana Beach. The requirements of the overlay zone primarily affect Low-Medium Residential Medium Residential zones west of Interstate 5. The development standards set forth by the Scaled Residential zone include but are not limited to the following:

- Floor Area Ratio (FAR) must comply with a four-tiered standard.
- Required parking within garages is excluded from the FAR calculation.
- The floor area of any basement portion of a residential building will follow standards based on whether the basement has exposed sides or no exposed sides.
- Bay windows may extend into the setback given that they will not exceed three feet by four feet by two feet (depth).
- Three level building facades are prohibited.

In detail Development standards can be found within Title 30 of the City's Municipal Code. The Scaled Residential overlay zone primarily affects lower density zones which are buildout, the overlay zone is therefore not considered a constraint to housing.

2. State Density Bonus Law

Density bonuses are another way to increase the number of dwelling units otherwise allowed in a residentially zoned area. The City's Zoning Ordinance identifies the purpose of the Density Bonus Ordinance to provide density bonuses or equivalent financial incentives for the provision of affordable housing and implement the housing element of the Solana Beach general plan. Density bonus provisions do not apply to senior citizen and senior congregate care housing projects that utilize alternative density bonus provisions.

Density Bonuses may be awarded to applicants who agree to construct at least one of the following:

- Ten percent (10%) of the total units of a housing development for lower income households;
- Five percent (5%) of the total units of a housing development for very low-income households;
- A senior citizen housing development; or
- Ten percent (10%) moderate income housing in a common interest development; provided, that all of the units in the development are offered to the public for purchase.

If an applicant exceeds the percentages mentioned above, the applicant shall be entitled to an additional density bonus above 20 percent calculated as follows:

- For each one percent (1%) increase above ten percent (10%) in the percentage of units affordable to lower income households, the density bonus shall be increased by one and one-half percent (1.5%), up to a maximum of thirty-five percent (35%) for the total project;
- For each one percent (1%) increase above five percent (5%) in the percentage of units affordable to very low-income households, the density bonus shall be increased by two and one-half percent (2.5%), up to a maximum of thirty-five percent (35%) for the total project;
- For each one percent (1%) above ten percent (10%) in the percentage of units affordable to moderate income households, the density bonus shall be increased by one percent (1%), up to a maximum of thirty-five percent (35%) for the total project.

Each housing developments is entitled to only one density bonus, density bonuses from more than one category may not be combined, additionally, density bonus provisions do not apply to senior citizen and senior congregate care housing projects that utilize alternative density bonus provisions. An applicant with a development which qualifies for density bonus may also submit a proposal for additional incentives. Additional incentives may include, but are not limited to, reductions in restrictions on building standards, parking requirement, or approval of mixed-use development in conjunction with housing development. Qualifications for additional incentives include:

- One additional incentive for projects that include at least 10 percent of the total units for low income households, at least 5 percent for very low-income households, or at least 10 percent for moderate income households in a common interest development where all units are offered for purchase.
- Two additional incentives for projects that include at least 20 percent of the total units for low income households, at least 10 percent for very low-income households, or at least 20 percent for moderate income households in a common interest development where all units are offered for purchase.
- Three additional incentives for projects that include at least 30 percent of the total units for low income households, at least 15 percent for very low-income households, or at least 30 percent for moderate income households in a common interest development where all units are offered for purchase.

3. Residential Development Standards

Residential development standards allow cities to dictate the standards and regulations associated with development in order to maintain community compatibility and to provide well-designed housing options for the community. The City of Solana Beach requires a variety of regulations and restrictions for new developments, those pertaining to the construction of housing are described below and specific requirements can be found in **Table 3-2**.

Minimum Lot Sizes

Minimum lot sizes and dimensions (width and depth) correspond to their residential density categories such that application of these standards will allow planned density to be achieved. For example, the LR Low Residential zone requires a minimum lot size of 14,000 square feet (sf) per dwelling unit (du) to achieve a maximum of 3 du/acre (43,560 sf/3 = 14,000 sf). However, to achieve a higher density, minimum lot area is reduced as in the MHR Medium-High Residential Zone which allows 5,000 square feet lot area to achieve a density of 8 du/acre (43,560 sf /8 du = 5,000 sf/du). While minimum lot sizes, achieve appropriate densities per the desired housing type, all residential zones also allow one Accessory Dwelling Unit on lots with existing or proposed single-family homes or multi-family developments. Therefore, minimum lot size and lot dimension standards do not constrain the ability to achieve planned densities.

Setbacks

Minimum setback or yard requirements vary among the residential zones. The primary purposes of imposing setbacks is to ensure adequate air and light between properties, to ensure adequate on-site access and circulation, to provide opportunities for private open space areas (yards), and to separate uses between properties to minimize conflicts and potential life/safety hazards. Generally speaking, setbacks are tied to lot size, meaning smaller lots have lower minimum setbacks, and larger lots require larger “yards.” While it is possible that setback requirements may inhibit maximum density from being realized in some cases, there is enough flexibility in the current ordinances that setback requirements do not constitute a significant constraint on residential development. Setback requirements have been considered in the City's calculation of realistic site capacity.

Lot Coverage and FAR

Lot coverage and floor area ratio (FAR) standards are intended to control bulk, mass, and intensity of a use. Lot coverage limits a building's footprint and is defined as the percentage between the ground floor area of building(s) and the net area of a lot. FAR limits the total usable floor area and is expressed as a ratio between the bulk floor area of building(s) and gross lot area. Floor area ratio is a supplementary device that under some conditions improves upon (but does not necessarily replace) the traditional means of relating bulk of building to land, to other buildings in the vicinity, and to public facilities. It permits variable dimensions within an over-all volume limit and it offers a way of predicting the ratio of persons to a unit of land in office building districts of high land use intensity.

In the residential-only zones maximum floor area ratio ranges depending on desired density and requirements. For example, in the LR zone maximum lot coverage is 60 percent for the first 5,000 square feet, 30 percent for each additional square foot between 5,000 and 20,000, and 15 percent for additional square footage above 20,000. However, in the higher density zones such as MHR and HR maximum floor area ratio jumps to 75 percent. As applied to residential development, these standards may only limit the size of dwelling units, and do not limit the number of units, which is an expression of density (that is, zoning). FAR, combined with height limitations, can potentially prevent maximum density from being achieved in certain cases.

Maximum Building Height

All properties within the City of Solana Beach are located within the Coastal Zone as defined in the California Coastal Act. Therefore, the City's Local Coastal Program, as approved by the California Coastal Commission, restricts the maximum building height within the City to 25 feet. Additionally, in the MHR and HR residential zones, maximum

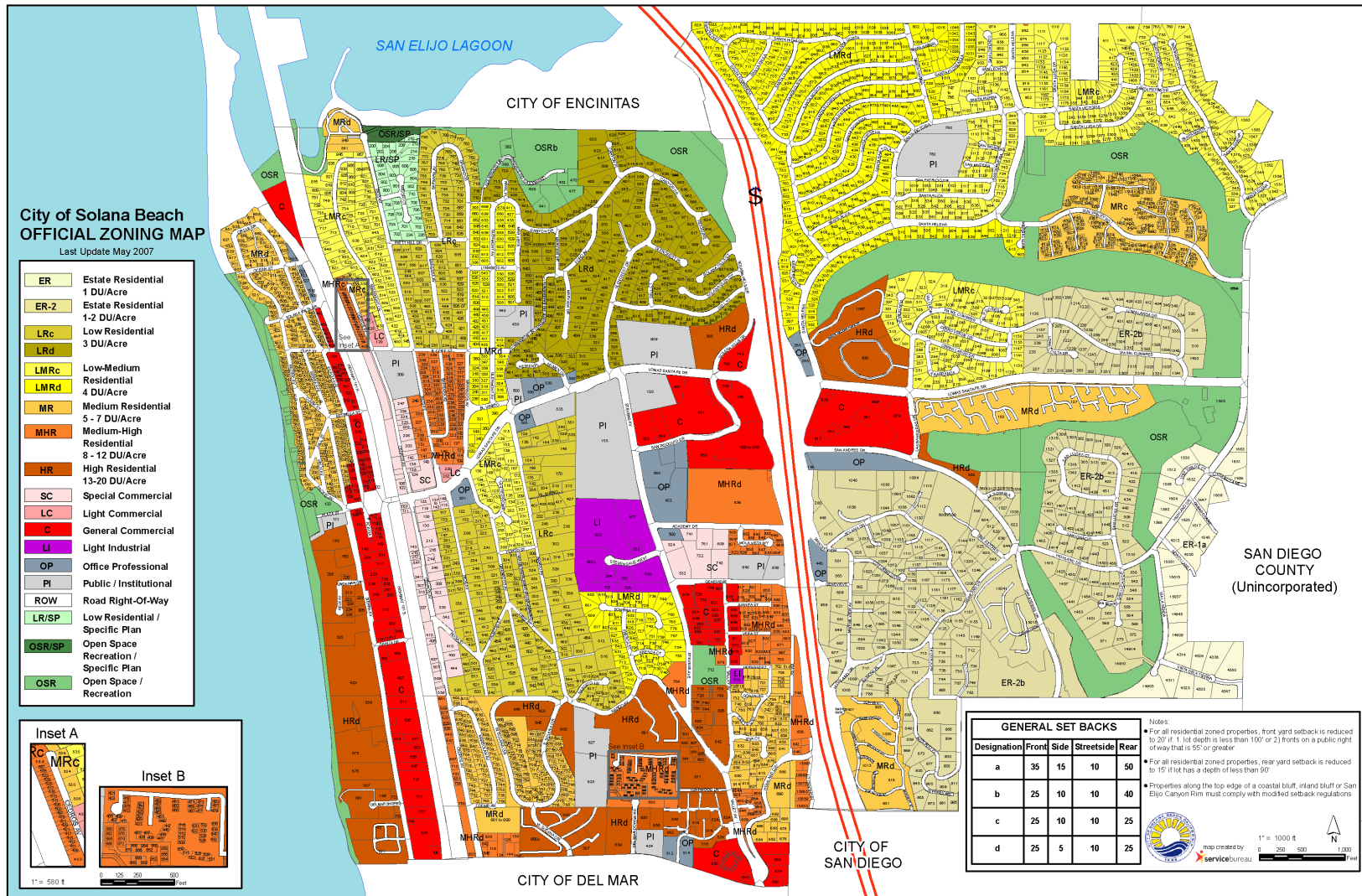
building height may be increased to 30 feet pursuant a development review permit or 35 feet pursuant a conditional use permit, as deemed appropriate. This figure is compatible with, and often more generous, than other nearby coastal jurisdictions; for example, the City of Encinitas restricts most building heights to 22 feet. Solana Beach is considered a built-out City, as many of its neighboring coastal cities which have more restrictive building heights, therefore, building height regulations in Solana Beach have not been considered an impediment to the development of housing within the City.

Residential Zone	Dimensions					Construction Standards	
Community Plan (Zone)	Min. Lot Size (sf)	Street Frontage	Width (Interior)	Width (Corner)	Depth	Max. FAR	Max Height (feet)
Estate Residential (ER-1)	40,000	100'	100'	100'	150'	60% ¹	25
Estate Residential (ER-2)	20,000	80'	80'	85'	150'	60% ¹	25
Low Residential Zone (LR)	14,000	65'	65'	70'	100'	60% ¹	25
Low Medium Residential Zone (LMR)	10,000	60'	60'	65'	100'	60% ¹	25
Medium Residential Zone (MR-East)	6,000	60'	60'	65'	100'	60% ¹	25
Medium Residential Zone (MR-West)	5,000	50'	50'	55'	100'	60% ¹	25
Medium High Residential (MHR)	5,000	50'	50'	55'	100'	75%	25 ²
High Residential Zone (HR)	10,000	60'	60'	65'	100'	75%	25 ²
North Rios Specific Plan	As allowed under the North Rios Specific Plan.						
Tangaroa Estates Specific Plan	As allowed under the Tangaroa Estates Specific Plan.						
Highway 101 Corridor Specific Plan	As allowed under the Highway 101 Corridor Specific Plan.						
FAR= Floor Area Ratio 1. 60% for the first 5,000 sf of lot area, 30% for each additional sf of lot area between 5,000 and 20,000 sf, and 15% for each additional sf of lot area above 20,000 sf. 2. Pursuant to a development review permit the max. building height for may be increased to 30 feet and pursuant to a conditional use permit, limited height increases to a max. of 35 feet for civic uses may be allowed.							

Minimum yard dimensions for the (ER-1), (ER-2), (LR), (LMR), (MR), (MHR), and (HR) zones shall be determined by the setback designator indicated on the city of Solana Beach official zoning map, on file with the city clerk and available at the department of community development. All yards shall be measured from the property line and/or road right-of-way as follows:

Setback Designator	Front Yard (feet)	Side Yard Interior (feet)	Side Yard Street (feet)	Rear Yard (feet)
A	35	15	10	50
B	25	10	10	40
C	25	10	10	25
D	25	5	10	25
Source: City of Solana Beach Zoning Ordinance. Note: Setback Designators are assigned in the City's Zoning Map, Figure 3 below.				

Figure 3-1: City of Solana Beach Zoning Map



Parking Standards

In addition to the development standards identified in **Table 3-3**, Solana Beach requires a certain number of covered spaces for two family and multifamily rental apartments as well as an additional space for all accessory living units. Guest parking is also required for multi-family housing at a ratio of one space for every four units. The Solana Beach Municipal code provides additional direction for parking standards and regulation, such as when a garage or parking lot is converted or used for purposes other than parking, the required amount of parking shall be provided on the site consistent with the design standards of this chapter.

Table 3-4: Parking Requirements for Residential Uses	
Unit Type	Number of Spaces Required
Single-family dwellings	2 Spaces
Two-family dwellings, multiple-family dwellings and mobile homes ¹	--
Studios/efficiency units/single room occupancy	1.5 Spaces
Two or more bedrooms	2 Spaces
Additional guest parking	1 uncovered space for each 4 units
Mobile home parks	2 covered spaces per unit within an enclosed garage and 1 uncovered guest space for each 4 units.
Group residential	1 space for each resident in accordance with total permitted occupancy plus 1 guest space for each 4 residents of permitted occupancy.
Accessory living units	1 space in addition to those required for primary residence.
Residential day care	2 spaces in addition to those required for primary use.
Residential care facilities	2 spaces in addition to those required for primary residence.
1. (For rental apartments - a minimum of 50 percent of required parking spaces shall be covered)	

Typically, the cost associated with garage parking construction can be viewed as a constraint to affordable housing development, particularly for multi-family housing. However, the City’s parking regulations are not a significant constraint because the number of required parking spaces for duplexes and multi-family projects varies by the number of bedrooms. Furthermore, affordable housing projects that qualify for a density bonus can request application for additional incentives which can be provided in the form of reduction of parking requirements. While off-street parking standards can affect planned residential density, especially for small lots and in-fill areas, this potential constraint is mitigated by the incentives and flexible standards described above.

4. Growth Management Measures

Growth management measures are techniques used by a government to regulate the rate, amount and type of development. In the General Election of 2000, Solana Beach’s voters passed Proposition T, known as the “Community Protection Act” which requires voter approval to change, alter, or increase General Plan land use categories. Proposition T amended the General Plan to specify that without approval by a majority of voters in the City, no General Plan Amendment, including a Specific Plan adoptions or changes, shall be adopted if they would:

- change, alter, or increase the General Plan Residential Land Use Categories, or
- change any land use designation to any other, except changes to land already designated residential and which clearly result in a reduction in intensity or density of said land use designated as residential.

Subsequently, in 1998 Solana Beach citizens voted into law Ordinance No. 251, which requires a public vote on all City Council approved General Plan amendments meeting the following threshold requirements:

- a 2.5 gross acre size;
- an increase in the amount of potential building space allowed by 50,000 square feet; or
- an increase in potential traffic generation by 25 percent or ten percent during peak hours.

Both Proposition T and Ordinance No. 251 require a public vote for general plan amendments affecting land use, with the exception of amendments necessary to comply with state or federal law. Proposition T does not interfere with rights to obtain density bonuses (which do not require a general plan amendment), or limit rights or other entitlements available under affordable housing law. The 2021-2029 Housing Element does not anticipate the need to rezone any land within Solana Beach, therefore Proposition T will not be triggered.

5. Specific Plans

North Rios Specific Plan

The North Rios Specific Plan, approved February 18, 1997, allows for the development of approximately 10 acres of previously underdeveloped land located at the northeast corner of Rios Avenue and Patty Hill Drive in the City of Solana Beach. The Specific Plan consists of a residential development which intends to create a “livable” neighborhood through the implementation of sensitive street and lot design.

The North Rios Specific Plan outlines the development regulations and guidelines, streetscape treatment, view preservation components, and implementation measures applicable to development of the project, which includes development of approximately 24 single-family residences on individual lots. Since adoption of the specific plan, these dwelling units have been constructed and currently remain as of September 2020.

Tangaroa Estates Specific Plan

The Tangaroa Estates Specific Plan, adopted September 3, 1996, permits the proposed residential development of a single parcel of land of approximately six acres in size. The subject land is located at the northern terminus of Rios Avenue in the City of Solana Beach, County of San Diego, California. The specific plan permits the development of nine single-family residential dwelling units, with an average lot size greater than 14,000 square feet. The specific plan permits a residential density three units per net acre with a maximum of nine lots.

These units are located directly north of the North Rios Specific Plan area. Since adoption of the specific plan, these dwelling units have been constructed and currently remain as of September 2020.

Highway 101 Corridor Specific Plan

The Highway 101 Corridor Specific Plan is a plan for physical development and redevelopment of this important roadway area that defines Solana Beach. The Plan provides a set of guidelines and regulations for directing development within the 163-acre project area. The purpose of the Specific Plan is to provide for new development and redevelopment to achieve a physical environment along the Highway 101 corridor that is cohesive and representative of the unique character of Solana Beach.

The Specific Plan carries out the goals and objectives of the Solana Beach General Plan through its identification of a development plan which complements General Plan policy, while implementing area-specific development standards and design guidelines. Additionally, the Specific Plan and the Zoning Ordinance are designed to work together in the Highway 101 corridor to implement General Plan policy for this area. As such, certain development standards contained in the Specific Plan are tailored to the unique character of the Highway 101 corridor and supersede those contained in the Zoning Ordinance. The Specific Plan designates ten land uses; commercial and industrial uses include, General Commercial, Light Commercial, Office/Professional, Planned Industrial, and Special Commercial. Residential development consists of single-family low medium residential (approximately four units per acre), single-family medium residential (up to seven units per acre), and single-family/multi-family medium high residential (up to 12 units per acre). For other standards, the Specific Plan refers directly to those contained in the Zoning Ordinance. Residential development standards for the Highway 101 Corridor Specific Plan are shown in **Table 3-5**.

Table 3-5: Highway 101 Residential Development Standards		
Development Standard	Designated Zone	
	Residential Low Medium and Medium	Residential Medium High
Minimum Lot Area (a)	10,000 SF	6,000 SF
Front Setback	25'	20'
Side Setback	10'	5'
Rear Setback	25'	25
Max. FAR	N/A	N/A
Height Limit*	25'	30'
Parking	Refer to Zoning Ordinance	
Landscaping	Refer to Zoning Ordinance	
<i>Source: Highway 101 Specific Plan</i>		
<i>* Building height greater than 16 feet is subject to View Assessment Process.</i>		

6. Provisions for a Variety of Housing Types

Housing Element law specifies that jurisdictions must identify adequate sites to be made available through appropriate zoning and development standards to encourage the development of a variety of types of housing for all income levels. **Table 3-6** below summarizes the City's zoning provisions for various types of housing. Permitted, conditional, and prohibited residential uses are indicated as follows:

- "P" indicates the use shall be a permitted use in the zone.
- "PL" indicates the use shall be permitted subject to the limitations set forth in the individual zone.
- "C" indicates the use is subject to a conditional use permit issued by the director of community development.
- "CC" indicates the use is subject to a conditional use permit issued by the city council.
- "E" indicates the use shall be prohibited within the zone.

Table 3-6: Permitted, Conditional, and Prohibited Uses in Solana Beach													
Housing Type	Residential Zones							Commercial/Industrial/Professional Zones					
	Er-1	Er-2	LR	LMR	MR	MHR	HR	C	SC	LC	OP	PI	LI
P = Permitted Use PL = Permitted subject to Limitations C = Conditional Use Permit issued by Community Development Director CC = Conditional Use Permit issued by City Council E = Prohibited													
Single-family Dwelling	P	P	P	P	P	P	P	E	E	E	E	E	E
Two-Family Dwellings (duplex)	E	E	E	E	P	P	P	PL	PL	PL	E	E	E
Multiple-Family Dwellings (condos, townhomes, apartments)	E	E	E	E	P	P	P	PL	PL	PL	E	E	E
Residential/Mixed Use Buildings	E	E	E	E	E	E	E	PL	PL	PL	E	E	E
Residential Care Facilities (6 or fewer persons)	P	P	P	P	P	P	P	P	P	E	E	E	E
Residential Care Facilities (7 - 12 persons)	C	C	C	C	C	C	C	C	C	E	E	C	E
Residential Care Facilities (13 or more persons)	CC	CC	CC	CC	CC	CC	CC	CC	CC	E	E	CC	E
Family Day Care Homes (6 or fewer persons)	P	P	P	P	P	P	P	P	P	E	E	E	E
Group Residential Facilities	E	E	E	E	E	C	C	CC	E	E	E	E	E
Senior Citizen/Congregate Care Housing	E	E	E	E	CC	CC	CC	E	E	E	E	E	E
Mobile Home and Manufactured Housing (individual lots)	PL	PL	PL	PL	PL	PL	PL	E	E	E	E	E	E
Mobile Home Parks	CC	CC	CC	CC	CC	CC	CC	E	E	E	E	E	E
Guest Houses	PL	PL	PL	E	E	E	E	E	E	E	E	E	E
Accessory Living Units	PL	PL	PL	PL	PL	C	C	E	E	E	E	E	E
Caretaker Units	E	E	E	E	E	E	E	PL	PL	PL	PL	C	PL
Home Occupations	PL	PL	PL	PL	PL	PL	PL	PL	PL	PL	E	E	E
Live/Work Uses	E	E	E	E	E	E	E	C	E	E	E	E	E
Emergency Shelters	E	E	E	E	E	E	E	P	E	E	E	C	E
*Permitted as an accessory to an allowed use Source: City of Solana Beach, Zoning Ordinance, accessed April 2020.													

Single-family

Any building designed and used to house not more than one family including all domestic employees of such family. Single-family use is permitted in all residential zones in the City.

Two-Family Dwellings

Any building designed and used to house two families living independently of each other on the same legal lot. Dwelling units may be attached or detached. Minimum separation between principal structures on the same lot is 15 feet. Duplexes are permitted in the MR, MHR, and HR zones, and they are permitted with limitations in the C, SC, and LC zones.

Multi-family

Any building designed and used to house three or more families living independently of each other on the same legal lot. Dwelling unit may be attached or detached. Minimum separation between principal structures on the same lot is 15 feet. This includes apartment houses, townhomes, and condos. Currently, multi-family housing is permitted in the MR, MHR, and HR zones and permitted with limitations in the C, SC, and LC zones.

Residential/Mixed Use Buildings

Any buildings designed and used to house one or more families living independently of each other in addition to one or more principal nonresidential uses permitted by the zone. Residential/Mixed Use is permitted with limitations in the C, SC, and LC zones.

Residential Care Facilities

Any family home, group care facility, or similar facility for 24-hour nonmedical care of persons in need of personal services, supervision, or assistance essential for sustaining the activities of daily living that is licensed by the State of California Department of Social Services or the Department of Alcohol and Drug Programs. Small residential care facilities serve six or fewer persons. Large residential care facilities serve seven or more persons. Residential care facilities designed for six persons or fewer are permitted in all residential zones and the C, SC and LC zones. Residential care facilities designed to for seven to twelve persons are conditionally permitted in all residential zones and the C, SC, and PI zones. Residential Care Facilities designed for thirteen or more persons are conditionally permitted in all residential zones and the C, SC, and PI zones.

Family Day Care Homes

A day care facility for six or fewer children. Family Day Care homes include infant centers, preschools and extended day care facilities. Family Day Care Homes are permitted in all residential zones and the C and SC zones.

Farmworker Housing

The City has a very small portion of land designated for agriculture uses. According to the American Community Survey, less than two percent of Solana Beach's workforce was employed in the farming industry. Therefore, there is no need for farmworker housing in Solana Beach. However, the City's overall efforts to provide and maintain affordable housing opportunities will help to provide housing for any farmworkers that may choose to reside in the city.

Group Residential Facilities

Any fraternity, sorority, boarding house, retirement homes or other residential occupancy of living units by groups of seven or more persons, exclusive of residential care facilities, single room occupancy hotels and senior congregate care housing. Group Residential Facilities are conditionally permitted in the MHR, HR, and C zones.

Senior Citizen/ Congregate Care Housing

A structure providing residence for a group of senior citizens (60 years of age or more) with central or private kitchen, dining, recreational, etc. facilities with separate bedrooms and/or living quarters. Senior Citizen/Congregate Care Housing is conditionally permitted in the MR, MHR, and HR zones.

Mobile Homes/Manufactured Housing and Mobile Home Parks

The Solana Beach Municipal code defines Mobile/Manufactured Homes as a factory-built or manufactured home as permitted by state of California and federal laws and installed on a permanent foundation system. Therefore, a Mobile Home Park is defined as a residential facility arranged or equipped for the accommodation of two or more mobile homes, with spaces for such mobile homes available for rent, lease, or purchase, and providing utility services and other facilities either separately or in common to mobile home space therein. Mobile/Manufactured Homes are permitted with limitations in all residential zones. Mobile Home Parks are conditionally permitted in all residential homes.

Guest Houses

The Solana Beach Municipal code a guest house as a detached accessory building for the temporary use by guests of the occupants of the premises including provisions for living, sleeping, and sanitation, but exclusive of cooking facilities. Guest Houses are permitted with limitations in the ER-1, ER-2, and LR zones.

Accessory Living Units

The Solana Beach Municipal code defines Accessory Living Units as a dwelling unit attached to a primary residence or accessory garage (to a primary residence) providing complete independent living facilities for no more than two persons including provisions for living, sleeping, eating, cooking, and sanitation. Accessory living units include granny flats and second units. Accessory Living Units are permitted with limitations in the ER-1, ER-2, LR, LMR, and MR zones, and are conditionally permitted in the MHR and HR zones. Development standards applied to Accessory Living Units are as follows:

A detached primary dwelling unit shall exist on the lot or premises.

The lot on which an accessory living unit is proposed shall have a minimum area of 6,000 square feet, not including any commonly owned area.

- The accessory living unit shall be attached to or contained within the primary dwelling in such a manner as to avoid the appearance of the add-on unit. For the purposes of this regulation, “attachment” shall include second story additions to (a) the principal structure, (b) an attached garage, or (c) a detached garage. The accessory living unit shall be architecturally integrated with the structure to which it is attached. The entrance to an accessory living unit shall not be visible from the street adjacent to the front yard setback.
- The maximum allowed area of the accessory living unit shall be 640 square feet. The minimum allowed area of the accessory unit shall be 350 square feet.
- The total floor area of all structures shall not exceed the maximum floor area (FAR) for the site.
- The owner of the property must continually occupy either the main dwelling unit or the accessory living unit. For purposes of this section, “owner” includes a lessee if the leasehold includes both the main dwelling and accessory living unit.
- One off-street parking space shall be provided for the accessory living unit and all off-street parking deficiencies shall be corrected.
- Any construction of an accessory living unit shall conform to all property development regulations of the zone in which the property is located as well as all fire, health, safety and building provisions of this title.

- The City may offer incentives to encourage development of accessory dwelling units. If owners of accessory units elect to file a 30-year deed restriction to rent the unit to lower income households, the City will consider waiving fees and reducing parking and development standards or providing other incentives consistent with the Costa Hawkins Act.

New State Law require cities to lessen certain restrictions surrounding ADUs and JADUs. As part of the Housing Plan (**Program 1B**), the City will commit to amending the ADU/JADU ordinance to be consistent with State law.

Ca retaker Units

A dwelling unit accessory to a principal use on a site and intended for occupancy on the same site by a caretaker, security guard, servant or similar position requiring residence on the site, exclusive of a hotel/motel manager's unit. Caretaker Units are permitted with limitations in the C, SC, LC, OP and LI zones and conditionally permitted in the PI zone.

Home Occupations

An accessory use of a dwelling unit for gainful employment involving the provision or sale of goods and/or services and the creation of handicrafts and artwork. A home occupation is incidental to the primary use of the building as a residence. Home Occupations are permitted with limitations in all residential zones and in the C, SC, and LC zones.

Live/Work Uses

An occupancy by an individual or a family maintaining a common household consisting of one or more rooms or floors in a building originally designed for industrial or commercial occupancy, or in a new building specifically designed for live/work use and includes the following:

- Cooking and sanitary facilities in accordance with applicable standards as adopted by the city of Solana Beach; and
- Adequate working space reserved for that sole purpose and used by one or more persons residing therein.

Live/Work Uses are conditionally permitted in the C zone.

Emergency Shelters

Temporary housing with minimal supportive services for homeless persons. No individual or household may be denied emergency shelter because of an inability to pay. Emergency Shelters are permitted in the C zone and conditionally permitted in the PI zone.

Transitional and Supportive Housing

Transitional housing is a type of supportive housing used to facilitate the movement of homeless individuals and families to permanent housing. California law defines "transitional housing" and "transitional housing development" as buildings configured as rental housing developments but operated under program requirements that call for the termination of assistance and recirculation of the assisted unit to another eligible program recipient after a predetermined period, not less than six months (Health and Safety Code Section 50675.2). Residents of transitional housing are usually connected to supportive services designed to assist the homeless in achieving greater economic independence and a permanent, stable living situation.

Supportive housing links the provision of housing and social services for the homeless, people with disabilities, and a variety of other special needs populations. State law defines "supportive housing" as housing with no limit on length of stay, that is occupied by low income adults with disabilities, and that is linked to on-site or off-site services that

assist the supportive housing resident in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community (California Health and Safety Code Section 50675.14).

The Solana Beach Municipal Code defines Transitional and Supportive Housing in line with the State's definitions and requirements. The Solana Beach Municipal Code does not define where supportive and transitional housing is permitted.

Tiny Homes

Tiny Homes are not currently defined or included in the Solana Beach Zoning Ordinance. The State of California also does not have existing guidelines for tiny homes, however, the 2018 International Residential Code (IRC) defines tiny homes as a dwelling unit which is 400 square feet or less in floor area excluding lofts. In its rulemaking document the ICC cited reasons for updating and including tiny homes in the IRC, including the following:

- The average US home size is increasing, while family size is decreasing;
- Tiny Houses use a fraction of the wood and wood products of a conventional home;
- Increased housing cost makes home ownership unfeasible for many, and;
- Tiny Houses can add to affordable owned and rental housing stock.

Single Room Occupancy Units

The Department of Housing and Urban Development (HUD) defines a Single Room Occupancy Unit (SRO) as a residential property that includes multiple single room dwelling units. Each unit is for occupancy by a single eligible individual. The unit need not, but may, contain food preparation or sanitary facilities, or both. They are distinct from a studio or efficiency unit, in that a studio is a one-room unit that must contain a kitchen and bathroom. Although SRO units are not required to have a kitchen or bathroom, many SROs have one or the other and could be equivalent to an efficiency unit. Currently, the Solana Beach Municipal Code does not contain specific provisions for SRO units, however, they do fall within the category of Multifamily housing and are subject to the same development standards as multifamily housing.

7. Housing for Persons with Disabilities

Both the Federal Fair Housing Amendment Act (FHAA) and the California Fair Employment and Housing Act direct require governments to make reasonable accommodations (that is, modifications or exceptions) in their zoning laws and other land use regulations to afford disabled persons an equal opportunity to housing. State law also requires cities to analyze potential and actual constraints to the development, maintenance, and improvement of housing for persons with disabilities.

The Housing Element Update must also include programs that remove constraints or provide reasonable accommodations for housing designed for persons with disabilities. The analysis of constraints must touch upon each of three general categories: 1) zoning/land use; 2) permit and processing procedures; and 3) building codes and other factors, including design, location and discrimination, which could limit the availability of housing for disabled persons.

Reasonable Accommodation

Persons with mobility disabilities may require modifications to their living quarters such as access ramps, wider doors and hallways, larger bathrooms, and lowered countertops. The City enforces the California Building Standards Code which provides flexibility in the design of housing for persons with disabilities.

Both the Federal Fair Housing Act and the California Fair Employment and Housing Act require local governments to make reasonable accommodations in their zoning laws and other land use regulations and practices when such accommodations are necessary to afford disabled persons with an equal opportunity to use and enjoy a dwelling.

Reasonable accommodation in the land use and zoning context means providing individuals with disabilities or developers of housing for people with disabilities, flexibility in the application of land use and zoning and building regulations, policies, practices and procedures, or even waiving certain requirements, when it is necessary to eliminate barriers to housing opportunities. For example, it may be reasonable to accommodate requests from persons with disabilities to waive a setback requirement or other standard of the Municipal Code to ensure that homes are accessible for the mobility impaired. Whether a particular modification is reasonable depends on the circumstances.

Solana Beach provides reasonable accommodation in procedures and regulations to ensure equal access to housing for persons with disabilities and the development of housing for persons with disabilities in the Request for Reasonable Accommodation Ordinance, adopted in February of 2014. The purpose of the Request for Reasonable Accommodation Ordinance is to provide a procedure under which a person with disabilities, or property owner of industrial or commercial uses, may request a reasonable accommodation in the application of zoning regulations to secure equal access to housing (or commercial/industrial facilities), and outline a process for decision makers to act upon such requests. A request for a reasonable accommodation in land use, zoning, and building laws, regulations, policies, or practices may be made by any person with a disability, or by an entity acting on behalf of a person or persons with disabilities, to secure equal access to housing. The requested accommodation may be approved or granted with modifications if the following findings can be made:

- The housing which is the subject of the request will be used by one or more individuals with a disability protected under the Acts;
- The accommodation requested is necessary to provide one or more individuals with a disability an equal opportunity to use and enjoy a dwelling;
- The requested reasonable accommodation will not impose an undue financial or administrative burden on the city; and
- The requested reasonable accommodation will not require a fundamental alteration in the nature of a city program or law, including but not limited to the general plan, zoning ordinance, and building laws.

The following criteria, among other factors, may be considered by the community development director regarding the reasonableness of the requested accommodation:

- Whether there are alternative reasonable accommodations available that would provide an equivalent level of benefit; and
- Whether the requested reasonable accommodation substantially affects the physical attributes of the property or has impacts on surrounding properties that would fundamentally alter a city program or law.

The community development director may impose any conditions of approval needed to ensure that the project complies with the required findings mentioned above. Conditions may include, but are not limited to, ensuring that any removable structures or physical design features that are constructed or installed in association with a reasonable accommodation are capable of being removed once those structures or physical design features are no longer necessary to provide access to the dwelling unit for the current occupants.

Residential Care Facilities

The City of Solana Beach Municipal Code defines Residential Care Facilities as any family home, group care facility, or similar facility, with or without food services and kitchen facilities, for 24-hour nonmedical care of persons in need of personal services, supervision, or assistance essential for sustaining the activities of daily living or for the protection

of the individual including, but not limited to, alcoholism or drug abuse recovery facilities, congregate living facilities, community care facilities, intermediate care facilities/disabled habilitative, or intermediate care/developmentally disabled-nursing facilities licensed by the state of California, excluding housing for the elderly, nursing and convalescent homes.

Residential care facilities designed for six persons or fewer are permitted in all residential zones and the C, SC and LC zones. A residential care facility for seven or more persons shall be permitted only by conditional use permit. Specific conditions providing for the development, operation, and design of any residential care facility for seven to 12 persons shall be made by the director of community development. Specific conditions providing for the development, operation, and design of any residential care facility for 13 or more persons shall be made by the city council.

The following development standards are intended as minimum requirements for residential care facilities. Since the conditional use permit process is discretionary, each application will be considered on its own merits. Additional requirements may be imposed in order to meet the objectives of the general plan or to address special circumstances of the proposal including, but not limited to, state and county licensing requirements:

- The use should comply with all property development regulations of the underlying zone, including but not limited to setbacks, yards, floor area ratio, height and parking, unless a variance to the above standards is granted in conjunction with the conditional use permit.
- Sleeping areas must meet all of the following criteria:
 - A minimum of 70 square feet of sleeping area per resident, exclusive of closet or storage space.
 - No room commonly used for other purposes shall be used as a sleeping area. Such rooms shall include but shall not be limited to living rooms, dining rooms, family rooms, dens, recreation rooms, hallways, stairways, unfinished attics, basements, garages, storage areas, sheds, or similar attached or detached buildings.
 - No sleeping area shall be used as a public or general passageway to another room, bath, or toilet.
 - A minimum of eight square feet of storage (closet or drawers) shall be provided per bed.
- The facility shall provide one full bathroom (toilet, sink, shower, and/or bathtub) per every seven beds.
- The facility shall be required to provide one parking space per employee and one parking space for every seven beds, unless the director of community development determines that additional parking spaces are required.
- The facility shall comply with citywide landscaping regulations.
- The facility shall be required to provide a common living area of 100 square feet plus five square feet per bed, exclusive of the sleeping, dining and kitchen areas.
- Existing and new facilities shall comply with all other health, building, and safety requirements.

Occupancy Standards

California law requires local governments to treat licensed group homes and residential care facilities with six or fewer residents no differently than other by-right single-family housing uses. "Six or fewer persons" does not include the operator, the operator's family or persons employed as staff. The City must allow these licensed residential care facilities in any area zoned for residential use and may not require licensed residential care facilities for six or less to obtain conditional use permits or variances that are not required of other family dwellings. Currently, Chapter 17.08.030 of the City's Zoning Ordinance defines a "family" as "Two or more persons living together as a bona fide single housekeeping unit," the City also permits residential care facilities in all residential zones. The City's definition of family does not produce potential constraints in providing access to care facilities or housing opportunities.

8. Development Fees

Residential developers are subject to a variety of fees and exactions to process permits and provide necessary services and facilities as allowed by State law; these fees include, but are not limited to, development impact fees, permit issuance, subdivision processing fees, and engineering and public works fees. Development impact and permit issuance fees are used to support a variety of functions including checking submitted plans, paying local facilities management fees, special road assessments, and public service-related fees for other agencies such as school districts, water districts, and utility providers. Subdivision processing fees are used to cover the City's administrative costs incurred through the processing of subdivision applications and plans. Engineering and public works fees perform a similar function.

In general, fees and exactions can impact the cost and feasibility of developing the housing as well as its affordability. They can be a constraint to the maintenance, improvement, and development of housing because the additional cost borne by developers contributes to overall increased housing unit cost. However, the fees are necessary to maintain adequate planning services and other public services and facilities in the City. According to the City's 2020-2021 adopted budget, in addition to development and impact fees, Solana Beach receives primary funds through the following top six General Fund revenues:

- Property Tax
- Sales Tax
- Motor Vehicle In-lieu
- Transient Occupancy Tax
- Franchise Fees
- Fire Benefit Fees

The City's revenues, listed above, help to fund public facilities, park maintenance, public arts, and public services, additionally in-lieu housing fees provide revenue supplementary to the listed fees.

The current fee schedule became effective 2020, and which is summarized in **Table 3-7**. Under the fee schedule, the City recovers a portion but not all of the City's administrative costs for processing development applications. The City's Engineering fees and Development Impact fees, also effective 2020, are summarized in **Tables 3-8 and 3-9** Table . Based on the City's 2020-2021 Budget, service charges, which include planning and zoning fees, building/plan check fees, public facilities fees, engineering fees, fire plan check fees, and park fees, account for about 3.5 percent of the City's total general fund revenue.

Table 3-7: Community Development Services Fees			
Description of Service	Fee/Deposit	Description of Service	Fee/Deposit
Conditional Use Permit	\$8,877	Major Subdivision - Tentative Map	\$14,350
Bluff Retention Device CUPs & Wireless Communication Facility CUPs	Require add'l deposit for third-party reviews at Cost + 15%	Major Subdivision - Final Map	\$4,976
Community Development Directors Use Permit	\$2,665 Per application	Minor Subdivision - Tentative Map	\$10,993
Zoning Letter	\$159	Minor Subdivision - Parcel Map	\$4,033
Variance - Processing	\$6,719	Environmental Impact Report	Deposit for third-party review at Cost + 15% Admin Fee
General Plan Amendment	\$10,000 Deposit or a deposit determined by staff with charges at the fully allocated hourly rates for all personnel involved plus any outside costs as determined	Structure Develop. Permit - Processing	\$3,680
Rezoning Review/Specific Plan		Structure Develop. Permit - Processing	\$1,104 If in conjunction with a Development Review Permit, fee will be \$1,077 per application
Zoning Text Amendment		Structure Develop. Permit - Processing	\$3,128 If in conjunction with multiple entitlements, a 15% discount is applied to lower cost entitlements, and fee will be \$3,052 per application
Development Review Permit - Processing - Level I Resident	\$5,228	Landscape Plan Review/Inspection	Deposit for third-party review at Cost + 15% Admin Fee
Development Review Permit - Processing - Level I Non-Resident	\$10,470	Planning Public Noticing	\$548 per notice plus mailing and Newspaper
Development Review Permit - Processing - Level II	\$17,543	Multi-permit discount of 15%	A multi-permit discount of 15% is available for each add'l Planning Department permit filed on the same project at the same time as the first permit service.

Source: City of Solana Beach, Schedule of Fees effective January 1, 2020.

Table 3-8: Engineering Review Fees			
Description of Service	Fee	Description of Service	Fee
Lot Line Adj./Cert. Of Compliance. - Review	\$1,881 per application	Grading Plan check/ Public Improvement Permit/Inspection - \$200,001+	\$3,100 + \$10 for each \$1000 or fraction thereof of the construction value over \$200,000
Grading Plan check/ Public Improvement Plan Check - \$0-\$10,000	\$1,025 Min. fee	Grading Deposits	Based on an Engineer's Estimate of the work performed under the permit.
Grading Plan check/ Public Improvement Plan Check - \$10,001-\$20,000	\$1,025 + \$10.25 for each additional \$100 or fraction thereof of the construction value over \$10,000	Geotechnical Plan Review/Inspection	Deposit for third-party review at Cost + 15% Admin Fee
Grading Plan check/ Public Improvement Plan Check - \$20,001-\$80,000	\$2,050 + \$3.08 for each additional \$100 or fraction thereof of the construction value over \$20,000	Encroachment Permit	Street Cut - \$774 Standard - \$543
Grading Plan check/ Public Improvement Plan Check - \$80,001-\$200,000	\$3,898 + \$10.25 for each additional \$1000 or fraction thereof of the construction value over \$80,000	Miscellaneous Engineering Permit/Inspection	\$226
Grading Plan check/ Public Improvement Plan Check - \$200,001+	\$5,128 + \$10.25 for each \$1000 or fraction thereof of the construction value over \$200,000	Easement Abandon/Street Vacation	\$1,758 per application or a deposit determined by staff with charges at the fully allocated hourly rate for all personnel involved plus any outside costs.
Grading Plan check/ Public Improvement Permit/Inspection - \$0-\$20,000	\$1,025 Min. fee	Easement/R.O.W Dedication	\$487
Grading Plan check/ Public Improvement Permit/Inspection - \$20,001-\$80,000	\$1,025 + \$15.38 for each additional \$1,000 or fraction thereof of the construction value over \$20,000	Subdivision Monuments	security deposit is based on estimate provided by surveyor to set the monuments.
Grading Plan check/ Public Improvement Permit/Inspection - \$80,001-\$200,000	\$1,948 + \$10.25 for each additional \$1,000 or fraction thereof of the construction value over \$80,000	Sewer Connection Fees	Future Capacity = 50% Ocean Outfall = 27% Existing Facility = 23% Per total of \$4,500 per 1.0 EDU

Source: City of Solana Beach, Schedule of Fees effective January 1, 2020.

Development Impact Fees

In addition to City fees charged at the time building permits are issued, developers are required to pay a number of impact fees (shown in **Table 3-9**). Additionally, school impact fees are required and collected by the San Dieguito School district. Considering the high cost of land in Solana Beach, the fees charged by the City and school district do not create a constraint to the construction of market rate housing. The fees only comprise a very small percentage of the entire cost to construct a residence in Solana Beach.

Although there are no specific establishments for a right to receive any additional incentive from the city or any other party or agency to enable the developer to meet the obligations of the City's Code, the city council at its sole discretion may discount city fees, expedite the application process, or provide other assistance when it finds that provision of such assistance is needed to meet housing needs. Furthermore, the city manager is authorized to reduce city

development impact fees by 75 percent for accessory dwelling units (ADU) processed consistent with the City’s code, provided that a deed restriction for state law affordability provisions is recorded for the term of 99 years.

Table 3-9: Development Impact Fees			
Description of Service	Fee	Description of Service	Fee
Regional Transportation Congestion Program RTCIP Fee	Single family \$3,623 per du	Third Party Review	
	Multi-family \$2,899 per du		
Public Facilities Fee	1% of project valuation	Landscape Review	+ 15% of Third-Party Review Cost
Master Art Policy Fee	0.5% of project valuation	Wireless Review	+ 15% of Third-Party Review Cost
Affordable Housing Impact Fee	\$25.28 per sf	Geotechnical Review	+ 15% of Third-Party Review Cost
Transportation Impact Fee - Single Family	\$ 15,714.00 per unit	Biological Review	+ 15% of Third-Party Review Cost
Transportation Impact Fee - Condo & Multi-Family	\$ 11,206.00 per unit	Counsel Review	+ 15% of Third-Party Review Cost
Transportation Impact Fee - Accessory Dwelling (units)	\$ 3,929.00 per unit	Stormwater Review	+ 15% of Third-Party Review Cost
Fire Mitigation Impact Fee - Detached Dwelling (units)	\$ 1,759.00	Traffic Review	+ 15% of Third-Party Review Cost
Fire Mitigation Impact Fee - Attached Dwelling (units)	\$ 248.00	Environmental Review	+ 15% of Third-Party Review Cost
Park Development Impact Fee - Detached Dwelling (units)	\$ 6,913.00	Shoreline Development Noise	+ 15% of Third-Party Review Cost
Park Development Impact Fee - Attached Dwelling (units)	\$ 5,002.00	Review Cultural Resources	+ 15% of Third-Party Review Cost
Public Use Facilities Impact Fee - Detached Dwelling (units)	\$ 640.00	Review Bluff Retention	+ 15% of Third-Party Review Cost
Public Use Facilities Impact Fee - Attached Dwelling (units)	\$ 463.00	Third Party Review Admin Fee	15% of Third Part Review Cost

Source: City of Solana Beach, Schedule of Fees effective January 1, 2020.

Affordable Housing In-lieu Fees

Payment of Affordable Housing Impact Fees

As an alternative to the construction of affordable units on-site, a developer may propose to pay affordable housing impact fees adopted by city council resolution to mitigate the residential project’s impact on the need for affordable housing in the city, if the city council makes both of the following findings:

- The affordable housing impact fees will be used to provide financial assistance to an identified city or city-sponsored affordable housing project that: (a) is proposed by an affordable housing developer; (b) has received all discretionary approvals from the city and the Coastal Commission; and (c) requires additional funds to commence construction.
- Provision of the affordable housing impact fee will create more affordable units than would be created by on-site provision of the affordable units.

Any approved affordable housing impact fees shall be paid prior to the first issuance of a building permit for the residential development.

Affordable Housing Impact Fees

Any affordable housing impact fees are set by city fee resolution or other action of the city council. Fees may be based on a fee per dwelling unit, fee per square foot, or any other reasonable basis. The city council may review the fees from time to time at its sole discretion and may, based on that review, adjust the fee amount. Affordable housing impact fees may not exceed the cost of mitigating the impact of residential projects on the need for affordable housing in the city. Based on the City's 2020 adopted fee schedule, the current affordable housing impact fee is \$25.28 per square foot.

In addition, all affordable housing impact fees shall be deposited into the city of Solana Beach designated housing fund. The fees collected and all earnings from investment of the fees shall be expended exclusively to provide or assure continued provision of affordable housing in the city through acquisition, construction, development assistance, rehabilitation, financing, rent or other subsidies, provision of supportive services, or other methods, and for costs of administering programs which serve those ends. The housing assisted shall be of a type, or made affordable at a cost or rent, for which there is a need in the city and which is not adequately supplied in the city by private housing development in the absence of public assistance and to the extent feasible shall be utilized to provide for low and very low-income housing.

9. Inclusionary Housing and Provisions for Affordable Housing

Due to the High cost of land and housing in Solana Beach, the City has established and implemented different programs and fees to provide housing access to all community members. Title 17, Chapter 70 of Solana Beach's Municipal Code establishes regulations and standards regarding the provision of affordable housing. The code states that new housing contributes to the demand for goods and services in the city, increasing local employment at wage levels which often do not permit employees to afford housing in the city. Further, new housing construction which does not include affordable units aggravates the existing shortage of affordable housing by absorbing the supply of available residential land. Providing affordable units or impact fees as required by chapter 70 of the code will ensure that part of the city's remaining developable land is used to provide affordable housing. The requirements, programs, and fees, detailed below, coincide with the City's housing goals, as expressed in the Housing Element component of the Solana Beach General Plan.

For the purposes of this section, a unit is affordable if it meets the requirements for affordable housing costs for very low- or low-income households established by Health and Safety Code Section 50052.5 and regulations adopted by the California Department of Housing and Community Development (California Code of Regulations Title 25, Sections 6910 through 6924) determining affordability of residential housing units based upon household size and income levels. The following discussion identifies Affordable Housing requirements and includes an analysis of potential constraints:

Affordable Housing Required – For-sale and Rental residential projects

Developers of for-sale residential projects providing five or more dwelling units, or five or more lots for sale for residential purposes, shall construct and set aside 15 percent of all units or lots for sale to very low or low income households at sales prices affordable to such persons or households. The required affordable units shall remain affordable for 99 years from the date of final inspection, as shown on the inspection record card for the affordable unit.

Developers of rental residential projects providing five or more dwelling units shall construct and set aside 15 percent of all units for rent to very low or low income households at rents affordable to such persons or households.

Additionally, the required rental affordable units shall remain affordable for 99 years from the date of final inspection, as shown on the inspection record card for the affordable unit.

As defined by the City's code, when the calculation of the number of affordable units required for a residential project results in a fraction of one-half or more, one additional affordable unit must be provided. When the calculation results in a fraction of less than one-half, the developer must either provide an additional affordable unit or pay an affordable housing impact fee calculated by multiplying the area (in square feet) of the average market-rate unit in the project by the fraction and multiplying that number by the impact fee per square foot. For example, based on the City's current fee schedule, if the average market-rate unit has 2,500 square feet, and there is a fraction of 0.2, the impact fee would total 500 multiplied \$25.28, generating a total \$12,640.

Affordable Housing Plan and Affordable Housing Agreement

An affordable housing plan shall be submitted as part of the first approval of any residential project and will be processed, reviewed, and approved, conditionally approved, or denied concurrently with all other applications required for the residential project. The affordable housing plan may indicate that the developer intends to pay affordable housing impact fees. However, if affordable units are proposed to be provided, the affordable housing plan shall include the following, as applicable:

- Number, affordability level, unit type, tenure (for-sale or for-rent), number of bedrooms, location, unit size (square feet), and design of all affordable units.
- Construction schedule and phasing of affordable units in relation to market-rate units.
- Any requested alternative to the provision of affordable units including information as required by the City and reasonably required by the community development director to demonstrate compliance with the Solana Beach Municipal Code.
- Such additional information as may be required by the community development director to ensure conformance of the project with this chapter or the general plan or any specific plan.

Additionally, Prior to final or parcel map approval for the residential project, or, if a tentative or parcel map is not requested for the residential development, prior to issuance of any building permit within the residential development, an affordable housing agreement between the developer and the city shall be recorded against the property included in the residential project. The affordable housing agreement shall be binding on all future owners and successors in interest. After approval of the affordable housing plan, the city manager is authorized to approve the affordable housing agreement and any additional documents necessary to implement this section.

The affordable housing agreement shall be consistent with the affordable housing plan and shall include, but not be limited to, the following:

- Number, affordability level, unit type, tenure, number of bedrooms, location, unit size, and design of all affordable units.
- A description of the household income groups to be accommodated by the housing development, and the standards for determining the corresponding affordable rent or affordable sales price and housing cost.
- A description of provisions for income certification and screening of potential purchasers or renters of affordable units, resale control mechanisms (in for-sale units), and ongoing monitoring and administration.
- Terms of affordability.
- A schedule for completion of affordable units and phasing of development in relation to construction of market-rate units.
- A description of remedies for breach of the agreement by either party.

- For for-sale affordable units, conditions governing the initial sale and resale of affordable units to eligible households to ensure continued compliance with the restrictions of this chapter; and a condition requiring disclosure by the developer to the buyer of affordable units of the existence of the deed restrictions affecting the resale of the property.
- For rental affordable units, conditions establishing rules and procedures for qualifying tenants, setting rental rates, filling vacancies, operating and maintaining rental affordable units, and annually monitoring affordable units. A rent regulatory agreement acceptable to the city will be recorded against the residential project prior to issuance of a building permit for any dwelling unit in the residential project. The rent regulatory agreement shall include the developer's agreement to the limitations on rents required by the City.
- If an alternative to affordable units is approved (alternatives detailed below), provisions to ensure that the affordable housing is provided and that the requirements applied to the alternative have been complied with. Where off-site property is proposed for affordable housing, additional restrictions or agreements may be required to be recorded against the off-site property.
- Other provisions needed to ensure implementation and compliance with this chapter, to ensure continued affordability of the units, or to comply with state or federal law.

Alternatives for Provision of Affordable Units

The City of Solana Beach has a number of alternatives for the provision of affordable units. The alternatives are broken down by the following categories and detailed below.

Rental Units in a For-Sale Residential Project

- A developer of a for-sale residential project may propose to provide rental affordable units rather than for-sale affordable units.
- If the developer elects to provide rental affordable units, at least 15 percent of the units in the residential project shall be rented to very low- or low-income households at affordable rents.
- The rent regulatory agreement will include provisions for sale of the affordable units and relocation benefits for tenants of the rental affordable units if the owner of the residential project later determines to offer any rental affordable units in the residential project for sale.
- The owner must also provide all notices to prospective tenants of the residential project required by state law and, at the time sale of the units is proposed, provide all tenants of the rental affordable units with the same notices, rights, and relocation benefits as provided by state law and the municipal code for tenants in condominium conversions.
- The owner shall provide written notice to the city at least 90 days before offering any rental affordable unit for sale. The owner shall provide as many for-sale affordable units at affordable housing cost as are required.
- At the time of sale, documents acceptable to the community development director, all consistent with the requirements of this chapter, shall be recorded against the for-sale affordable units for a term of 99 years from the date of sale.

Construction of Off-Site Affordable Housing

As an alternative to the construction of affordable units on-site, a developer may propose to construct an affordable housing development on other property within the city. The affordable housing plan must provide evidence of and contain the following:

- Financing or a viable financing plan, which may include public funding, shall be in place for the off-site affordable units.

- The off-site location must be suitable for the proposed affordable housing, consistent with any adopted affordable housing guidelines and the housing element, will not tend to cause residential segregation, and be located within the city of Solana Beach boundaries with appropriate infrastructure and services. Any off-site alternative must comply with the density, intensity and development standards that are permitted under the zone for the site.
- Prior to issuance of a building permit for any unit in the residential development, the off-site development shall have all discretionary permits and approvals necessary for the construction of the affordable housing, and the developer approved by the city shall have purchased the site for the off-site affordable housing.
- Prior to occupancy of any unit in the residential development, occupancy shall have been authorized for all units in the affordable housing development.

Preservation or Conversion of Existing Unit

As an alternative to the construction of affordable units on-site, a developer may propose to preserve existing affordable units at risk of loss or convert market-rate units to affordable units, if the preservation or conversion of these units is consistent with requirements of the City's Code allows the city to substitute the preservation or conversion of these units for the obligation to identify sites.

Legalization of Existing Unpermitted Dwelling Units

As an alternative to the construction of affordable units on-site, a developer may acquire and place deed restrictions upon existing housing units within the city constructed without building permits, for occupancy by very low- or low-income households at prices or rents affordable to such households subject to the following standards and conditions:

- The developer must demonstrate ownership of the unpermitted dwelling units or an executed agreement with the owner of the dwelling units agreeing to record an affordable housing agreement against the property and to grant the developer access to perform any required rehabilitation or improvements.
- The existing unpermitted housing units must not have a separate address that was included in the most recent United States Census.
- The units must be ready for occupancy by an eligible household prior to final inspection, as shown on the inspection record card, for any market-rate units in the residential project.
- A building permit shall be obtained for each unpermitted dwelling unit. Any substandard unit shall be rehabilitated in conformance with applicable local ordinances and state statutes.
- If the units will be for-sale or rental affordable units, the number, affordability, and term of affordability of the affordable units shall conform with the provisions of the City's Code requirements.

Affordable Housing Design and Standards

When an affordable unit is the unit may be constructed as a separate single-family dwelling unit or may be combined with other dwelling units. Affordable units must be designed to be integrated into the residential style of the residential project, and shall have the same general bulk, scale, average square footage, same mix, and height as market-rate units in the development. Subject to approval of the community development director or designee, affordable units may have different interior finishes and features than market-rate units in the same residential development project, so long as the finishes and features are durable, of good quality and consistent with contemporary standards for new housing.

Additionally, affordable units must be comparable to market-rate units in overall number of bedrooms and the proportion of units in each bedroom category. For multifamily residential projects, the affordable units shall be integrated into the project and located so as not to create a geographic concentration of affordable units within the

residential project, unless required to provide housing for senior citizens or to obtain financial assistance from state or federal agencies.

Finally, all affordable units must be constructed and occupied concurrently with or prior to the construction and final inspection of market-rate units. In phased residential projects, affordable units shall be constructed and occupied in proportion to the number of units in each phase of the residential project.

Waivers of Affordable Housing Requirements

As part of an application for the first approval of a residential project, a developer may request that the requirements of this chapter be waived or modified, based upon a showing that applying the requirements of this chapter would result in an unconstitutional taking of property or would result in any other unconstitutional result. Any request for a waiver or modification shall be submitted concurrently with the project application. The developer shall set forth in detail the factual and legal basis for the claim, including all supporting technical documentation, and shall bear the burden of presenting the requisite evidence to demonstrate the alleged unconstitutional result. Any request for a waiver or modification based on this section shall be reviewed and considered at the same time as the project application. In deciding whether to grant the waiver or modification, the city council shall assume each of the following when it is applicable to the project:

- The developer will provide the most economical inclusionary units feasible in terms of construction, design, location and tenure.
- The developer is likely to obtain housing subsidies when such funds are reasonably available.

The waiver or modification may be approved only to the extent necessary to avoid an unconstitutional result, based upon legal advice provided by or at the behest of the city attorney, after adoption of written findings, based on legal analysis and the evidence. If a waiver or modification is granted, any change in the project shall invalidate the waiver or modification, and a new application shall be required for a waiver or modification.

10. On-/Off-Site Improvements

Site improvements in the City consist of development for on-site improvements (fronting streets, curbs, gutters, sewer/water, and sidewalks), and off-site improvements (drainage, parks, traffic, schools, and sewer/water). Thus, these are costs that will be added to the sale or rental price of housing. Because residential development cannot take place without the addition of adequate infrastructure, site improvement requirements are not seen as a constraint to the development of housing within the City.

The infrastructure in Solana Beach is fully developed and well maintained. As a result, only minimal on or off-site improvements are required for most new development. Typical on-site improvements consist of curbs, gutters, sewers/water, and sidewalks. Required off-site improvements are also minimal and directly relate to project impacts. For example, a project approval may be accompanied by conditions for localized street and intersection improvements. But again, because the City's infrastructure is largely in place and because there is minimal land available for subdivisions, requirements for construction of new public streets or other significant infrastructure is very rare. The required public improvement standards are used primarily to ensure that the existing roadways adjacent to new residential construction maintain or provide the appropriate right-of-way. In conclusion, given the completely developed nature of the City's infrastructure, the cost to developers of providing public facilities is relatively low when compared to other parts of the region where the infrastructure is not already available or is inadequate to serve new development.

11. Building Codes and Enforcement

The City of Solana Beach's construction codes are based upon the California Code of Regulations, Title 24 (Building, Plumbing, Mechanical, Electrical and Housing Codes) and are considered to be the minimum necessary to protect the public health, safety and welfare of the City's residents. Code enforcement is conducted by the City and is based on systematic enforcement in areas of concern and on a complaint basis throughout the city. The Code Enforcement Division works with property owners and renters to assist in meeting state health and safety codes. The Code Compliance Department investigates complaints regarding violations of the Solana Beach Municipal Codes, Uniform Building Codes, Fire Codes, and Parking regulations. The intention and goal is to work together with the community to help resolve issues through voluntary compliance.

12. Local Processing and Permit Procedures

The processing time for permits varies in Solana Beach based upon the scope and type of project and the applicant's compliance with the City's ordinances and completeness of applications. Certain types of applications/permits are discretionary and require a public hearing, while others are processed administratively. Projects needing discretionary review typically involve significant grading activity or buildings over 500 square feet in size. On average, permit processing for discretionary projects takes between two and four months. Administrative approval takes between several days to two or three weeks. A significant portion of the permit processing in the City is associated with single-family remodels.

Projects that take a longer time to secure final approval generally have significant environmental impacts or involve general plan amendments or rezonings. The developers may be responsible for delays by failing to provide information or requesting continuances. Permit approval under these circumstances requires more time for public notice, public hearings, and negotiation of design modification to resolve problems.

For a discretionary development review permit, the City automatically proceeds with a development proposal hearing at the next scheduled City Council meeting once four requirements are met: (1) the proposed development is consistent with the General Plan and all applicable requirements, including special regulations, overlay zones, and specific plans; (2) the proposed development complies with the development criteria; (3) environmental review as required by CEQA is completed; and (4) all required permits and approvals, including Variances, Conditional Use Permits, comprehensive Site Plans, etc., are processed concurrently with the development review permit.

Once the criteria are met, the City continues to apply the State of California Streamlining Act requirements to ensure continued timely and predictable permit processing. The process is further expedited in the City of Solana Beach because the City has no Planning Commission; the Council acts as the Planning Commission and; thereby, reduces the steps in the process and removes uncertainty of Planning Commission-City Council policy interpretations. An application for a development review permit shall be required for any structure or site development which meets, but is not limited to, the following criteria:

- New construction (including structural additions to existing development) totaling 30,000 gross square feet or more, except greenhouses in the (A) zone and structures in residential zones.
- Any residential projects of 20 or more units.
- Any site development, including grading, or construction including any structural additions to existing development, that involves an aggregate of more than 100 cubic yards of cut and/or fill, excluding:
 - Residential swimming pools/spas
 - City of Solana Beach approved public works projects in the existing right of way

- Any new residential structure or structural addition in the MHR or HR zones which exceeds 25 feet in height and any new nonresidential structure or structural addition which exceeds 30 feet in height.
- Any developments located in the Hillside, Scenic, or Floodplain Overlay Zones.
- Any development on a coastal bluff top property or on the face or toe of a bluff for which a coastal development permit issued by the California Coastal Commission is presently required.
- Any new construction, including replacement of an existing structure or structural additions to existing development in residential zones, shall require a development review permit if either or both of the following development criteria are satisfied:
 - The total of existing square footage plus proposed new square footage of the structure exceeds 60 percent of the maximum floor area allowable under the applicable floor area ratio.
 - If new square footage is proposed for an existing or new second story, the total of the existing square footage plus proposed new square footage of only the second story of the structure exceeds 40 percent of the floor area of the first story existing floor area for residential lots of 6,000 square feet or less, or 35 percent of the floor area of the first story existing floor area for residential lots of greater than 6,000 square feet.

No building permit or grading permit shall be issued relating to a project for which a development review permit is required by this title until a development review permit is obtained. Additionally, Solana Beach is located entirely within the state's coastal zone and all Coastal Development Permits must be heard by the State Coastal Commission.

The general process for obtaining an administrative building permit in Solana Beach is as follows:

- One set (1) of building plans are initially reviewed by the Planning Department. Once the planning department has reviewed and noted required revisions or comments, the plans are marked to proceed with plan check. The applicant is advised to submit four (4) additional sets to the Building Department, which is managed by Esgil, an independent firm that provides plan check services to the City of Solana Beach. The Engineering, Environmental and Fire Departments conduct their reviews at the same time. The plans are reviewed for compliance with both the City's Municipal Code and applicable State laws.
- The Building Department plan check process may require plan revisions and subsequent rechecks until the plans are determined to meet all California Building Codes.
- The final set of plans must then be resubmitted to the City of Solana Beach for a "Re-Stamp." This Re-Stamp is required to allow each department the opportunity to review the final plan to confirm that required revisions were made, and to evaluate whether changes required by a different department did not create additional comments. Once the building permit plans have been placed in stamp out, the City sets no longer than ten days to sign off. Generally, the Re-Stamp proceeds more quickly than the initial review.

The City operates a permit and processing counter with daily hours and provides extensive technical assistance to project proponents to ensure that their applications are complete and correct. In this manner, the City is able to provide a high degree of certainty and process proposals within seven to eight weeks.

13. State Policies and Regulations

State policies and regulations, which are regularly updated to include new standards for development, requirements to improve accessibility, and updated environmental standards, may also serve to constrain housing development in local communities.

California Code of Regulations, Title 24

The state of California regularly updates and adopts new standards for construction which are known as the California Building Standards Code. The California Building Standards Code is a compilation of three types of building standards from three different origins, listed as follows:

- Building standards that have been adopted by state agencies without change from building standards contained in national model codes;
- Building standards that have been adopted and adapted from national model codes to address California's ever-changing conditions; and
- Building standards, authorized by the California legislature, that constitute amendments not covered by national model codes, that have been created and adopted to address particular California concerns.

Regulations for residential use, maintenance, and occupancy for existing buildings are found in the California Code of Regulations, Title 24 Part 2.5. The most recent Code was published July 1, 2019 and went into effect January 1, 2020. The City of Solana Beach has adopted the 2019 Code as the city's building standards, and the regulations and requirements provided by the California Code are not considered a constraint to development of accessible and affordable housing being they are required by law and developed to implement safe and well design standards.

Environmental Protection

State regulations require environmental review of proposed discretionary projects (e.g., subdivision maps, use permits, etc.). Costs resulting from fees charged by local government and private consultants needed to complete the environmental analysis, and from delays caused by the mandated public review periods, are also added to the cost of housing. However, the presence of these regulations helps preserve the environment and ensure environmental safety to Solana Beach residents.

C. Infrastructure Constraints

Another factor that could constrain new residential construction is the requirement and cost to provide adequate infrastructure (major and local streets; water and sewer lines; and street lighting) needed to serve new residential development. In most cases, where new infrastructure is required, it is funded by the developer and then dedicated to the City, which is then responsible for its maintenance. Because the cost of these facilities is generally borne by developers, it increases the cost of new construction, with much of that increased cost often "passed on" in as part of home rental or sales rates. However, such infrastructure costs do not represent a barrier in Solana Beach because as a built-out community, Solana Beach's infrastructure is, likewise, built out and in place. Therefore, the high development costs often associated with installing infrastructure systems in other communities are not found in Solana Beach.

1. Water Supply and Wastewater Capacity

Among the municipal services that the City of Solana Beach provides are the functions of wastewater, and clean water (storm water pollution prevention). These utility services are funded exclusively from fees and rates charged to the City's utility customers related to their use. Water supply is provided by the Santa Fe Irrigation District.

Water Supply

The Santa Fe Irrigation District provides reliable water to the Rancho Santa Fe, Fairbanks Ranch and City of Solana Beach area, and has been for almost a century. The Mission of the Santa Fe irrigation District is to efficiently provide its customers with safe and reliable water. The Santa Fe Irrigation District was originally formed by landowners under the California Irrigation District Act to provide water service to the area. The District serves approximately 19,400

customers on 10,200 acres of land in three communities: Rancho Santa Fe, Fairbanks Ranch and the City of Solana Beach.

The Santa Fe Irrigation District has 100% ownership of 151 miles of pipelines and a six million-gallon filtered water reservoir in Solana Beach known as Larrick Reservoir. It shares ownership with the San Dieguito Water District (SDWD) of a 40 million-gallon-per day (mgd) water treatment and filtration plant (R.E. Badger Filtration Plant). The San Dieguito Reservoir was constructed in 1918 and has the capacity to hold 550-acre feet of raw water.

Wastewater Capacity

In compliance with the Federal Clean Water Act requirements, the City maintains the sanitary sewer system. A private contractor, under contract with the City of Solana Beach, provides routine cleaning of the public sewer mains. All public sewers are cleaned at least once a year using high pressure jetting and/or mechanical rodding. Problem sewers are cleaned up to four times annually. Root intrusion and grease buildup are the primary culprits of sewer backups.

The City's sewage is pumped to the San Elijo Water Reclamation Facility in Cardiff for treatment and disposal. The treatment facility supplies reclaimed water for landscape irrigation and industrial applications. The City Council appoints representatives to sit as voting members on the San Elijo Joint Powers Authority Board.

Sewer service charges are billed annually on the County property tax bill. The charge is determined based upon a user classification or category. Sewer service is not determined by water usage. The City Council, upon review of operating expenses and staff recommendations, determines the annual sewer fees each year.

Based on current service, routine care of the City's system, and the fact that the City of Solana Beach is built-out and well connected, additional housing does pose a significant impact

2. Stormwater Management

Solana Beach is located within the Carlsbad and San Dieguito River Watershed Management Areas (WMAs). Major surface water bodies in the Carlsbad WMA that receive urban runoff discharges from areas within the City include the San Elijo Lagoon and the Pacific Ocean. Major surface water bodies in the San Dieguito WMA that receive urban runoff discharges from areas within the City are the San Dieguito River/Estuary and the Pacific Ocean. The City of Solana Beach Public Works Department has and is responsible for maintaining the storm drain infrastructure through comprehensive programmatic efforts.

As mandated by the National Pollutant Discharge Elimination System Permit Order No. R9-2013-0001 (NPDES Permit) issued by the Regional Water Quality Control Board (RWQCB), the City is required to prevent and eliminate non-storm water discharges into the City's storm drain system. Non-compliance with the NPDES Permit can result in heavy fines to the City, up to \$10,000 per day per violation. In order to stay in compliance, the City has a comprehensive program to reduce the amount of pollutants that are allowed to enter the storm drain system. This is important because storm drains are NOT connected to wastewater treatment facilities, so the water that enters them flows directly to creeks, lagoons, and oceans untreated. The City of Solana Beach prohibits all non-storm water discharges unless a discharge is authorized by a separate NPDES permit. Typical non-storm water discharges include, but are not limited to:

- Oil from vehicles
- Excess pesticides and fertilizer from landscaping
- Bacteria from pet waste
- Sediment from construction and landscaping projects
- Soap from car washing
- Litter
- Lawn and garden debris

- Improperly disposed home improvement debris
- Irrigation runoff
- Water from residential and commercial street, sidewalk, and parking lot washing
- Air conditioning condensation
- Chlorinated swimming pool discharges
- Sanitary sewer and septic system overflows

Jurisdictional Runoff Management Program

The City has a Jurisdictional Runoff Management Program (JRMP) that governs the activities and programs implemented to comply with the NPDES Permit. The purpose of the City's JRMP is to implement strategies that effectively prohibit non-storm water discharges to the MS4 and reduce the discharge of pollutants in storm water to the maximum extent practicable (MEP). Improving the quality of the discharge from the MS4 should have beneficial effects on the local receiving water bodies.

While the primary responsibility of managing the JRMP lies with the Department of Public Works, other City departments participate in the implementation of the program. Each Department and associated Division has an established role in implementing the components of the JRMP. The JRMP is broken up into the following sections, each with their own set of guidelines and requirements that City staff must adhere to and implement to stay in compliance with the NPDES Permit:

- Development Planning
- Construction
- Municipal
- Industrial and Commercial
- Residential
- Illicit Discharge Detection and Elimination
- Education
- Public Participation
- Fiscal Analysis
- Effectiveness Assessment

The City also has responsibilities above and beyond the requirements of the JURMP. The NPDES Permit requires the City to participate with neighboring jurisdictions and the entire region to develop and implement Watershed programs and a Regional Program. The City is in two separate watersheds, the Carlsbad Watershed and the San Dieguito Watershed, which each have pollution prevention programs called Watershed Urban Runoff Management Programs (WURMPs). City staff must develop and implement programs with staff from neighboring jurisdictions and the region to address water pollution on a much larger scale.

3. Fire and Emergency Services

Management of the fire department is handled through a Management Services Agreement with the City of Encinitas. Through this agreement the department is staffed with a Fire Chief, Deputy Fire Chief, 4 Battalion Chiefs, Fire Marshal, 6 Fire Captains, 6 Fire Engineers, 4 Firefighter/Paramedics, 2 Probationary Firefighters, a Management Analyst, and a Fire Prevention Specialist. In addition, the fire station is home to 6 Paramedics operating an ambulance owned by American Medical Response.

Responsibilities

Duties include supervising fire suppression operations and emergency medical services; emergency management; fire prevention activities; purchasing of materials, supplies, and fire equipment; management of service contracts; and administrative functions. In addition to Del Mar and Encinitas, the Solana Beach Fire Department has automatic aid agreements with the City of San Diego and the Rancho Santa Fe Fire District. The Solana Beach Fire Department provides mutual aid to the Northern San Diego Zone, San Diego County and as needed throughout the State of California

Emergency Response

Emergency response is handled according to the nature of the emergency with a combination of vehicles and equipment housed at the Solana Beach station and from surrounding agencies through mutual aid and automatic aid agreements. For example, a call for a structure fire would bring an engine, truck and paramedic unit from Solana Beach as well as engines from Rancho Santa Fe, Del Mar, Encinitas and San Diego. An increase to a second or third alarm would bring vehicles from as far as Carlsbad, Oceanside, Vista, San Marcos and Escondido.

The City of Solana Beach contracts with Trauma Intervention Programs of San Diego County, Inc. (TIP), a non-profit organization of specially trained citizen volunteers, to provide immediate emotional and practical support to victims and their families in the first few hours following a tragedy.

It is not anticipated that any new fire or emergency facilities would be required as a result of development on the housing sites. Therefore, this does not place a constraint on development.

4. Police Services

The City of Solana Beach is contracted for law enforcement services from the San Diego County Sheriff's Department. Through contract with the Sheriff's Department, the City of Solana Beach receives routine patrol of streets by patrol and traffic deputies, crime prevention services, and a wide array of other law enforcement services. The North Coastal Station serves nearly 60 square miles which includes the cities of Solana Beach, Encinitas and Del Mar, and the unincorporated communities of Rancho Santa Fe, Del Dios, Camp Pendleton and San Onofre.

Patrol Division

Patrol deputies respond to crimes or emergencies in progress and calls for service. They conduct routine patrols with their primary focus on the protection and preservation of life. They conduct preliminary investigations and apprehend law violators.

Traffic Division

Traffic deputies focus on vehicle code enforcement, traffic collision investigations and traffic control. The California Highway Patrol is the agency responsible for traffic enforcement in the unincorporated areas throughout the state of California.

It is not anticipated that any new police facilities would be required as a result of development on the housing sites. Therefore, this does not place a constraint on development.

D. Environmental Constraints

1. Geologic and Seismic Hazards

Southern California is considered as one of the most seismically active regions in the United States because the faulting is dominated by the compression regime associated with the "big bend" of the San Andreas Fault Zone. The San Diego region is transected by several sub-parallel, pervasive fault zones, as well as smaller faults. Historically, earthquakes less than magnitude 4 have been common to the San Diego region.

Solana Beach is located on the western edge of the Peninsular Range geologic province. The Peninsular Range province is a physiographic feature which includes the Laguna Mountains, the Agua Tibia Mountains, the Santa Rosa Mountains, the San Jacinto Mountains, and the Santa Ana Mountains. The formation of this province's mountain ranges and other features is due to the relative movement of the Pacific and North American continental plates along the San Andreas fault system. The province is located immediately west of the San Andreas fault and is affected by a number of other faults.

Therefore, Solana Beach, like much of southern California, is located in a region of high seismic activity. An offshore extension of the Rose Canyon fault lies approximately two miles to the west of Solana Beach and is considered to be potentially active. Events are much less likely to occur on potentially active faults as compared to active faults. However, given the close proximity of the Rose Canyon fault to Solana Beach, a strong earthquake on this fault could produce severe ground shaking in the city. In addition, recent offshore seismic activity has demonstrated that small magnitude earthquakes (less than 4.5 magnitude) can be generated on offshore faults, located approximately five miles offshore, and known as the South Coast Offshore Zone of Deformation. Below is an analysis of geologist and seismic constraints to development in Solana Beach per the City's Safety Element and Climate Action Plan.

Geologic and Seismic Constraints to Development

The suitability of land for development is influenced strongly by the presence of certain geologic and seismic hazards. These hazards range from the direct and indirect effects associated with earthquakes to problems associated with slope stability and soil conditions that are not conducive to development.

Seismic Shaking

The energy released by movement along a fault travels through the earth's crust as shock waves which cause the ground motion associated with earthquakes. The severity of ground motion at any given location is related to the total amount of energy released, the distance from the earthquake's origin, and the character of surface and subsurface geologic conditions.

Virtually all of Solana Beach consists of well-consolidated geologic materials rather than poorly consolidated soils such as alluvial deposits. Nevertheless, it should be noted that ground shaking in hillside areas could induce the slumping of geologic structures or landslides in areas of slope instability. According to the California Division of Mines and Geology, Solana Beach is within an area where the intensity of maximum expectable earthquakes would likely be moderate.

Liquefaction

Liquefaction is the substantial loss of strength of poorly consolidated and saturated soils due to the effects of seismic shaking. The passage of seismic waves through such soils can cause soil particles to be suspended temporarily in water, creating conditions very similar to quicksand. The resultant loss of strength can cause significant damage to structures as they settle, tilt, or collapse.

The potential for liquefaction in a given area is dependent upon soil characteristics, groundwater conditions, and the intensity of seismic shaking. In the Solana Beach area, the potential for liquefaction is greatest in the area located generally between Stevens Avenue and Valley Avenue, and in the area north of Via de la Valle between Del Mar Downs and Stevens Avenue. These are the only areas in the city which are underlain by poorly consolidated alluvium and slope wash which could liquefy during an earthquake depending upon groundwater conditions.

Seiches

Seiches are the oscillation of water in bodies of water sometimes caused by earthquakes. A common example is the “sloshing” of water in a swimming pool during an earthquake. Seiches are potentially hazardous when the wave action created in lakes or bays is strong enough to threaten human beings and structures nearby the body of water. The only area near Solana Beach where this is a potential concern is San Elijo Lagoon. However, this is a very minor concern since urban development in the city is not in close enough proximity to the lagoon to be exposed to seiches.

Landslides

Landslides are the downslope movement of geologic materials. Typically, such movement occurs as block glide or as a slump. In addition to landslides, other slope stability problems found in hillside areas must be considered in planning future land uses. These problems include soil creep, earthflows, and mudflows.

- Soil creep is the slow downslope movement of individual soil particles at varying rates.
- Earthflows involve the downslope movement of soils that have been saturated and form a viscous flow of material.
- Mudflows involve the rapid downslope flow of mud and debris.

In Solana Beach, the principal area of concern regarding slope stability is along the city’s coastal bluffs.

Bluff/Slope Stability

Slope stability is a significant concern along Solana Beach’s entire coastal bluff area. The steep bluffs have experienced losses resulting from the combined effect of natural and man-made activities. Urban development on the blufftops has placed increased loads upon the geologic structure of the area. All coastal blufftop areas are of concern to the city.

The City has recognized the challenges that come with managing the actively eroding shoreline. Multiple factors, such as wave action, winter storms, sea-level rise, and the lack of sand replenishment contribute to an unstable geologic environment. Seacliff erosion poses a threat to the public recreational use of the beach and to the homes located at the top of the bluffs. Shoreline protective devices along the coast include seawalls, revetments, shotcrete walls/cave infills, notch and dripline infills, and mid- and upper-bluff retention systems

Although future development constructed under the Housing Element may involve the construction of new residential structures in a seismically active area, the potential hazards would be less than significant because of the existing regulatory framework related to seismic safety. Additionally, development standards, updated building codes, and design requirements are in place in Solana Beach to mitigate potential hazards from natural disasters as well as developments.

2. Flooding

Flooding problems in Solana Beach have historically involved coastal flooding and San Dieguito River flooding in the area of Stevens Avenue and Valley Avenue. With respect to coastal flooding, the occurrence of storm events in combination with high astronomical tides and strong winds can cause a significant wave runup and allow storm waves to attack higher than normal elevations along the coastline. When this occurs, shoreline erosion and coastal flooding frequently result in damage to inadequately protected structures and facilities located along low-lying portions of the shoreline.

Floodplains are relatively flat land areas subject to periodic inundation by nearby drainage courses. These areas have historically attracted human settlement by virtue of their flat terrain, proximity to water, and soil characteristics that are often very fertile. Flooding represents a hazard only after human settlement on the floodplain exposes people and

property to risks associated with the inevitable flood flows. Flood hazard areas in the Solana Beach area have been mapped through the National Flood Insurance Program administered by the U.S. Department of Housing and Urban Development (HUD) and the Federal Emergency Management Agency (FEMA). According to the City's Climate action Plan, a total of 9,300 people are vulnerable to a 100-year flood along the San Diego coast.

The relationship between land use and flood hazards has two key aspects. First, the potential for flooding is a major constraint to land development in that the hazards posed by flooding severely restrict the types of land uses within the floodplain. Second, urban land use development could result in adverse effects on downstream areas by increasing the potential for flooding. Urban development can result in adverse effects upon downstream areas involving increased flooding and/or erosion and sedimentation problems. Through the development of buildings, roads, sidewalks, and accompanying infrastructure, the amount of impermeable surfaces increases reducing the amount of land area capable of absorbing precipitation. Consequently, stormwater runoff conveyed to the San Dieguito River and the San Elijo Lagoon will increase in both volume of flow and flow velocity. While the effect of individual projects themselves may be relatively minor, the cumulative effect of increased impermeable surfaces and storm drain construction throughout upstream portions of Solana Beach could result in greater frequency and magnitude of flooding in downstream areas. However, given the extent of existing urbanization in Solana Beach, additional effects upon downstream areas are expected to be very minor.

However, the City recognizes the potential hazards which accompany flooding and has developed the following measures to prepare:

- As data and coastal science progress, conduct sea-level rise studies in addition to the study prepared as a part of the U.S. Army Corps of Engineers (USACE) Solana Beach & City of Encinitas Coastal Storm Damage Reduction Project to better understand the risks and cost/benefits of development within flooding hazard zones and potential long-term mitigation recommendations;
- Protect existing, and construct new buffers to protect the coastline from flooding;
- Implement and expand upon the short- and long-term sediment management programs identified in the Solana Beach & City of Encinitas Coastal Storm Damage Reduction Project to preserve shorelines through beach replenishment and nourishment to address impacts of sea-level rise on shorelines;
- Incorporate sea-level rise effects into capital improvement plans;
- Install "green infrastructure," using vegetation and soils to restore natural processes required to manage stormwater, around buildings and other parcel areas;
- Expand upon living shoreline-related projects similar to the Southern California Reef Technology Project to create shoreline habitat, enhance recreation, and improve sand retention; and
- Encourage the use of native landscaping with deep roots that can provide a sponge-effect by absorbing urban runoff.
- Join with other coastal cities in the region to share information and collaborate on adaptation measures.

Using the measures listed above, in addition to the requirements and standards outlined in the Floodplain Overlay Zone, it can be deduced that the impacts of potential flooding in Solana Beach will not pose a serious threat or constraint to the development and maintenance of safe and affordable housing within the City.

E. Housing Resources

1. Residential Sites Inventory

Appendix B of the Housing Element includes the required site analysis tables and site information for the vacant and non-vacant properties to meet the City's RHNA need through the 2021-2029 planning period. The following discussions summarize the City's site inventory and discuss the City's past experience in redeveloping non-vacant sites and sites within non-residential zones.

2. Above Moderate and Moderate Income Sites

For the 2021-2029 planning period, the City's RHNA allocation is 160 for moderate income site and 240 for above moderate income sites. The City anticipates growth to meet the moderate and above moderate income need to come in existing residentially and commercially zoned areas (that presently permit residential development as a primary use) through the development of new units and through the development of accessory dwelling units (ADUs) and junior accessory dwelling units (JADUs).

78 moderate income and above moderate income units can be accommodated on residentially zoned sites. The City has also identified commercially zoned sites within the City that permit residential as a primary use with the capacity to accommodate 182 above moderate income units. The City contains the required descriptive information for these sites within **Appendix B**.

An additional 125 units can be accommodated through the development of ADUs/JADUs throughout the community. This is based on the methodology described within this section and incorporates guidance from HCD's Housing Element Site Inventory Guidebook.

ANALYSIS OF THE CITY'S EXISTING CAPACITY AND ZONING

The Housing Element must demonstrate the City's ability to accommodate the RHNA either through production or the availability of properly zoned land that can accommodate additional growth. The City of Solana Beach is able to accommodate all of its moderate and above moderate income RHNA need through available land with existing zoning classifications that permit residential as a primary use, as well as through the anticipated development of accessory dwelling units. **Appendix B** in this document contains a list and description of the sites designated to meet the City's moderate and above-moderate need. **Table 3-10** below summarizes the capacity of the sites by current zoning classification which can accommodate 44 moderate income and 34 above moderate income dwelling units. In conjunction with ADU development, these amounts exceed the City's 2021-2029 RHNA allocation as shown in **Table 3-12**.

Table 3-10: Residential Capacity for Moderate and Above Moderate Income Sites					
	Max Density (DU/AC)	Realistic Density (Used for Potential Yield Calculations)	Number of Parcels	Acreage	Potential Units
Above Moderate Income Sites					
LRc	3	3	15	15.01	26
LRd	3	3	2	1.48	2
LMRc	4	4	4	2.87	4
LMRd	4	4	2	1.38	2
C	20	16	6	11.84	182
<i>Subtotal</i>			29	32.58	216
Moderate Income Sites					
MRd	7	5	7	3.86	13
MHRd	12	8	15	5.84	31
<i>Subtotal</i>			22	9.70	44
Total			51	42.28	260

REASONABLE CAPACITY ASSUMPTIONS

This section describes the methodology developed to determine the site capacity for the moderate and above moderate-income sites. Reasonable capacity for sites identified to meet the City’s above moderate need was calculated based on a number of factors, including site size, existing zoning requirements, and the maximum density achievable for projects within the LRc, LRd, LMRc, and LMRd zones. Reasonable capacity for sites identified to meet the City’s moderate need was calculated based on the same methodology described above, however the methodology assumed development of sites at the minimum density achievable for projects within the MRd and MHRd zones.

Potential constraints, to the extent they are known, such as environmentally sensitive areas and steep slopes were considered and deductions made where those factors decreased the net buildable area of a parcel. Additionally, existing units non-vacant parcels were analyzed to determine the number of existing units currently on the parcel. Replacement of existing units was included as a factor to prevent no net loss of existing housing stock.

3. Sites Suitable for Lower Income Housing

The City of Solana Beach has a RHNA need of 316 very-low-income units and 159 low-income units. As demonstrated below, the City is able to take credit for 32 low-income units, reducing that low-income need to 127 units. The City has identified residentially and commercially zoned parcels that can accommodate 531 dwelling units. The City also anticipates the development of 35 affordable ADUs based on the methodology described in this section. This is in excess of the City’s 443 low and very-low RHNA need by 88 units, or an additional 20%.

The very-low and low-income sites inventory within **Appendix B** describes each of these sites, with information provided per the HCD required data tables. Dwelling unit yield for each of the parcels within this inventory were analyzed to determine a net parcel size based on the City’s established definition of net acreage and known physical and environmental constraints. Due to the nature of infill development opportunities, parcels with non-residentially zoned areas were analyzed differently as described in the following section.

As identified in **Appendix B**, the City is able to accommodate their lower income RHNA need, including a buffer, on sites currently zoned to permit residential as a primary use. Non-vacant sites designated to meet the very-low and low-income RHNA need that have been identified in a previous housing and vacant sites designated to meet the very-low and low-income RHNA need that have been identified in two previous housing elements will also allow ‘by-right’ approval for any project with 20 percent low income housing that does not involve a subdivision per State law. This is describe in **P rogram 1F** within the Housing Plan.

DEVELOPMENT OF NON-RESIDENTIALLY ZONED SITES FOR AFFORDABLE HOUSING

In order to meet the City’s very-low and low-income RHNA need of 475 dwelling units, the City has identified parcels currently located on non-residentially zoned parcels that permit residential uses as a primary use. The City’s existing zoning allows for the development of housing in a mixed-use setting at 20 dwelling units per acre in the following zones:

- General Commercial (C)
- Special Commercial (SC)

Per the City of Solana Beach Municipal Code, “Residential dwellings shall be permitted only on the upper floors, basement, and rear 50 percent of the ground floor. Alternatively, residential dwellings may be permitted on any portion of the building (or buildings) pursuant to a development review permit; provided, that total residential development does not exceed 50 percent of gross allowable floor area.” Residential units must be a minimum of 650 square feet in size, however “efficiency units” are permitted in these zones pursuant to a development review permit. These units may range in size between 220 and 650 square feet. The reduced unit size may result in the development of more affordable units.

It is anticipated that while all sites identified with the City’s sites analysis have the potential to develop at 20 dwelling units per acre at the full net acreage, some sites located within non-residentially zoned areas may develop with commercial uses. To account for this, the City has reviewed past residential development within these areas and determined that an 80% factor is appropriate to realistically gauge the residential development potential on the identified sites. As shown by the examples below, the City has a past history of developing residential uses within the general commercial and special commercial zones at approximately 80% of the maximum capacity.

The following residential development projects have been constructed within the City’s general and special commercial zones:

- 636 Valley Avenue – 3 dwelling units
- 625 Valley Avenue – 2 dwelling units
- 330 S. Cedros Avenue – 8 dwelling units
- 343 S. Highway 101 – 25 dwelling units (project currently under construction)

Pursuant to HCD’s Building Blocks, there are a number of additional methods available to the City to analyze the likelihood of future development within these areas. These methods include:

- Discussion of residential development trends (regionally or locally) in nonresidential zones.
- Description of any existing or planned policies, programs, or local guidance or efforts promoting residential development in nonresidential zones.
- Description of any existing, or planned, mixed-use or overlay zoning, performance standards, or incentives for promoting residential development in nonresidential zones.
- Demonstrate a surplus of non-residentially zoned sites relative to the regional housing need.

The following sections describe local and regional development trends promoting mixed-use development within established commercial corridors as well as Solana Beach’s existing or planned policies, programs, zoning amendments, and incentives for promoting residential development in nonresidential zones.

EXISTING OR PLANNED POLICIES AND PROGRAMS

The City of Solana Beach currently allows residential development within three of its commercial zones. Two of these zones, General Commercial (C) and Special Commercial (SC) allow for development at 20 dwelling units per acre, a density which HCD deems appropriate for the development of low income housing within a jurisdiction of Solana Beach’s size.

In addition to existing zoning, the Highway 101 Corridor Specific Plan (amended July 2006) promotes the development of mixed-use residential and commercial uses along Highway 101 at a range of densities. The Specific Plan states that mixed-use development provides the opportunity to work toward the attainment of Housing Element objectives as well as provide an opportunity to enhance the pedestrian character of the Plaza and Transit Districts by introducing a residential component into the core of the Specific Plan area.

REGIONAL HOUSING NEEDS ALLOCATION

Future Housing Needs

Future housing need refers to the share of the regional housing need that has been allocated to the City. The State Department of Housing and Community Development (HCD) supplies a regional housing goal number to the San Diego Association of Governments (SANDAG). SANDAG is then mandated to allocate the housing goal to city and county jurisdictions in the region through a RHNA Plan. In allocating the region’s future housing needs to jurisdictions, SANDAG is required to take the following factors into consideration pursuant to Section 65584 of the State Government Code:

- Market demand for housing;
- Employment opportunities;
- Availability of suitable sites and public facilities;
- Commuting patterns;
- Type and tenure of housing;
- Loss of units in assisted housing developments;
- Over-concentration of lower income households; and • Geological and topographical constraints.

HCD, through a determination process, allocates units to each region across California. It is then up to each region to determine a methodology and process for allocating units to each jurisdiction within that region. SANDAG adopted its Regional Housing Needs Allocation (RHNA Plan) in July 2018. This RHNA covers an 8-year planning period (starting in 2021) and addresses housing issues that are related to future growth in the region. The RHNA allocates to each city and county a “fair share” of the region’s projected housing needs by household income group. The major goal of the RHNA is to assure a fair distribution of housing among cities and counties within the San Diego region, so that every community provides an opportunity for a mix of housing for all economic segments.

Solana Beach’s share of the SANDAG regional growth allocation is 875 new units for the current planning period (2021-2029). **Table 3-11, Housing Needs for 2021-2029**, indicates the City’s RHNA need for the stated planning period.

Table 3-11: Housing Needs for 2021-2029		
Income Category (% of County AMI)	Number of Units	Percent
Extremely Low (30% or less) ¹	158	
Very Low (31 to 50%)	316	36.1%
Low (51 to 80%)	159	18.2%
Moderate (81% to 120%)	160	18.3%
Above Moderate (Over 120%)	240	27.4%
Total	875	100.0%
<i>Note 1: Pursuant to AB 2634, local jurisdictions are also required to project the housing needs of extremely low income households (0-30% AMI). In estimating the number of extremely low income households, a jurisdiction can use 50% of the very low income allocation or apportion the very low income figure based on Census data. This number is not additive to the total allocation.</i> <i>Source: Final Regional Housing Needs Allocation, SANDAG, 2019.</i>		

CREDITS TOWARD THE 2021-2029 RHNA

The current 5th Housing Element cycle covers the reporting period from January 1, 2013 to December 31, 2020. The projection period for 6th cycle Housing Elements, which is the period in which cities within the SANDAG region are permitted to begin attributing development of housing units towards meeting their RHNA need, begins on June 30, 2020. The City is permitted by State law to count any units developed within the projection period prior to adoption of the 2021-2029 housing element towards meeting their RHNA need for the 6th Cycle.

Since June 30, 2020, the City has approved 89 total units, including the following developments:

- Solana Highlands— 30 above moderate dwelling units, 32 low income dwelling units
- Solana 101 – 25 above moderate dwelling units
- 2 above moderate single-family housing units

ADEQUACY OF SITES FOR RHNA

Solana Beach has identified sites with a capacity to accommodate 531 lower income dwelling units, which is in excess of its 475-unit lower income housing need. Sites designated are on parcels that permit residential development as a primary use up to 20 dwelling units per acre. Due to the nature of parcels within the general commercial and special commercial zones, some sites may be smaller in nature. As previously described, the City has a history of developing residential uses within these areas, as demonstrated within this section.

The City of Solana Beach has a total 2021-2029 RHNA allocation of 875 units. As demonstrated previously, the City is able to take credit for 89 units currently within the projection period, lowering the total RHNA obligation to 786 units as show in **Table 3-12**. The Housing Element update lists sites that can accommodate approximately 916 additional units, in excess of the required 786 units. As described in this section, the City believes that due recent State legislation and local efforts to promote accessory dwelling unit production, the City can realistically anticipate the development of 160 ADUs within the 8-year planning period. Overall, the City has adequate capacity to accommodate its 2021-2029 RHNA.

Table 3-12: Summary of RHNA Status and Sites Inventory					
	Extremely Low/ Very Low Income	Low Income	Moderate Income	Above Moderate Income	Total
2021-2029 RHNA	316	159	160	240	875
RHNA Credit (Units Built)		32		57	89
Total RHNA Obligations	316	127	160	183	786
Sites Available					
Existing Residentially Zoned Properties	10		44	34	88
Existing Commercially Zoned Properties	486		--	182	668
Total Potential Capacity Based on Existing GP and Zoning	496		44	216	756
Accessory Dwelling Unit Production	35		125		160
Total Sites Available	531		169	216	916
Sites Surplus	88		9	33	130

4. Development of Non-Vacant Sites and Converting to Residential Uses

The City has designated non-vacant sites, both residentially and non-residentially zoned, to meet the their 6th Cycle RHNA need. The Housing Element considers only parcels that are residentially zoned currently to meet their moderate and above moderate RHNA need. Parcels designated to meet the two remaining categories (very-low and low-income) are on both residentially and non-residentially zoned parcels. The majority of these parcels have existing single-family residential uses on the parcel but have lot sizes and development standards that provide the opportunity for these parcels to subdivide and accommodate additional units while still meeting all of the applicable development standards for that zone.

State law requires that the City analyze:

- the extent to which existing uses may constitute an impediment to the future residential development within the planning period,
- the City’s past experience with converting existing uses to higher density residential uses,
- current market demand for the existing use,
- analysis of leases that would prevent redevelopment of the site,
- development trends,
- market conditions, and
- regulatory or incentives to encourage redevelopment.

The following approved projects illustrate the viability of developing non-vacant residentially zoned sites within Solana Beach:

- 636 Valley Avenue – 3 dwelling units
- 625 Valley Avenue – 2 dwelling units
- 330 S. Cedros Avenue – 8 dwelling units
- 343 S. Highway 101 – 25 dwelling units (project currently under construction)

Lease Analysis

Existing lease agreements on infill and non-vacant properties present a potential impediment that may prevent residential development within the planning period. State law requires the City to consider lease terms in evaluating

the use of non-vacant sites, however the City does not have access to private party lease agreements or other contractual agreements amongst private parties. As part of the sites analysis for very-low and low-income sites, the City conducted discussions with those property owners who came forward as interested in developing their properties for affordable housing through the planning period.

Regulatory Incentives

Many development projects in infill areas like the Solana Beach commercial corridor utilize density bonus provisions to construct affordable units. The City understands that existing land use policy may not necessarily contribute to the development of housing. Therefore, regulatory incentives can be helpful in bringing housing units to the market.

The Housing Element looks at the ability to sub-divide existing residential parcels into multiple lots as one method to meet the RHNA need. Creating lots by subdividing one lot from another creates the regulatory structure land resources for additional housing development activity.

The City has created programs expressly written to address the potential development of additional regulatory incentives to incentivize the creation of affordable housing.

Current Market Demand for Existing Uses

Social and demographic trends within Solana Beach and the San Diego region as a whole have changed since the adoption of the 5th cycle Housing Element. With those changes come changes in the types of housing needed to serve the existing and future populations. According to draft population forecasts developed by SANDAG (Series 13), the region's population will rise to 4,068,759 million in 2050, from 3,095,313 million in 2010 (31% increase). Current SANDAG modeling anticipates that Senior Citizens (ages 65+) will drastically outpace other age demographic categories. An increasing elderly population presents cities within the San Diego region with a range of potential scenarios in regards to how to adequately house and accommodate for a large portion of the population with potentially limited mobility increased community care needs. These age demographics also typically have fixed or decreasing incomes and may look for senior care facilities or easily walkable communities that decrease dependence on automobiles. During outreach workshops across the region, many senior citizens express the desire to age in place and stay within the communities they have invested in and are comfortable with. This often requires moving to smaller units or other types of senior communities where services and help are readily available.

Another subset of the population to consider is Generation Y, often referred to as millennials. As millennials enter into their late 20s to mid-30s, many show the desire to purchase housing in some form. A 2014 ULI study stated that "fully 70% of Gen Yers expect to be homeowners by 2020, despite the fact that only 26 own today (2014)". (ULI, Gen Y and Housing, 2014) The study goes on to show that 35% of respondents lived in other city neighborhoods (neighborhoods outside of main downtown areas) and 28% lived in suburbs, while only 13% lived within or near downtown areas. This indicates an increasing desire for millennials to live in outlying city neighborhoods or suburbs where housing is still relatively cheaper and there is more opportunity to have larger lots and more space. Solana Beach is largely classified as a suburban community situated between the major downtown areas of San Diego and Los Angeles. If trends continue, millennials will continue to seek out opportunities to live in communities like Solana Beach, though the current high cost of housing and land values may deter some to less expensive areas.

Development Trends

As a coastal community with high land values and limited land resources, Solana Beach has developed into a mostly built-out community with little available developable land. This trend is seen in many of the neighboring North San

Diego County cities like Encinitas and Del Mar. Solana Beach's comparatively small size in terms of physical land further constrains the ability to rely on undeveloped or underutilized parcels to meet their RHNA need.

State, regional, and local policy direction promoting the development of housing at all levels to meet existing housing shortages, especially for low-income families, has further driven up the demand for housing. The redevelopment of existing non-vacant land, both in residential and non-residential zones, for multi-family rental and for sale housing provides a realistic opportunity to create affordable housing using the resources available within communities such as Solana Beach.

Many of the proposed sites within the housing element sites inventory involve the redevelopment and revitalization of non-vacant parcels. This development is anticipated to occur in existing commercial corridors where commercial uses may be both supplemented or replaced by needed housing units as traditional retail uses shift to focuses of smaller physical footprints and a larger online presence. This follows a statewide shift in development trends towards infill properties and creating walkable hubs that rely on alternative methods of transportation such as walking, biking, and mass transit.

Development on non-vacant parcels was analyzed to determine a reasonable development capacity based on known constraints and historic development patterns within each of the different zones. The majority of this development is anticipated to occur in the General Commercial (C) and Special Commercial (SC) zones. Detailed analysis of the methodology and yield for each site in these zones is described in Appendix X.

ACCESSORY DWELLING UNIT PRODUCTION

One of the proposed methods for meeting the City's RHNA at all income levels is through the production of accessory dwelling units (ADUs). A number of State Assembly and Senate Bills were passed in 2018 and 2019 that promote development of ADUs and remove barriers that may inhibit their development within communities. The following is a summary of those bills:

- AB 68 and 881
 - Prohibit minimum lot size requirements
 - Cap setback requirements at 4', increasing the size and location opportunities for ADUs
 - Prohibit the application of lot coverage, FAR, or open space requirements that would prevent an 800 square foot ADU from being developed on a lot
 - Remove the need for replacement parking when converting an existing garage to an ADU
 - Limit local discretion in establishing min and max unit size requirements
 - Mandate a 60 day review period for ADU applications through a non-discretionary process
- SB 13
 - Prohibit owner-occupancy requirements for 5 years
 - Reduce impact fees applicable to ADUs
 - Provide a program for homeowners to delay compliance with certain building code requirements that do not relate to health and safety
- AB 670
 - Prohibits Homeowner's Associations (HOAs) from barring ADUs

These bills, as well as other significant legislation relating to ADUs creates a development environment that is likely to increase the number of ADUs developed within Solana Beach over the 2021-2029 planning period. Solana Beach, with a large proportion of single-family residential properties (many on larger lots), is well-oriented for the development of ADUs.

As a result of this legislation and an increased effort by the City to promote ADUs, the City has seen an increase in applications so far in 2020. The City currently has 12 ADUs that have been approved for development between January 1, 2020 and September 30, 2020, 2 of which are affordable. HCD guidance states that ADUs may be calculated based on the City's production since January 1, 2018, however Solana Beach believes that due to more recent efforts at the local level and further emphasis placed on ADUs through identification of **Programs 1B and 1C**, the City's 2020 performance from January to April 2020 is a more accurate depiction of the City's future ADU performance. In accordance with State law, ADUs are allowed in all zones that allow single dwelling unit or multiple dwelling unit development. Junior Accessory Dwelling Units (JrADUs) are permitted only in single dwelling unit zones.

Through the Housing Element, Solana Beach commits to creating an ADU tracking program and performing a mid-cycle assessment of their ADU development performance. As stated in HCD guidance, the City may use other justifiable analysis to calculate anticipated ADU performance.

As part of the sites analysis found within **Appendix B**, the City has accounted for future ADU and JADU production using the City's 2020 performance to date. This City anticipates ADU development of 160 ADUs over the next 8 years, 35 of which are anticipated to be affordable. The ADUs not designated to meet the City's lower income RHNA need are anticipated to be affordable at the moderate income levels.

F. Financial Resources

Providing an adequate supply of decent and affordable housing requires funding from various sources, the City may have access to the following funding sources.

1. Section 8 Housing Choice Voucher

The Section 8 Housing Choice Voucher program is a Federal government program to assist very low-income families, the elderly, and the disabled with rent subsidy payments in privately owned rental housing units. Section 8 participants are able to choose any housing that meets the requirements of the program and are not limited to units located within subsidized housing projects. They typically pay 30 to 40 percent of their income for rent and utilities. The County of San Diego administers Section 8 Housing Choice vouchers within the City of Solana Beach. The County makes the determination for the number of vouchers available within Solana Beach based on available funding from year to year. This is not determined by the City of Solana Beach.

2. Community Development Block Grants (CDBG)

The Community Development Block Grant (CDBG) program provides annual grants on a formula basis to cities to develop viable urban communities by providing a suitable living environments and by expanding economic opportunities, principally for low- and moderate-income persons (up to 80 percent AMI).

CDBG funds can be used for a wide array of activities, including:

- Housing rehabilitation;
- Lead-based paint screening and abatement;
- Acquisition of buildings and land;
- Construction or rehabilitation of public facilities and infrastructure, and;
- Public services for low income households and those with special needs.

3. HOME Investment Partnership Program (HOME)

The HOME program provides federal funds for the development and rehabilitation of affordable rental and ownership housing for households with incomes not exceeding 80 percent of area median income. The program gives local governments the flexibility to fund a wide range of affordable housing activities through housing partnerships with private industry and non-profit organizations. HOME funds can be used for activities that promote affordable rental housing and homeownership by low income households.

4. Infrastructure and Facilities

As a highly urbanized community, infrastructure facilities are available to serve development throughout Solana Beach. Access to required infrastructure was a consideration in determining the draft candidate sites to meet the City's RHNA need.

Safety Considerations for Development Near Railroad Tracks

The City of Solana Beach follows the guidelines for train safety published by Operation Lifesaver. There are no considerable constraints to development due to the hazards or safety concern caused by the train in Solana Beach. Additional train safety information and guidelines for visitors and residents can be found on the Solana Beach website.

5. Energy Conservation

The primary uses of energy in urban areas are for transportation lighting, water heating, and space heating and cooling. The high cost of energy demands that efforts be taken to reduce or minimize the overall level of urban energy consumption. Energy conservation is important in preserving non-renewable fuels to ensure that these resources are available for use by future generations. There are also a number of benefits associated with energy conservation including improved air quality and lower energy costs. The City of Solana Beach has many opportunities to directly affect energy use within its jurisdiction.

6. Title 24 and Solana Beach Climate Action Plan

Title 24 of the California Administrative Code is a set of requirements for energy conservation, green design, construction maintenance, safety, and accessibility. Title 24 was published by the California Building Standards Code and applies to all buildings in California, not just state-owned buildings. Title 24 regulations and requirements are enforced when an applicant pulls a building permit for a proposed project and have plans reviewed or building inspected.

In 2019, the City adopted the Solana Beach Climate Action Plan which sets targets for reducing greenhouse gas, identifies strategies to meet the targets, formulates and implementation plan, and discusses adaptation methods for the City. Green House gas emissions reduction targets for the CAP were established consistent with State guidance as follows, 15 percent below 2010 levels by 2020 and 50 percent below 2010 levels by 2035. The Program also includes strategies to reduce water consumption and waste generation, promote energy efficiency and encourage sustainable transportation alternatives.

7. Solana Energy Alliance

2002, Community Choice Aggregation (CCA) (AB 117) was signed into law. This legislation removed a significant organizational hurdle for local governments interested in providing electricity to their communities. Unlike AB 1890, which required each customer to specifically choose non-IOU service ("opt-in" to the new service), formation of a CCA assumes that all utility customers within the CCA's boundaries will become CCA customers. However, customers

within the CCA's boundaries may choose to continue their utility service, to “opt-out” of the CCA program. Customers will have, at a minimum, four opportunities to opt-out of the CCA and remain with the CCA at no additional cost during the CCA formation process. Customers that remain in the CCA can switch back to SDG&E at any time in the future.

Unlike a municipal utility, such as the Los Angeles Department of Water and Power or the Sacramento Municipal Utility District, a CCA does not own the transmission and delivery systems (i.e., the poles and wires). Instead, a CCA is responsible for providing the energy commodity (i.e., the electrons themselves) to its constituents—which may or may not entail ownership of electric generating resources. The Investor Owned Utility (IOU), SDG&E, still provides transmission and delivery, maintains the infrastructure and provides billing services (the customer will see no changes in the billing process) in a CCA.

The Value of Forming a CCA

Many communities want to increase the amount of non-polluting, renewable energy they use, and are looking at Community Choice Aggregation as a mechanism for doing so. CCAs have shown to be one of the most significant mitigation measures necessary for communities to reach greenhouse gas reduction targets established by the State.

Local control over retail electric rates is another important motivation for initiating CCA. Investor-owned utilities currently propose service rates for electric generation, transmission and distribution, and the California Public Utilities Commission either approves or rejects these proposals. Under CCA, decisions about rates, generating resources and public benefit programs will be made locally and be accountable to local customers.

The Benefits of CCA

A community will need to present strong incentives for choosing CCA to its potential customers. Many California cities and counties have agreed to reduce greenhouse gas emissions or have other, similar environmental goals. CCAs can help by increasing local consumption of renewable energy.

Local control of electric rates can also allow a community to attract new businesses and retain existing ones by offering targeted incentives to these customers. Other communities may want to develop generation projects that increase local employment. Some may focus on creating income to offset municipal expenditure. And perhaps most importantly, preliminary feasibility studies indicate that CCAs, through the use of local government financing, should be able to reduce electric rates compared with IOUs. This reduction is because private financing costs are more than twice those of a CCA. Based on a pilot project funded by the California Energy Commission, CCA capital costs were about 5.5%, compared to 12.9% for IOUs.

This capital financing advantage is especially important for high capital, low-operating-cost facilities like renewable energy generation.

The Risks of CCA

The biggest risk is that CCA rates may be higher than utility rates. Well-managed power purchasing and development should mitigate this risk. A well-balanced portfolio of resources that includes short and long-term contracts and CCA financed new generation projects should result in competitive rates.

One way to hedge against volatile energy prices is to create a rate stabilization fund, which many municipal utilities do. This will allow a CCA to hold prices steady, even when fuel prices rise. And there is no fuel cost to generate electricity from wind and solar sources.

Future regulatory decisions could result in cost increases for CCA programs. Most of the decisions about CCA programs have already been made by the CPUC, however. Local governments participated in that process, and their concerns were favorably reflected in those decisions.

G. Affirmatively Furthering Fair Housing (AFFH) Analysis

Beginning January 1, 2019, AB 686 established new requirements for all California jurisdictions to ensure that local laws, programs, and activities affirmatively further fair housing. All Housing Elements due on or after January 1, 2021 must contain an Assessment of Fair Housing (AFH) consistent with the core elements of the analysis required by the federal Affirmatively Further Fair Housing Final Rule of July 16, 2015.

Under State law, affirmatively further fair housing means “taking meaningful actions, in addition to combatting discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. These characteristics can include, but are not limited to race, religion, sex, marital status, ancestry, national origin, color, familial status, or disability.

In May 2015, San Diego County and the San Diego Regional Alliance for Fair Housing completed the Regional Analysis of Impediments (AI) to Fair Housing Choice for FY 2015-2020. The City of Solana Beach is one of thirteen jurisdictional members of the San Diego Regional Alliance for Fair Housing (SDRAFFH). The Regional Alliance for Fair housing is a coalition of fair housing organizations, community-based groups, concerned citizens, representatives of the housing industry, and government agencies working toward the goal of affirmatively furthering fair housing.

The AI identifies impediments that may prevent equal housing access and develops solutions to mitigate or remove such impediments. Solana Beach’ 6th Cycle Housing Element references analysis from the AI in order to identify potential impediments to housing that are specific to the City.

1. Needs Assessment

The AI contains a Countywide analysis of demographic, housing, and specifically fair housing issues for all cities in San Diego County, including Del Mar. The City’s demographic and income profile, household and housing characteristics, housing cost and availability, and special needs populations are discussed in the Community Profile Section of the Housing Element.

Fair Housing Assessment

The AI identifies impediments to fair housing within jurisdictions in San Diego County. Within the AI, there are several potential constraints that are either directly related to the coastal jurisdictions within San Diego County or to Solana Beach specifically. The following potential constraints are related to analysis within the regional AI:

- High housing cost and affordability of housing in coastal areas
- Low number of loan applications due to the built out character of the community
- Lack of racial diversity
- Residential density constraints
- Low concentration of rent-restricted units
- Existing growth management policies
- Lack of education and outreach

As part of the AI, the County of San Diego surveyed residents to learn more about fair housing issues in each jurisdiction. The County received approximately 1,100 total individual responses, with only 1 response by a resident within Solana Beach. The respondent stated that they believed they were discriminated on the basis of their source of income (e.g. welfare, unemployment insurance, Housing Choice Voucher/Section 8 Voucher). The respondent did not report the incident as they did not know where to report it. There were zero fair housing complaints within Solana Beach filed with the State Department of Fair Employment and Housing (DFEH) between 2009-2014 and one fair housing within Solana Beach filed with the State Department of Housing and Urban Development (HUD).

The Regional AI (2015-2020) provided the following recommendations for the City of Solana Beach. Some of these are in the form of actions that may have been taken by the City since the adoption of the AI.

1. The City should evaluate its definition of family and revise the definition to ensure that it does not constrain the development of housing for persons with disabilities or residential care facilities.
2. The City should establish a formal reasonable accommodation procedure.
3. Amend the Zoning Ordinance to permit emergency shelters by right in at least one zone to comply with State law
4. Amend its Zoning Ordinance to include provisions for transitional housing, transitional housing, and SRO pursuant to State law.

Fair Housing Enforcement And Outreach Capacity

Currently, North County Lifeline (NCL) provides fair housing services within Solana Beach. Through Facilitative Mediation, NCL provides tools for dispute resolution in order to resolve conflicts outside of court. For those in need of additional assistance, North County Lifeline also provides a monthly legal clinic to provide legal advice to residents in need of counseling.

The U.S. Department of Housing and Urban Development (HUD) maintains a record of all housing discrimination complaints filed in local jurisdictions. These grievances can be filed on the basis of race, color, national origin, sex, disability, religion, familial status and retaliation.

Racially or Ethnically Concentrated Areas of Poverty (R/ECAP)

To assist communities in identifying racially/ethnically-concentrated areas of poverty (R/ECAPs), HUD has developed a census tract-based definition of R/ECAPs. The definition involves a racial/ethnic concentration threshold and a poverty test. The racial/ethnic concentration threshold is straightforward: R/ECAPs must have a non-white population of 50 percent or more. Regarding the poverty threshold, Wilson (1980) defines neighborhoods of extreme poverty as census tracts with 40 percent or more of individuals living at or below the poverty line. Because overall poverty levels are substantially lower in many parts of the country, HUD supplements this with an alternate criterion. Thus, a neighborhood can be a R/ECAP if it has a poverty rate that exceeds 40% or is three or more times the average tract poverty rate for the metropolitan/micropolitan area, whichever threshold is lower.

The 2015 AI performed an analysis of R/ECAPs within San Diego County and found small pockets within certain jurisdictions. None were located within the City of Solana Beach. Further analysis using the U.S. Department of Housing and Urban Development's R/ECAP GIS mapping tool confirms that all census tracts within Solana Beach have a R/ECAP value of 0, indicating that the census tracts within Solana Beach do not meet the defined parameters for a racially or ethnically concentrated area of poverty as defined by HUD.

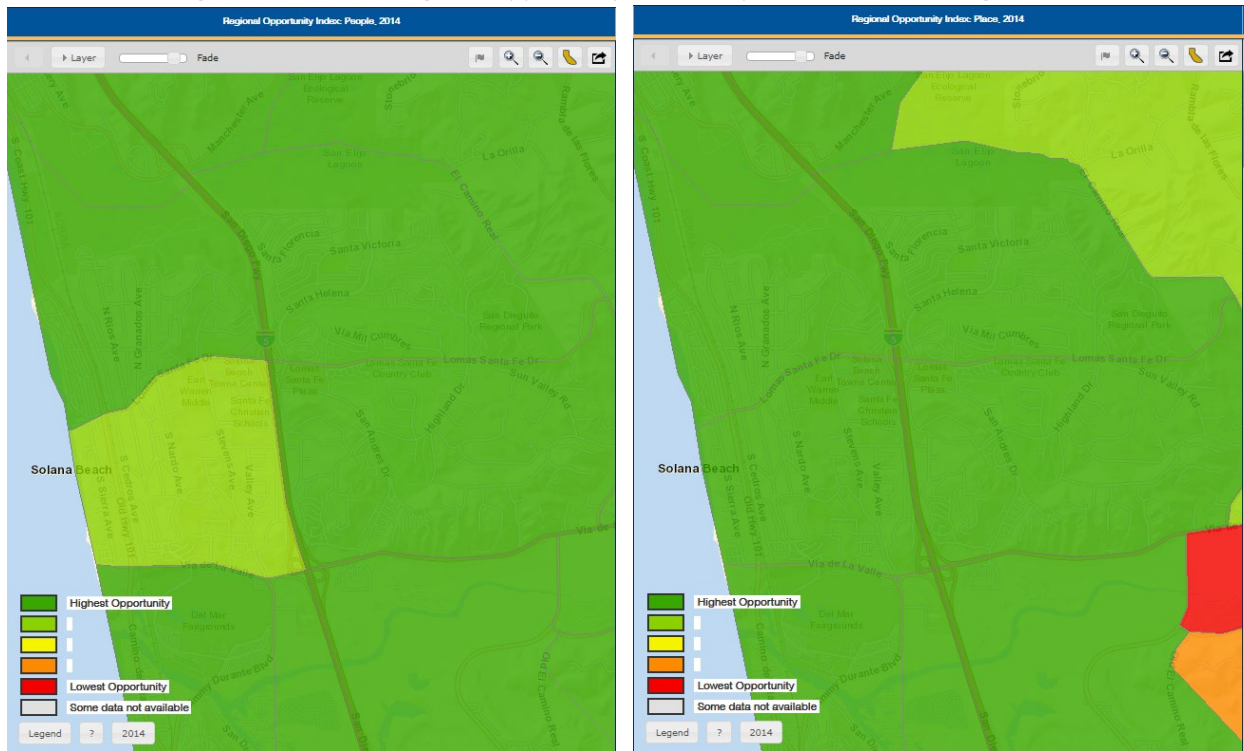
Disparities in Access to Opportunity

The UC Davis Center for Regional Change and Rabobank partnered to develop the Regional Opportunity Index (ROI) intended to help communities understand local social and economic opportunities. The goal of the ROI is to help

target resources and policies toward people and places with the greatest need to foster thriving communities. The ROI incorporates both “people” and “place components, integrating economic, infrastructure, environmental, and social indicators into a comprehensive assessment of the factors driving opportunity.

As shown in **Figures 3-2(a and b)** below, the majority of the City of Solana Beach is classified as a high opportunity zone. This indicates a high level of relative opportunities that people are able to achieve as well as a high level of relative opportunities that Solana Beach provides. As such, the analysis indicates that access to opportunity is not a substantial issue within Solana Beach.

Figure 3-2(a and b): Regional Opportunity Index, People (Left) and Place (Right), 2014



Discussion of Disproportionate Housing Needs

The analysis of disproportionate housing needs within Solana Beach evaluated existing housing need, need of the future housing population, and units within the community at-risk of converting to market-rate.

Future Growth Need

The City's future growth need is based on the RHNA production of 316 very-low and 159 low income units within the 2021-2029 planning period. **Figure 3-3** shows that both existing and proposed affordable units are well dispersed throughout the community and do not present a geographic barrier to obtaining affordable housing. The Sites Inventory of this Housing Element shows the City's ability to meet their 2021-2029 RHNA need at all income levels. Appendix B of this Housing Element demonstrates the City's ability to meet its 2021-2029 RHNA need at all income levels. This demonstrates the City's ability to accommodate the anticipated future affordable housing needs of the community.

Displacement Risk

There are no affordable units currently at risk of converting to market-rate within the 2021-2029 planning period.

Assessment of Contributing Factors for Affirmatively Furthering Fair Housing in Solana Beach

The AI does not identify impediments to fair housing specific to Solana Beach, however some of the regional impediments to fair housing identified within jurisdictions in San Diego County may assist Solana Beach in opening the community up to a broader range of future residents. :

- Fair housing information needs to be disseminated through many media forms to reach the targeted groups.
- Hispanics and Blacks continue to be under-represented in the homebuyer market and experience large disparities in loan approval rates.
- Housing choices for special needs groups, especially persons with disabilities and seniors, are limited.
- Fair housing enforcement activities, such as random testing, are limited
- Patterns of racial and ethnic concentration exist in the region, although there are no racially or ethnically concentrated areas of poverty in Solana Beach.

The analysis conducted in this section regarding fair housing issues within Solana Beach yielded the following conclusions:

- There are no racially or ethnically concentrated census tracts (RECAPs) within Solana Beach as identified by HUD within the 2020 County of San Diego Analysis of Impediments (AI). This indicates that there are no census tracts within Solana Beach with a non-white population of 50 percent or more or any census tracts that have a poverty rate that exceeds 40% or is three or more times the average tract poverty rate for the metropolitan/micropolitan area.
- The UC Davis Regional Opportunity Index shows that the majority of residents within Solana Beach have a high level of access to opportunity throughout the majority of the City, with all census tracts showing the highest level of access to opportunity. Additionally, analysis of the TCAC/HCD opportunity Area Maps show that all census tracts in Del Mar are classified with the “Highest Resource” designation. This indicates that these census tracts are within the top twenty percent in the region in terms of areas that lower-income residents may thrive if given the opportunity to live there.
- The City has demonstrated the ability to meet the anticipated future affordable housing needs of the community through the designation of sites to meet the very-low and low income RHNA need (**Appendix B**) These sites are dispersed throughout the community.
- [City to confirm status of at-risk units prior to HCD submittal]

Analysis of Sites Pursuant to AB 686

AB 686 requires that jurisdictions identify sites throughout the community in a manner that is consistent with its duty to affirmatively further fair housing. The site identification requirement involves not only an analysis of site capacity to accommodate the RHNA, but also whether the identified sites serve the purpose of replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity.

Figure 3-3: Existing and Proposed Affordable Housing Locations in Solana Beach

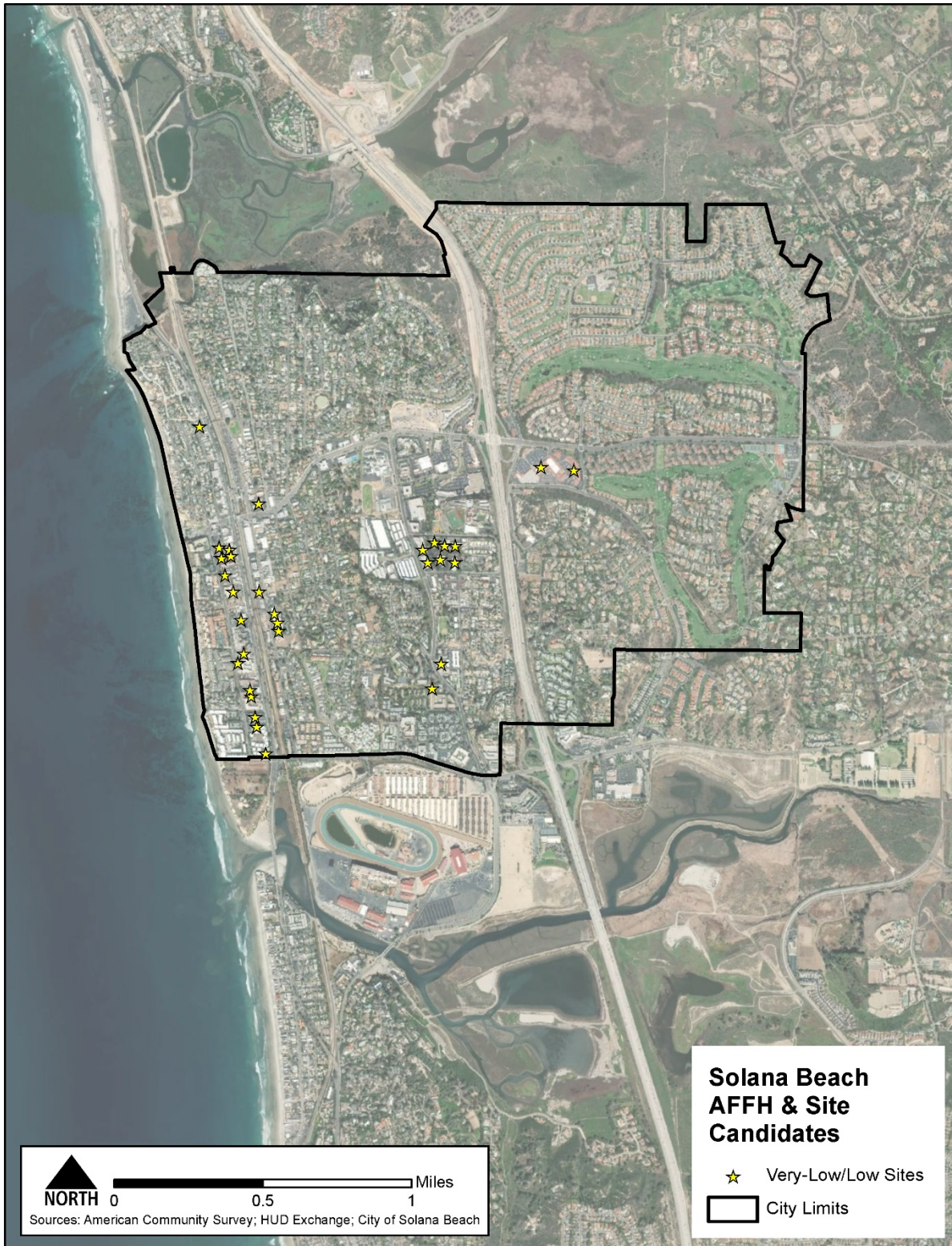


Figure 3-3 shows the proposed candidate sites to meet the very-low and low income RHNA for Solana Beach in relation to the location of residents of Hispanic origin. The City of Solana Beach is relatively small in size with the majority of housing opportunity areas, including areas with higher access to vital goods, services, and public transportation, are located within the downtown areas. As such, these are ideal areas for the City to focus much of its future housing growth. It is anticipated that accessory dwelling unit growth, including growth for affordable ADUs, will occur in the less dense areas of the community.

Figure 3-4 shows the following findings:

- 18 proposed (totaling 138 potential units, or 26.1% of the total potential units) sites are located within block groups that have a percentage of the population that identifies as Hispanic greater than 13 percent
- 2 proposed sites (totaling 69 potential units, or 13.0% of the total potential units) are located within block groups that have a percentage of the population that identifies as Hispanic between 10 percent and 13 percent
- 27 proposed sites (totaling 322 potential units, or 60.9% of the total potential units) are located within block groups that have a percentage of the population that identifies as Hispanic between 7 percent and 10 percent

The data shows that the proposed candidate sites to meet the very-low and low income RHNA need are evenly dispersed throughout the community with an emphasis on locating units where there is a high level of access to important public services and transit. As shown in **Figure 3-4**, the distribution of proposed units does not disproportionately impact areas with larger concentrations of the Hispanic population.

Figure 3-4: Candidate Sites – Ethnicity Analysis

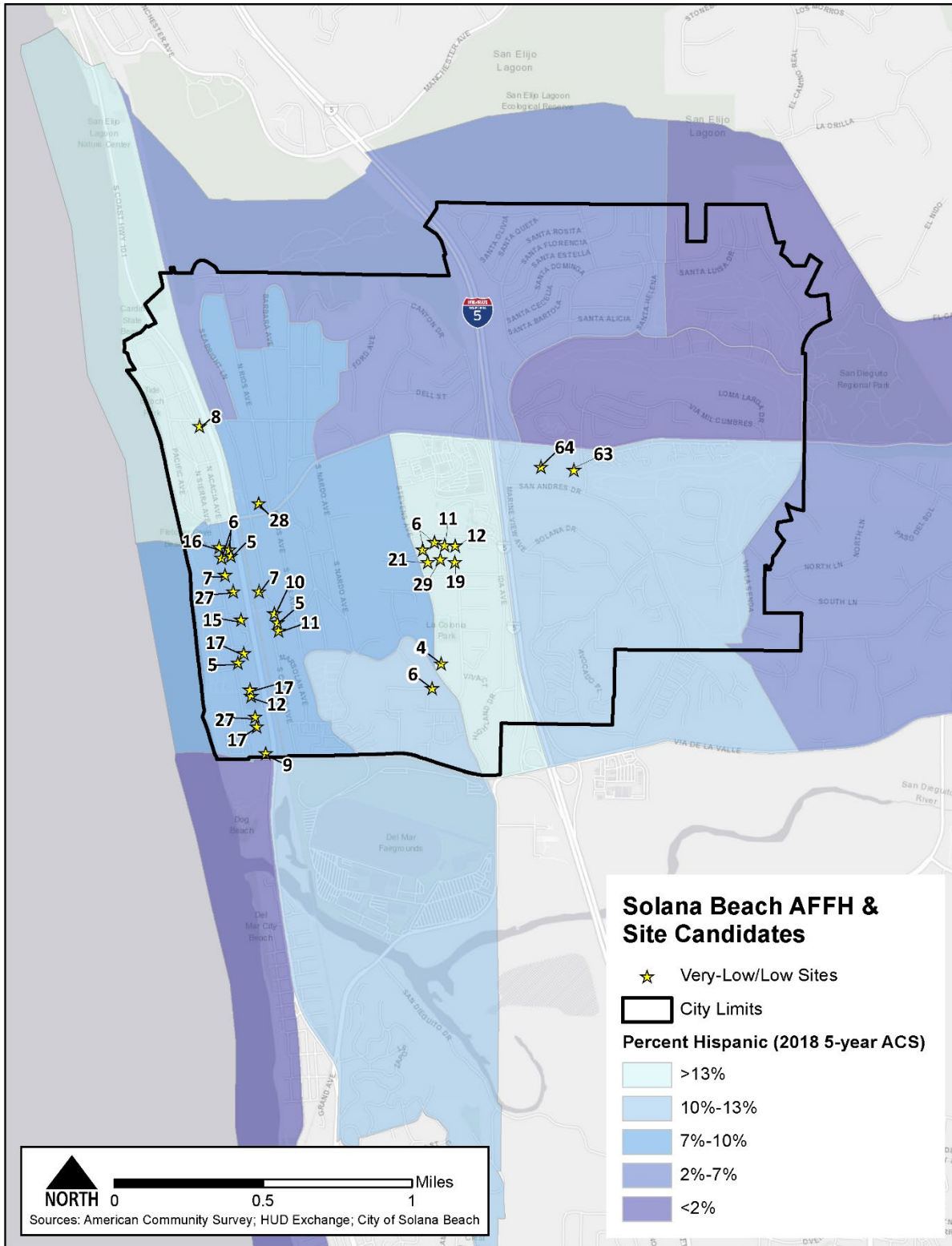


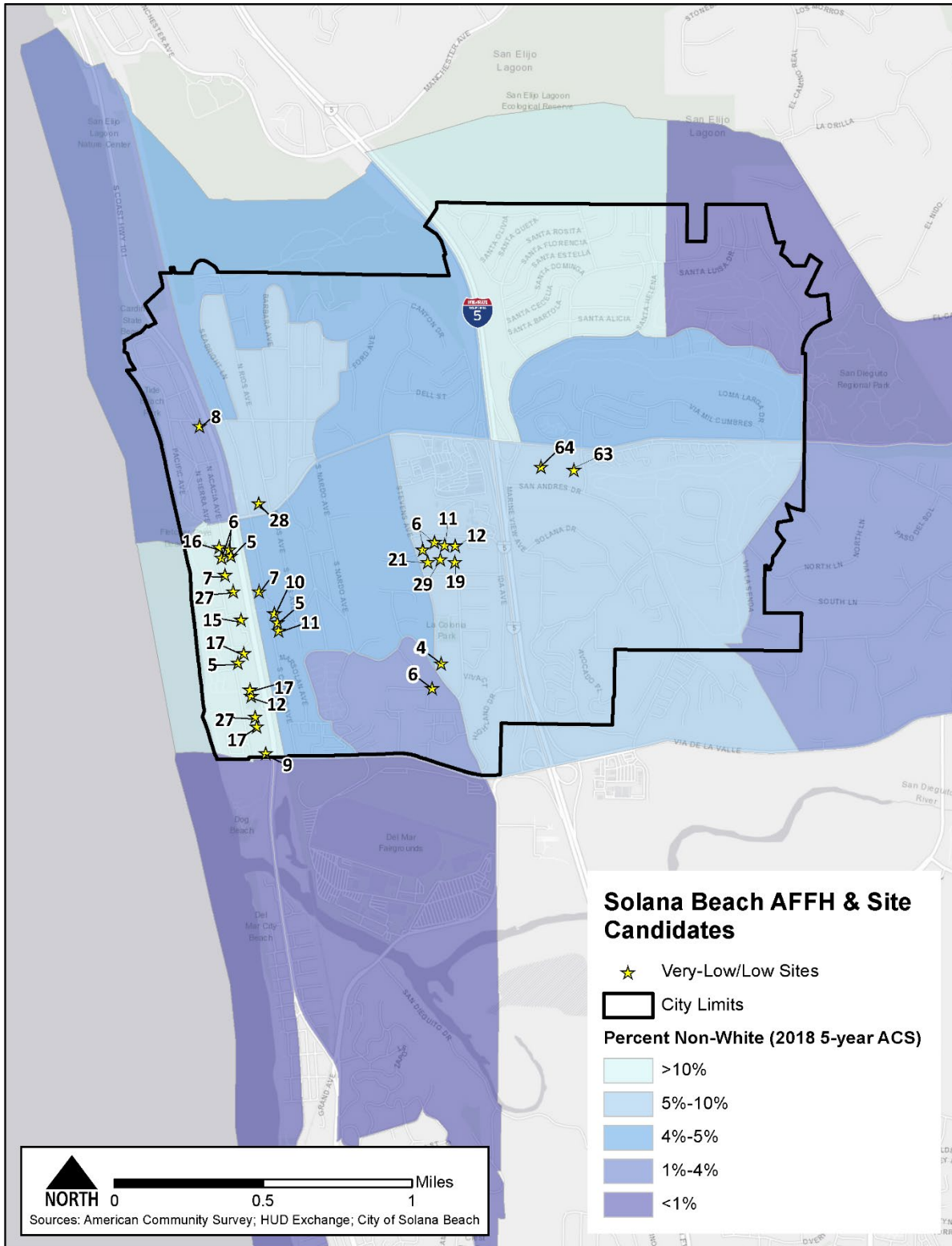
Figure 3-5 shows location of existing and proposed affordable units within Solana Beach in comparison with census data showing the percentage of the population within each block group that is non-white.

Figure 3-5 shows the following findings:

- 19 proposed (totaling 242 potential units, or 45.7% of the total potential units) sites are located within block groups that have a percentage of the population that is non-white greater than 10 percent
- 11 proposed sites (totaling 214 potential units, or 40.5% of the total potential units) are located within block groups that have a percentage of the population that is non-white between 5 percent and 10 percent
- 7 proposed sites (totaling 52 potential units, or 9.8% of the total potential units) are located within block groups that have a percentage of the population that is non-white between 4 percent and 5 percent
- 10 proposed sites (totaling 21 potential units, or 4.0% of the total potential units) are located within block groups that have a percentage of the population that is non-white between 1 percent and 4 percent

The data shows that the proposed candidate sites to meet the very-low and low income RHNA need are evenly dispersed throughout the community with an emphasis on locating units where there is a high level of access to important public services and transit. As shown in **Figure 3-5**, the distribution of proposed units does not disproportionately impact areas with larger concentrations of Non-white populations.

Figure 3-5: Candidate Sites – Racial Analysis



Analysis of Fair Housing Priorities and Goals

The City is committed to furthering fair housing through the implementation of several policies located within the City's Housing Plan. The primary method for this is through identifying sites which can accommodate the City's very-low and low income RHNA need, as demonstrated in **Appendix B**. Other programs that affirmatively further fair housing include:

- **Program 1B**, to promote the development of accessory dwelling units and junior accessory dwelling units;
- **Program 1D**, to establish a program to convert existing, non-permitted accessory dwelling units to legal units;
- **Program 1E**, to continue to implement the City's affordable housing ordinance;
- **Program 4B**, to update the City's Municipal Code to permit emergency, transitional, and supportive housing as a matter of right in appropriate zoning districts per State law;
- **Program 4C**, to accommodate development that provides housing opportunities for residents with physical and developmental disabilities; and
- **Program 4D**, to work with the San Diego County Housing Authority to administer Section 8 Rental Assistance.

The City will monitor the effectiveness of these programs annually through the completion of their Annual Progress Reports (APRs).



Housing Plan

Section 4: Housing Plan

The Housing Plan describes the City of Solana Beach’s 2021-2029 policy program. The Housing Plan describes the specific goals, policies, and programs to assist City decision makers to achieve the long-term housing objectives set forth in the Solana Beach Housing Element. This Plan identifies goals, policies, and programs aimed at providing additional housing opportunities, removing governmental constraints to affordable housing, improving the condition of existing housing, and providing equal housing opportunities for all residents. These goals, policies, and programs further the City’s overall housing policy goal to Inspire a more diverse, sustainable, and balanced community through implementation of strategies and programs that will result in economically and socially diversified housing choices that preserve and enhance the special character of Solana Beach.

Regional Housing Needs Assessment

The San Diego Association of Governments (SANDAG) has conducted a Regional Housing Needs Assessment (RHNA) to determine the City’s share of the affordable housing needs for the San Diego region. The RHNA quantifies Solana Beach’s local share housing needs for the region by income category. Income categories are based on the most current Median Family Income (MFI) for San Diego County. The City’s 2021-2029 RHNA growth need is as follows:

- 316 units - Extremely low (less than 30% County MFI (<\$21,176)) and Very low income (0-50% County MFI (<\$35,294))
- 159 units - Low income (51-80% of County MFI (\$35,294-\$56,470))
- 160 units - Moderate income (81-120% of County MFI (\$56,470-\$84,706))
- 240 units - Above moderate income (120% or more of County MFI >\$84,706)

875 units - Total

A. Housing Goals

The City of Solana Beach has identified the following housing goals as part of this Housing Element Update:

Housing Goal #1: A range of housing strategies to accommodate Solana Beach's share across all income levels.

Housing Goal #2: Preserve and enhance the existing community and neighborhood quality and character.

Housing Goal #3: Reduce or eliminate constraints to the development, improvement, preservation, and maintenance of housing.

Housing Goal #4: Equal opportunities to access housing for all persons regardless of age, race, religion, sex, marital status, sexual orientation, ancestry, national origin, or disability.

Housing Goal #5: A sustainable approach to new and existing residential and mixed-use development through increased energy conservation and waste reduction.

The goals listed above are described below and on following pages with accompanying policies and programs to achieve them.

B. Housing Policies and Programs

This Housing Element expresses the Solana Beach community's overall housing goals and supporting policies, quantified objectives, and housing programs to achieve them. The stated Housing Programs are based on a review of past performance of the prior Housing Element, analysis of current constraints and resources, and input from Solana Beach residents and stakeholders.

Housing Goal #1: A range of housing strategies to accommodate Solana Beach's share across all income levels.

Housing Policy 1.1: Maintain sufficient land designated and appropriately zoned for housing to achieve a complimentary mix of single-family and multi-family development to accommodate Solana Beach's Regional Housing Needs Assessment (RHNA) growth needs throughout the planning period.

Housing Policy 1.2: Promote a variety of tenures, unit types, and locations of housing throughout the community.

Housing Policy 1.3: Encourage mixed-use development opportunities.

Housing Policy 1.4: Encourage the consolidation of adjacent parcels to facilitate multi-family residential development.

Housing Policy 1.5: Encourage development of local housing opportunities to serve the needs of the local workforce and their families.

Housing Policy 1.6: Encourage the production of Accessory Dwelling Units (ADU) and Junior Accessory Dwelling Units (JADU) through incentivizing and streamlining development.

Housing Goal 1 - Implementing Programs

Housing Program 1A: Mixed-Use Development on Commercially-Zoned Sites

Due to the built-out nature of Solana Beach, there are very few vacant/underutilized residentially-zoned parcels in the City. The City is reliant upon vacant/underutilized commercial sites that can accommodate mixed-use

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development as a way to facilitate additional housing opportunities and permits mixed-use developments in all commercial zones. Solana Beach has two commercial zoning classifications that permit development at 20 dwelling units per acre, the City’s default density for accommodating lower income housing development. As part of this Housing Element, the City has identified potential sites that are suitable for mixed-use development.

The City will consult with developers early in the planning period to ensure that its development standards encourage mixed-use development. To the extent possible, the City will also identify possible actions to shorten the permitting process for mixed-use development such as through the use of CEQA exemptions for infill projects.

Timeframe: Ongoing Responsible Agency: City of Solana Beach Community Development Funding Source: General Fund

Housing Program 1B: Promotion of Accessory Dwelling Unit (ADU) and Junior Accessory Dwelling Unit (JADU) Development

The City updated the Solana Beach Municipal Code to incorporate provisions of new State ADU law which expands where ADUs and JADUs can be constructed and removes barriers to the development of these units. ADU production has increased since incorporation of these new provisions and the City anticipates that ADUs will factor heavily into assisting the City in meeting their RHNA needs, as described in the Housing Resources section of this Housing Element.

The City will continue to research methods to incentivize and promote the construction of Accessory Dwelling Units, especially those that may be leased at affordable rates. The City will develop outreach collateral for public dissemination, including updates to the City’s website, information at City Hall and via other appropriate print and digital media.

Timeframe: Ongoing Responsible Agency: City of Solana Beach Community Development Funding Source: General Fund

Housing Program 1C: Create ADU Monitoring Program

The City will create a monitoring program to track ADU and JADU creation and affordability levels throughout the planning period. This will allow the City to monitor the development of accessory units. Additionally, the City will review their ADU and JADU development progress at the planning cycle mid-point to evaluate if production estimates are being achieved

Timeframe: Ongoing Responsible Agency: City of Solana Beach Community Development Funding Source: General Fund

Housing Program 1D: Conversion Program of Existing, Non-Permitted Accessory Dwelling Units

The City will continue to implement its illegal unit conversion program. This program allows homeowners with existing illegally established accessory dwelling units to legal, permitted status.

Timeframe: Ongoing Responsible Agency: City of Solana Beach Community Development Funding Source: General Fund

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Housing Program 1E: Affordable Housing Program

The City will continue to implement its affordable housing ordinance as outlined in the Solana Beach Municipal Code. The purpose of this ordinance is to assist the City in meeting its share of the regional housing needs, to implement the City's General Plan and Housing elements relative to the provision of housing units for all economic sectors of its population, and to require affordable housing in both rental and for-sale housing consistent with provisions of the California Government Code. The City will monitor this program to identify any potential constraints and make any necessary adjustments to the ordinance to facilitate successful implementation of this program.

<p>Timeframe: Ongoing Responsible Agency: City of Solana Beach Community Development Funding Source: General Fund</p>
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Housing Program 1F: Candidate Sites Used in Previous Housing Elements

Pursuant to State Housing law, candidate sites identified in this Housing Element to accommodate a portion of the City's low- and very low -income RHNA that were identified in previously adopted Housing Elements must be rezoned to allow residential use by right at specified densities for housing developments in which at least 20 percent of the units are affordable to lower income households. By right shall mean the jurisdiction may not require any of the following discretionary actions, except if the project requires a subdivision:

- A conditional use permit
- A planned unit development permit
- Other discretionary, local-government review or approval that would constitute a "project"

The City may impose objective design review standards on projects. The City has identified as part of this Housing Element update vacant and nonvacant sites that were used in previous Housing Elements to meet the current RHNA need. To accommodate the provisions of State law, the City shall place a housing overlay zone over all nonvacant sites included in a prior Housing Element and all vacant sites included in two or more consecutive planning periods that permits by right development for projects that meet the requirements of State housing law. These sites are identified in **Appendix B**.

<p>Timeframe: Within 36 months of adoption of the 6th Cycle Housing Element Responsible Agency: City of Solana Beach Community Development Funding Source: General Fund</p>

Housing Program 1G: Federal and State Funding Programs

The City will review federal and state housing financing and subsidy programs for their potential availability to Solana Beach. If the programs could be reasonably thought to be available to Solana Beach, the City would work with the appropriate developers and non-profits to support feasible funding application(s). This program also will entail the provision of City staff assistance to developers of housing for lower income housing and assessing the potential to match their projects to applicable federal and state programs. Included in this assistance would be pre-application meetings and helping the applicant with identifying potential approaches to address design and site requirements.

<p>Timeframe: Ongoing/Annually Responsible Agency: City of Solana Beach Community Development Funding Source: General Fund</p>

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Housing Program 1I: Manufactured Housing

State law (Government Code Section 65852.3) requires that the city’s zoning code allows and permits manufactured housing in the same manner and in the same zone as conventional structures are permitted. Specifically, manufactured homes should only be subject to the same development standards that a conventional single-family residential dwelling on the same lot would be subject to. In order to comply with State law, the City will amend the Solana Beach Municipal Code to define manufactured housing and mobile homes consistent with State law and identify the zone(s) where such housing is permitted. The City will also ensure that the requirements for manufactured homes is the same as a conventional single-family dwelling unit in the same zone.

<p>Timeframe: within 24 months of adoption of the 6th Cycle Housing Element Responsible Agency: City of Solana Beach Community Development Funding Sources: General Fund</p>

Housing Program 1J: Update Density Bonus Ordinance

Government Code Section 65915 requires that a jurisdiction adopt a local Density Bonus Ordinance consistent with State law. State Density Bonus Law requires a local jurisdiction to grant an increase in density, if requested by a developer, for providing affordable housing as part of a development project. Key provisions of the law include incremental density bonuses that correspond to the percentage of housing set aside as affordable units. State law caps the maximum density bonus at 35 percent and allows the developer to request up to three incentives or concessions, if required to provide the affordable units. The law also provides reduced parking requirements and allows requests for waivers of development standards, such as increased height limits and reduced setback requirements. The developer must provide reasonable documentation demonstrating that incentives reduce costs to provide for affordable units; and that waivers are required because the usual standards physically preclude the project from achieving the allowed density and incentives.

To comply with State Density Bonus law, the City will amend the ordinance as needed to ensure that its local ordinance remains consistent with State law, but will apply current state law even before local amendments are adopted. The City commits to continue to review and approve requests under State Density Bonus Law (including requests for incentives, concessions, waivers, and parking reductions) so that projects that qualify are not prevented from developing at the densities to which they are entitled.

<p>Timeframe: within 24 months of adoption of the 6th Cycle Housing Element Responsible Agency: City of Solana Beach Community Development Funding Sources: General Fund</p>

Housing Goal #2: Preserve and enhance the existing community and neighborhood quality and character.

Housing Policy 2.1: Promote revitalization and rehabilitation of existing residential dwellings.

Housing Policy 2.2: Promote high quality design and development standards to ensure future housing development compliments and enhances neighborhood character.

Housing Policy 2.3: Ensure residential and mixed-use projects are designed and developed to discourage crime.

Housing Policy 2.4: Encourage mixed-use and transit, bicycle, and pedestrian-oriented development that supports and contributes to a “sense of place” in the community.

Goal 2 Implementing Programs

Housing Program 2A: Preservation of At-Risk Housing

The City has reviewed the existing affordable housing developments and determined that no units are currently at risk of converting to market-rate during the planning period. Should this change and existing affordable units become at-risk of converting to market-rate, the City will contact the owners of these properties to explore preservation opportunities such as extending affordability covenants, sale/purchasing these developments, non-profit housing organizations assistance, and applying for financial assistance to preserve these affordable units.

Timeframe: Ongoing
Responsible Agency: City of Solana Beach Community Development
Funding Sources: General Fund

Housing Program 2B: Replacement Housing

The City may have existing non-vacant sites that contain vacant or demolished residential units that were occupied by lower income households or households subject to affordability requirements within the last five years. The City will implement a replacement housing program to ensure the replacement of any units lost subject to the requirements of Government Code section 65915, subdivision (c)(3) on site identified in the site inventory when any new development (residential, mixed-use or residential) occurs on a site that is identified in the inventory meeting the following conditions.

- Currently has residential uses or within the past five years has had residential uses that have been vacated or demolished, and
- Was subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of low or very-low income, or
- Subject to any other form of rent or price control through a public entity’s valid exercise of its police power, or
- Occupied by low and very low-income households.

Timeframe: The replacement requirement will be implemented upon adoption of the Housing Element and applied as applications on identified sites are received and processed, and local policy shall be adopted within one year of adoption of the Housing Element.
Responsible Agency: City of Solana Beach Community Development
Funding Sources: General Fund

Housing Goal #3: Reduce or eliminate constraints to the development, improvement, preservation, and maintenance of housing.

Housing Policy 3.1: Promote public awareness of the various methods and resources available to support homeownership opportunities.

Housing Policy 3.2: Explore opportunities to identify alternative financial assistance for the development and/or purchase of housing affordable to extremely low income, very low income, low income, and moderate-income households.

Housing Policy 3.3: Explore incentives, bonuses, and flexibility in standards and requirements that could benefit affordable housing development, such as flexible development standards, reduced permit fees, and streamlined permit processing.

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Housing Policy 3.4: Encourage remodeling, maintenance, repair, and rehabilitation of existing housing to address special housing needs, prevent deterioration, and preserve safe and sanitary housing conditions.

Housing Policy 3.5: Grant priority water and sewer service to housing with units affordable to lower income households.

Goal 3 Implementing Programs

Housing Program 3A: Compliance with SB 35 Provisions

The City of Solana Beach is subject to SB 35 streamlining provisions and will be required to permit streamlining for projects with at least 50% affordable units. The City must review permits for qualifying housing developments within a statutory time frame (90 days for ≤ 150 units; 180 days for ≥ 150 units). Projects cannot go through design review or be subject to public hearings, and in many cases the City cannot require parking. All projects covered under SB 35 are still subject to the zoning and building code. At this time, qualified housing proposals with at least 50% affordable units may be eligible for SB 35 streamlining in Solana Beach. Should compliance status with SB 35 change in the future, subsequent projects may be subject to other requirements pursuant to state law.

The City of Solana Beach shall amend, as appropriate, policies, programs and procedures in the Zoning Code and other applicable portions of the Municipal Code to comply with the requirements of SB 35. These provisions shall apply when the City is not meeting the required Regional Housing Needs Assessments (RHNA) progress.

Timeframe: Ongoing
Responsible Agency: Planning and Community Development
Funding Sources: General Fund

Housing Program 3B: Public Education

The City shall continue to monitor and update information related to the development of housing through the continued promotion of public educational materials. The information describes the benefits of affordable housing and the myths and realities of affordable housing through such means as public presentations, newspaper articles, and information posted on the City's website.

Timeframe: Ongoing
Responsible Agency: City of Solana Beach Community Development
Funding Source: General Fund

Housing Goal #4: Equal opportunities to access housing for all persons regardless of age, race, religion, sex, marital status, sexual orientation, ancestry, national origin, or disability.

Housing Policy 4.1: Enforce fair housing laws addressing discrimination in the building, financing, selling or renting of housing based on race, religion, family status, national origin, disability, or other protected class.

Housing Policy 4.2: Establish policies, programs and incentives to promote the development of housing for very low-, low-, and moderate-income persons, and especially those within Solana Beach's special needs populations.

Housing Policy 4.3: Seek to accommodate housing for residents with special needs through appropriate zoning standards and permit processes.

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Housing Policy 4.4: Ensure equal access to housing by providing reasonable accommodation for persons with disabilities consistent with Americans with Disabilities Act (ADA) and Fair Housing Act (FHA) requirements.

Housing Policy 4.5: Support efforts to provide services that facilitate aging in place such as senior transportation, recreational activities, and other means to help older adults connect to the services they need to live independently in their own homes.

Goal 4 Implementing Programs

Housing Program 4A: Affirmatively Further Fair Housing

Pursuant to AB 686, the City will affirmatively further fair housing by taking meaningful actions in addition to resisting discrimination, that overcomes patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristic, as defined by California law.

The City will partner with capable organizations to review housing discrimination complaints, attempt to facilitate equitable resolution of complaints, and, where necessary, refer complainants to the appropriate state or federal agency for further investigation and action.

<p>Timeframe: Ongoing Responsible Agency: City of Solana Beach Community Development Funding Source: General Fund</p>
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Housing Program 4B: Emergency, Transitional and Supportive Housing and Lower Barrier Navigation Centers

The City shall permit Low Barrier Navigation Center development as a matter of right in appropriate zoning districts, subject to requirements of state law. These requirements include implementing standards, provisions and limitations governing the permitting, development, siting and management of Low Barrier Navigation Centers. The City of Solana Beach shall update its Municipal Code, as appropriate, to comply with State law.

<p>Timeframe: Within 24 months of adoption of the 6th Cycle Housing Element Responsible Agency: City of Solana Beach Community Development Funding Source: General Fund</p>
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Housing Program 4C: Persons with Physical and Developmental Disabilities

The City will continue to take actions to accommodate the approval of group homes, ADA retrofit efforts, ADA compliance and/or other measures through the implementation of Title 24 as well as amend its procedures to provide more flexibility in the development of accommodations for persons with physical and developmental disabilities by eliminating the need for a variance.

<p>Timeframe: Ongoing Responsible Agency: City of Solana Beach Community Development Funding Source: General Fund</p>
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Housing Program 4D: Section 8 Rental Assistance

The City will continue to work with the San Diego County Housing Authority to administer the Section 8 Rental Assistance Program, and will continue support the County's application for additional Section 8 allocations. This

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program provides rental assistance to eligible very low and low income households. The subsidy represents the difference between the rent that exceeds 30 percent of a household's monthly income and the actual rent charged.

The City will provide marketing collateral in both English and Spanish informing residents and landlords of the availability of Section 8 rental assistance. The City will also seek out project-based Section 8 vouchers to assist with the operational income of affordable housing projects.

Timeframe: Ongoing Responsible Agency: City of Solana Beach Community Development Funding Source: County of San Diego
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Housing Program 4E: Mortgage Credit Certificate (MCC)

Homeownership can be an asset to maintaining a healthy community. The Mortgage Credit Certificate (MCC) program assists low and moderate income first time home buyers. Under this program, which is administered by the County of San Diego, qualified first-time home buyers are able to take a federal income tax credit of up to 20 percent of the annual interest paid on their mortgage. This frees up more capital to buy the home. The City of Solana Beach will continue to distribute information on the MCC program.

Timeframe: Ongoing Responsible Agency: City of Solana Beach Community Development Funding Source: County of San Diego
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Housing Goal #5: A sustainable approach to new and existing residential and mixed-use development through increased energy conservation and waste reduction.

Housing Policy 5.1: Work with energy providers, such as San Diego Gas and Electric (SDG&E), to promote energy conservation programs and incentives.

Housing Policy 5.2: Encourage the use of building placement, design, and construction techniques that promote energy conservation.

Housing Policy 5.3: Promote the use of green building practices in new and existing development to maximize energy efficiency and conservation.

Housing Policy 5.4: Encourage affordable housing developments that receive public subsidies to obtain Leadership in Energy and Environmental Design (LEED) certification.

Housing Policy 5.5: Encourage construction projects to recycle construction debris and promote the use of recycled materials as part of new construction or renovations, including the reuse of existing building shells/elements.

Goal 5 Implementing Programs

Housing Program 5A: Energy Conservation

The City of Solana Beach is committed to conserving energy and being a sustainable community. Several existing programs promote energy conservation and the City continues to explore additional opportunities to promote energy conservation. For example:

- The City recently adopted an ordinance to reduce single use plastic bags in grocery stores, retailers, and restaurants.

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- The City will continue to implement the Solana Beach Green Building Incentive, which offers expedited permit processing for green building applications, permit fee reimbursement for projects that receive GreenPoint Rated certification, and public recognition.
- The City will continue to provide information on the City’s website regarding steps residents can take to increase their energy efficiency and SDG&E rebate/voucher programs available to Solana Beach residents and businesses.
- The City will develop an energy efficiency program for the community and continue to monitor pertinent legislation which would make it easier to implement solar installations.

The City will continue to work with the Clean and Green committee to develop additional energy conservation and sustainability programs.

Timeframe: Ongoing Responsible Agency: City of Solana Beach Community Development Funding Source: General Fund

C. Summary of Quantified Objectives

Income Group	Extremely Low	Very Low	Low	Moderate	Above Moderate	Total
New Construction (RHNA)	158 units*	158 units	159 units	160 units	240 units	875 units
Accessory Units						
Conservation						
Rental Subsidy						
Rehabilitation						

*Extremely Low Units are defined by HCD as half of the City’s Very-Low Income need.



Appendix A:

Review of Past Performance

Appendix A: Review of Past Performance

The following chart is a review of the City of Solana Beach’s housing project and program performance during the current Planning Cycle (2014 – 2021). It is an evaluation of the 5th Cycle’s policies and programs and considers all current and existing programs and projects as well as the most current accomplishments and effectiveness and appropriateness.

Past Performance					
#	Program	Program Objective	Program Action	Current Planning Period Accomplishments	Effectiveness and Appropriateness
1	Encourage Mixed-Use Development				
1.A	<i>Encourage Mixed-Use Development</i> - Continue to identify potential sites for mixed-use development	Identify adequately zoned and available sites for the current planning period, monitor development trends and update the adequate sites analysis as additional potential sites become viable for mixed-use development.	The City has already identified adequately zoned and available sites for the current planning period. On an ongoing basis, the City will continue to identify potential sites that are suitable for mixed-use development and will work with the community and property owners to identify these sites. These sites could include, but not necessarily be limited to: <ol style="list-style-type: none"> Older commercial centers needing revitalization; Sites that facilitate pedestrian, bicycle, and transit-oriented development, especially those along transit routes; Sites where planned infrastructure would enable infill or additional residential development to occur; Sites where public investments could be used to complement mixed-use development, especially projects containing affordable housing. 	Two mixed-use projects netting in 33 dwelling units were approved in December 2016 and July 2018.	Mixed-Use development continues to be an effective method to accommodating for housing growth in communities with limited vacant land. The City will continue to encourage the use of mixed-use development to meet their 6 th Cycle RHNA needs.
1.B	<i>Encourage Mixed-Use Development</i> - Facilitate mixed-use development	Consult with developers to ensure that the City’s mixed-use development standards facilitate mixed-use projects. Compare the City’s expectations for mixed-use development to the feedback gathered from developers to evaluate the effectiveness of mixed-use development standards. Make revisions to the standards to encourage and facilitate mixed-use development, as appropriate. Work to implement procedures that will allow for CEQA streamlining for eligible projects pursuant to SB375 and other CEQA exemptions.	The City will continue to support applications for financing and/or funding for mixed-use projects. At this time, the City does not believe that additional revisions to its development standards are needed; however, it will continue to consult with developers to ensure that its development standards encourage mixed-use development. To the extent possible, the City will also identify possible actions to shorten the permitting process for mixed-use development such as through the use of CEQA exemptions for infill projects.		The City will continue to encourage the use of mixed-use development to meet their 6 th Cycle RHNA needs.
1.C	<i>Encourage Mixed-Use Development</i> - Increase awareness of the potential for mixed-use development	The City will ensure that developers are aware of the mixed-use development opportunities in the city.	The City will continue to work to increase developer awareness of the potential for mixed-use development. The City will continue to pursue both for-profit and non-profit developers to determine the best method to implement this program.		The City will continue to provide information relating to development opportunities as required by State law.
1.D	<i>Encourage Mixed-Use Development</i> - Federal and State Programs	Review State and federal affordable housing programs for grant opportunities that can facilitate housing development in Solana Beach.	The City will regularly review potential federal and state housing financing and subsidy programs for their potential availability to Solana Beach. If the programs could be reasonably thought to be available to Solana Beach, the City would work with the appropriate developers and non-profits to support feasible funding application(s).		The City will continue to seek opportunities for financing and subsidy programs that may assist in the development of mixed-use within Solana Beach.
2	Encourage Accessory Living Units	Distribute information to the public regarding the accessory living unit program at the permitting counter and other public venues, assess program effectiveness, and continue to monitor development standards and the permitting	The City currently has an accessory living unit ordinance, and the City will continue to encourage the development of accessory living units. The City is committed to providing incentives that could include, but would not be necessarily limited to, continuing to assess development standards and implementing	Ordinance 470 was adopted on November 9, 2016 to amend the municipal code to comply with Senate Bill 1069 and Assembly Bill 2299 related to accessory	Per the new requirements of State housing law, the City will update their existing accessory living unit ordinance to meet the necessary requirements relating to the development of ADUs and JADUs. The City

Past Performance					
#	Program	Program Objective	Program Action	Current Planning Period Accomplishments	Effectiveness and Appropriateness
		process. Seven additional accessory dwelling units are expected to be approved between 2013 and 2020 based on past trends.	a faster permit approval process for these units. The City will also distribute information to the public regarding the accessory living unit program at the permitting counter and other public venues. In addition, the City will evaluate the progress that it makes from 2013 to 2020 in order to assess the program's effectiveness and take appropriate action to enhance program effectiveness, if necessary.	dwelling units.. The provisions for accessory living units were removed from the municipal code as they were no longer consistent with the provisions of SB 1069 and AB 2299.	will continue to make updates to the ordinance as new legislation is passed throughout the 6 th Cycle planning period.
3	Density Bonus Program	Develop an educational hand-out regarding the State's density bonus law.	The City will continue to implement its density bonus ordinance to facilitate developer use of this program, and to comply with state law. The City will develop educational materials regarding the State's density bonus law.	A handout has been developed and is available at the front counter and on the city website.	The City successfully developed an educational hand out detailing the requirements and applicable exemptions for density bonus projects. The City will continue to update their educational materials to reflect updates to new State law or local density bonus ordinance changes.
4	Affordable (Inclusionary) Housing Program	Continue to enforce the City's Affordable Housing Ordinance for new developments. Utilize any Affordable Housing Impact Fees to provide affordable housing through new construction or conversion from market-rate housing.	The City will continue to monitor its effectiveness and provide incentives to the developers of affordable inclusionary housing units, as needed. The City will continue to monitor this program to identify any potential constraints and make adjustments to the ordinance if necessary to facilitate successful implementation of this program.	Inclusionary provisions of the City's Municipal Code were modified to adopt a new Affordable Housing Impact Fee; adopted March 23, 2011. Two mixed-use project netting in 33 dwelling units approved in 2016 and 2018 were subject to the impact fee.	The City will continue to apply the requirements outlined in the local Affordable Housing Ordinance to new development projects in the 6 th Cycle.
5	Replacement Housing	Replacement of ten very low-income units per the <i>Haro</i> settlement.	The City desires to retain affordable housing in the coastal zone, and the City's Affordable Housing Program, described in Program 4, is intended to meet the City's obligation to provide housing for low- and moderate-income households in the coastal zone. Under the terms of a settlement agreement in <i>Haro v. City of Solana Beach</i> , the City committed to replacing 13 units of affordable housing.	One mixed-use application consisting of 10 very low-income units on city-owned land was approved in 2014 and received a time extension in December 2015. On August 24, 2016 the City Council conducted a public hearing under the Tax and Equity Fiscal Responsibility Act (TEFRA) and approved the use of tax exempt bonds for the financing of the project.	
6	Address and Mitigate Constraints to Housing Development				
6.A	Monitor Affordable (Inclusionary) Housing Ordinance	Monitor the effectiveness of the Inclusionary Housing Ordinance in achieving additional affordable housing units.	The City will continue to monitor its effectiveness and provide incentives to the developers of affordable inclusionary housing units, as needed. The City will continue to monitor this program to identify any potential constraints and adjust the ordinance if necessary to facilitate successful implementation of this program.	Staff discusses the inclusionary program with all applicants proposing 5 or more units and any interested party.	The City will continue to discuss the potential incentives associated with the development of affordable inclusionary housing units as new development occurs within the 6 th Cycle. As a requirement of adoption of the 6th Cycle Housing Element Update, the City is required to identify and analyze potential governmental constraints to development, including constraints associated with existing inclusionary housing policies.

Past Performance					
#	Program	Program Objective	Program Action	Current Planning Period Accomplishments	Effectiveness and Appropriateness
6.B	Monitor Permit Processing Procedures	Monitor permit processing procedures.	The City will continue to monitor its permit processing procedures over the housing element period to ensure that they are not acting as a constraint to the development of housing. If the City finds that its procedures are overly burdensome on residential projects, it will consider revising the permitting process to mitigate potential constraints.	The City continues to review its permit processing procedures over the course of the 5 th Cycle Housing Element planning period.	As a requirement of adoption of the 6 th Cycle Housing Element Update, the City is required to identify and analyze potential governmental constraints to development, including constraints associated with existing permit processing procedures and timelines.
6.C	Public Education	Publish/post a new story or information or conduct a presentation once a year.	The City shall initiate a public education program to provide information that describes the benefits of affordable housing and the myths and realities of affordable housing through such means as public presentations, newspaper articles, and information posted on the City's website.	Educational information regarding affordable housing was posted on the website.	Public education regarding new State housing laws is an important component of the public outreach process for the 6 th Cycle Housing Element. As part of the update process, the City will conduct the required community outreach and post relevant educational materials on the City's website.
6.D	Constraints for Persons with Disabilities/ Transitional and Supportive Housing	Consistent with SB2, amend the City's zoning ordinance to treat transitional and supportive housing as residential uses subject to the same requirements as any other residential use in the same zone in which it is proposed and amend the definition of residential care facility to delineate the difference between residential care facilities and transitional or supportive housing. Revise the reasonable accommodation procedures to eliminate the need for a variance and continue to monitor zoning and land use rules and regulations to ensure that they do not constrain the development of housing for persons with disabilities.	The City will continue to facilitate the development, maintenance and improvement of housing for persons with disabilities. Also, the City will continue to ensure the City's zoning does not constrain the development of housing for persons with disabilities or residential care facilities. In addition, it will amend its zoning ordinance to treat transitional and supportive housing as residential uses subject to the same requirements as any other residential use in the same zone.	Ordinance 445 amending zoning was adopted 2/12/14. Ordinance 445 amended the City's Zoning code to comply with Request for Reasonable Accommodate under the Fair Housing Act and clarified the definitions of Supportive Housing, Transitional Housing, and Residential Care Facilities.	The City successfully completed this program as part of the implementation of their 5 th Cycle Housing Element. The City will analyze constraints relevant to the provision of housing for persons with disabilities and other special needs portions of the population as required by State law.
6.E	Facilitate Housing for the Extremely Low Income	Amend the City's zoning ordinance to clarify that SROs are considered studios or efficiency units, which are permitted in multi-family zones.	The City permits studios/efficiency units in its multi-family zones and will amend its zoning ordinance to clarify that SROs are considered a multi-family use. In addition, the City will encourage and facilitate the development of housing for extremely low-income households through a variety of activities such as holding workshops with housing developers, providing financial or in-kind technical assistance or land write-downs, providing expedited permit processing, identifying grant or funding opportunities, applying for or supporting applications for funding on an on-going basis, and offering a reduced fee schedule.	In 2016, the City amended its zoning code to clarify that single-room occupancy units (SRO's) are permitted in multi-family zones.	The City successfully completed this program as part of the implementation of their 5 th Cycle Housing Element.
6.F	Priority Water and Sewer Service for Affordable Housing	Immediately following adoption, provide the Santa Fe Irrigation District with a copy of the Housing Element. Adopt priority sewer service for affordable housing.	The City will immediately forward the adopted Housing Element and any subsequent amendments to the Santa Fe Irrigation District. The City will also develop priority service procedures for its sewer service.	The Housing Element was sent to the Water Authority.	The City successfully completed this program as part of the implementation of their 5 th Cycle Housing Element.
6.G	Housing Element Consistency and Monitoring	A housing element that is consistent with the rest of the General Plan and other important planning and policy procedures	The City will continue to monitor the Housing Element as part of its annual general plan implementation report. This includes monitoring the Housing Element for consistency with any amendments made to the Safety, Conservation, and/or Land Use Elements pursuant to AB162 and the required annual review of floodplain maps. If sites identified in the Housing Element as suitable for housing are subsequently identified as inappropriate due to changes in the flood maps, additional sites may need to be identified.	The City's General Plan consistency review between the adopted current Housing Element and the other elements within the General Plan is ongoing.	Per State law, the City is required to maintain consistency between all elements of the General Plan. As revisions are made to other elements within the City's General Plan during the 6 th Cycle, the City will amend the Housing Element if necessary to remain consistent.

Past Performance					
#	Program	Program Objective	Program Action	Current Planning Period Accomplishments	Effectiveness and Appropriateness
6.H	Employee Housing Act Compliance	Ensure compliance with the Employee Housing Act.	Review the City's regulations for compliance with the Employee Housing Act, particularly sections 17021.5 and 17021.6 of the Health and Safety Code regarding farmworker housing. Make amendments to the City's regulations as necessary.	Employee Housing Act has been reviewed and the Housing Element was found in compliance..	The City successfully completed this program as part of the implementation of their 5 th Cycle Housing Element. If future revisions to the Employee Housing Act occur, the City will make the necessary amendments to remain in compliance.
7	Emergency Shelter Housing Site Identification	Amend the zoning ordinance to allow emergency shelters by right in the General Commercial zone and develop objective standards for their development.	To ensure compliance with this requirement, the City will modify its zoning ordinance to permit emergency shelters in its General Commercial zone and develop objective standards for their development.	Zoning ordinance amending emergency shelters outright in General Commercial and permitting them in the Public/Institutional zone with a Director's Use Permit with development standards was adopted February 12, 2014.	The City successfully completed this program as part of the implementation of their 5 th Cycle Housing Element.
8	Illegal Unit Conversion	Continue to implement the illegal unit conversion program. Research the feasibility of implementing an amnesty program.	This program allows homeowners with illegally established accessory dwelling units on their property to apply for legalization.	No applications for conversion have been received so far in the planning period.	This program will be continued in the 6 th Cycle Housing Element. New state law regarding ADU compliance, development standards, and permitting requirements will be addressed.
9	Preserve Existing At-Risk Units	Continue to monitor units at risk of conversion, identify non-profit housing organizations capable of assisting with the preservation of at-risk units, and identify available funding sources. Prevent the one at-risk unit from converting to market rate.	The City will contact the owners of properties with affordable units at risk of converting to market rate to learn of their plans and explore the possibility of purchasing these developments through HUD or a non-profit corporation, actively seeking out non-profit housing organizations that could assist in the preservation of the at-risk units, and applying for financial assistance from sources such as CDBG and HOME funds to attempt to offer financial incentives to extend the terms of the affordability restrictions. Once a non-profit is identified, the City will assess the non-profit corporations' capacity to acquire and manage, assist or support funding applications, and provide tenant counseling.	Received project application for Solana Highlands in 2014 with 32 affordable units, which will replace units previously monitored by the County of San Diego. The expiration date for these affordable units was 2011 and 18 units currently remain. The project was approved by City Council in December 2018.	The City is required by State law to address the preservation of units at-risk of converting to market-rate within the next 10 years. This analysis is included within the 6 th Cycle Housing Element.
10	Section 8 Rental Assistance	Assist developers in applying for project-based Section 8 rental assistance as opportunities arise and continue to work with the County of San Diego Housing Authority regarding the administration of the Section 8 Rental Assistance Program.	The City will provide flyers in both English and Spanish notifying residents and landlords of the availability of Section 8 rental assistance. The City will also seek out project-based Section 8 vouchers to assist with the operational income of affordable housing projects.	The City has continued to coordinate with the County of San Diego Housing Authority to implement and administer Section 8 Rental Assistance.	The City will continue to provide community members with updated information materials regarding the availability of Section 8 Housing Choice Vouchers so long as funding for the program remains available.
11	Capital Improvements Program	Update the Capital Improvement Program on an annual basis.	The City annually prepares and adopts as part of its annual budget process a multi-year program of capital improvements. The primary focus of the program is repair and maintenance activities.	Continued to implement City's CIP program, annual budget adopted each year.	The City successfully updated and implemented its CIP and will continue to do so in the 6 th Cycle Housing Element planning period.
12	Condominium Conversion Policy	Continue to implement the ordinance.	The City will consider requests for the conversion of existing rental housing of ten or more units to condominium units only when the rental vacancy rate exceeds 6 percent. In the event that a conversion request is granted, the project is subject to the affordable (inclusionary) housing ordinance, which requires that 15 percent of the units be set aside as affordable.	No applications for conversion have been received so far in the planning period.	The City will continue to implement the existing condominium conversion ordinance as detailed within the City's Municipal Code.

Past Performance					
#	Program	Program Objective	Program Action	Current Planning Period Accomplishments	Effectiveness and Appropriateness
13	Residential Code Enforcement	Expand the program to make complaint forms available in Spanish and available to download on the City's website. The City will monitor and review code enforcement activity on an annual basis and identify all housing complaints by type, action taken, and results achieved.	The City will expand its residential code enforcement program by making complaint forms available in Spanish and including additional information on the City's website.	A code action data base for housing complaints is routinely maintained and the complaint form is available in English and Spanish.	The City successfully completed this program as part of the implementation of their 5 th Cycle Housing Element.
14	Residential Rehabilitation	Continue to provide informational materials to promote this County program.	The City of Solana Beach provides information regarding the residential rehabilitation program. The residential rehabilitation program addresses a wide range of rehabilitation needs. These include minor repairs as well as substantial structural, heating, electrical, or plumbing modifications, as well as technical assistance with applying for loans, housing inspections, and construction inspections.	City staff continues to make available informational materials discussing the County's residential rehabilitation program to the public.	The City will continue to make available to residents any existing and updated information discussing this County program for as long as it remains available.
15	Mortgage Credit Certificate (MCC)	Continue to provide informational materials regarding this County program.	The Mortgage Credit Certificate (MCC) program assists low and moderate-income first-time home buyers. Under this program, which is administered by the County of San Diego, qualified first-time home buyers are able to take a federal income tax credit of up to 20 percent of the annual interest paid on their mortgage.	No applications have been received, the MCC handout has been made available at City Counter.	The City will continue to make available to residents any existing and updated information discussing this County program for as long as it remains available.
16	Distribute Fair Housing Information	Continue to provide informational materials regarding fair housing.	The City will stay informed of the current fair housing complaint process, continue to distribute the FHCS's information on fair housing, and refer fair housing questions and housing discrimination claims to the FHCS. The City will distribute and make available informational material at both the Building and Planning Department counters and identify other venues (e.g., libraries and other public venues) and opportunities to distribute the information. The City will also maintain a record of fair housing inquiries, referrals for fair housing assistance, and complaints filed.	The City distributes brochures at the Library and City Hall and participates in Fair Housing Council. No complaints received or referred to FHC during 2016.	The City is required by State law to analyze current and future efforts to affirmatively further fair housing (AFFH) as part of the 6 th Cycle Housing Element Update. The City will continue to make materials and resources regarding fair housing available to the public.
17	Energy Conservation	Complete the development of the energy efficiency program.	<p>The City will continue to implement the Solana Beach Green Building Incentive, which offers expedited permit processing for green building applications, permit fee reimbursement for projects that receive GreenPoint Rated certification, and public recognition.</p> <p>The City will continue to provide information on the City's website regarding steps residents can take to increase their energy efficiency and SDG&E rebate/voucher programs available to Solana Beach residents and businesses. The City will develop an energy efficiency program for the community and continue to monitor pertinent legislation which would make it easier to implement solar installations.</p> <p>The City will continue to utilize the Ad-Hoc Subcommittee on Environmental Sustainability to work closely with the Clean and Green committee to develop additional energy conservation and sustainability programs.</p>	<p>The City implemented the PACE program in winter 2014 and continues to identify areas and programs for reducing energy use in the development of the Climate Action Plan.</p> <p>The City currently has information regarding the programs in the City Website, on the Energy Efficiency Programs page, including links to rebates and services and additional state information.</p>	The City successfully completed this program as part of the implementation of their 5 th Cycle Housing Element.
18	Public Participation	Keep track of public noticing and participation procedures and as part of the annual review of the housing element, identify and implement effective public communication strategies.	The City must make a diligent effort to achieve public participation of all economic segments of the community. As part of the annual review of the housing element, the City will evaluate the effectiveness of its public communication strategies	The City maintains all notices provided to the public and mails, Eblast, places information on the City website and Facebook, and has used surveys to obtain feedback and information.	The City is required by State law to conduct community engagement as part of the 6 th Cycle Housing Element Update process. All community outreach materials, workshop summaries, and written comments are included within the 6 th Cycle Housing Element Update as well as on the City's website.

Past Performance					
#	Program	Program Objective	Program Action	Current Planning Period Accomplishments	Effectiveness and Appropriateness
19	Affordable Housing on City-Owned Property	Issue RFPs to develop affordable housing on the City-owned sites identified in the suitable sites inventory (Sites 3 and 4).	The City will be issuing requests for proposals (RFP) for the development of the other two sites (Sites 3 and 4). To encourage development of these sites, the City will offer incentives such as a reduced fee schedule, land write-downs, and expedited permit processing.	There are currently two RFP's on the City's website.	The City successfully completed this program as part of the implementation of their 5 th Cycle Housing Element. As part of the 6 th Cycle Housing Element Update, the City will evaluate the appropriateness of these sites in using them to meet the City's RHNA need, given the reuse requirements of State law.



Appendix B:

Candidate Sites Analysis

This appendix will be updated following receipt of the technical guidance template from the State Department of Housing and Community Development (HCD).

Appendix B:

Candidate Sites Analysis

Candidate Sites Analysis Overview

The Housing Element is required to identify sites by income category to meet the City's RHNA Allocation. The sites identified within the Housing Element represent the City of Solana Beach's ability to develop housing at the designated income levels within the planning period (2021-2029). These sites are either residentially zoned or within a zone that permits residential as a primary use.

The State Department of Housing and Community Development (HCD) is currently preparing a standardized sites analysis inventory matrix for jurisdictions to complete. This matrix is anticipated to include detailed information on the sites identified to meet the City's RHNA, including:

- Assessor Parcel Number (APN)
- Address
- Size (Net Acres as defined by the City and in Appendix D)
- Zoning
- Description of Existing Use
- Ownership
- Density
- Potential Development Capacity (Dwelling Units)

A summary of this information is included within the Housing Resources section (Section 3) of Solana Beach's 2021-2029 Housing Element.

Table B-1 shows the City's 2021-2029 RHNA need by income category as well as a breakdown of the sites identified to meet that need. The analysis within Appendix B shows that the City of Solana Beach has the capacity to meet their 2021-2029 RHNA allocation through a variety of methods, including:

- Identification of additional capacity on existing, residentially zoned sites and commercially zoned sites that permit residential and a primary use
- Identification of City owned properties suitable for the development of housing
- Future development of accessory dwelling units (ADUs)

Water, Sewer, And Dry Utility Availability

Each site has been evaluated to ensure there is adequate access to water and sewer connections as well as dry utilities. Each site is situated with a direct connection to a public street that has the appropriate water and sewer mains and other infrastructure to service the candidate site.

Accessory Dwelling Units (ADUs)

As a result of this legislation and an increased effort by the City to promote ADUs, the City has seen an increase in applications so far in 2020. The City currently has 12 ADUs that have been approved for development between January 1, 2020 and September 30, 2020, 2 of which are affordable. HCD guidance states that ADUs may be calculated based on the City's production

since January 1, 2018, however Solana Beach believes that due to more recent efforts at the local level and further emphasis placed on ADUs through identification of **Programs 1B and 1C**, the City's 2020 performance from January to October 2020 is a more accurate depiction of the City's future ADU performance. In accordance with State law, ADUs are allowed in all zones that allow single dwelling unit or multiple dwelling unit development. Junior Accessory Dwelling Units (JrADUs) are permitted only in single dwelling unit zones.

As part of the sites analysis found within this appendices, the City has accounted for future ADU and JADU production using the City's 2020 performance to date. This equates to an anticipated ADU development of 160 ADUs over the next 8 years, 35 of which are anticipated to be affordable. The ADUs not designated to meet the City's lower income RHNA need are anticipated to be affordable at moderate income levels.

Table B-1: Summary of RHNA Status and Sites Inventory					
	Extremely Low/ Very Low Income	Low Income	Moderate Income	Above Moderate Income	Total
2021-2029 RHNA	316	159	160	240	875
RHNA Credit (Units Built)		32		57	89
Total RHNA Obligations	316	127	160	183	786
Sites Available					
Existing Residentially Zoned Properties	10		44	34	88
Existing Commercially Zoned Properties	486		--	182	668
Total Potential Capacity Based on Existing GP and Zoning	496		44	216	756
Accessory Dwelling Unit Production	35		125	--	160
Total Sites Available	531		169	216	916
Potential Unit Surplus	88		9	33	130

B.1 Very Low and Low Income Sites Inventory

This section contains a description and listing of the candidate sites identified to meet the Solana Beach's very low and low income RHNA need. A full list of these sites is presented in **Table B-2**.

The City of Solana Beach has identified sites with capacity to accommodate the City's 2021-2029 RHNA. This capacity is based on existing zoning and does not require the City to complete rezones in order to add capacity to what currently exists. This City has identified 48 parcels within the high density residential, general commercial, and special commercial zones. Each of these zones permits residential as a standalone use. As shown below, the City has a past history of developing residential uses within these zones. The following residential development projects have been constructed within the City's general and special commercial zones:

- 636 Valley Avenue – 3 dwelling units
- 625 Valley Avenue – 2 dwelling units
- 330 S. Cedros Avenue – 8 dwelling units
- 343 S. Highway 101 – 25 dwelling units (project currently under construction)

While these projects do not contain affordable units, they show that the City has a past performance of developing residential units within the general and special commercial zones. The **Housing Plan** section outlines actions the City will take to promote the development of affordable units within the downtown and commercial areas.

Selection of Sites

Sites identified to meet the City's very-low and low income RHNA were selected based on their ability to meet the default density of 20 dwelling units per acre and the AB 1397 size requirements of at least .5 acres but not greater than 10 acres. While several sites identified in the City's sites analysis do not meet this requirement, the City has a history of developing residential uses on parcels in the downtown that are less than half an acre. This shows the viability of these sites. Additionally, the City has identified sites under a half acre in size that are either adjacent or share characteristics such as common ownership. This is shown under the consolidation group column of **Table B-2**.

Sites were selected based on their realistic viability to accommodate lower income housing within the 2021-2029 planning period. This includes an evaluation of vacant land within the City (**Table B-2**) as well as underutilized sites that may provide the potential for redevelopment to accommodate residential at higher densities. Solana Beach is almost entirely built out, with the little vacant land within the City containing steep slopes or other characteristics which make it difficult to develop. As such, all sites identified within the housing element are on non-vacant parcels. As shown in the previous section, the City has a history of developing residential units on non-vacant parcels.

Figure B-1 shows the locations of all parcels identified to meet the City's lower income RHNA need. A detailed map and list of candidate sites can be found on the City's website.

Figure B-1: Map of Very Low and Low Income Sites

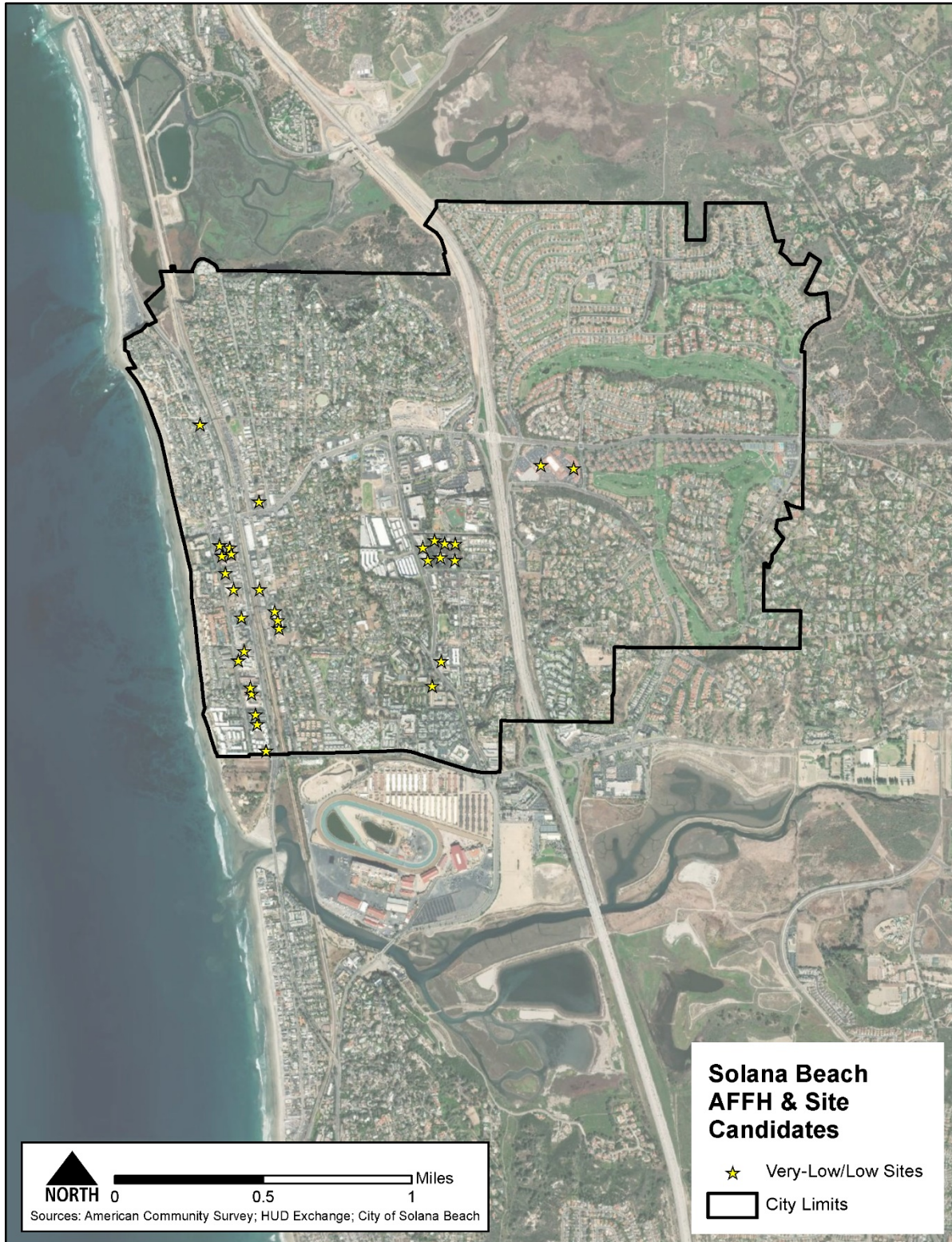


Table B-2: Sites to Accommodate Low and Very Low RHNA

APN	Zone	Address	Owner	Size (AC)	Realistic Density	Capacity Factor	Potential Capacity	Vacant	Notes	Consolidation Group
2980910600	SC	507 S CEDROS AVE	CHURCH BRIAN L & DEBRA G	0.31	20	0.8	3		Existing car lot	
2982118100	C	N/A	CITY OF SOLANA BEACH	0.33	20	0.8	5		Parking lot	7
2982114000	C	511 S HIGHWAY 101	HARRISON FAMILY TRUST 01-09-91	1.15	20	0.8	17		Gym Facility	7
2980102000	C	236 S SIERRA AVE	236 S SIERRA LLC	0.53	20	0.8	7		Commercial/Business Park	
2980106100	C	155 S OLD HIGHWAY 101	101 PLAZA L L C	0.55	20	0.8	6		Commercial Shopping Center	
2980106200	C	120 S SIERRA AVE	BRIXTON COVE LLC	0.58	20	0.8	8		Commercial/Business Park	
2980521200	C	305 HIGHWAY 101	LONGS DRUG STORES CALIFORNIA INC (SUBLESSEE) <LF>	1.80	20	0.8	27		Commercial Shopping Center	
2980531700	C	405 S HIGHWAY 101	BANK OF AMERICA NATIONAL TRUST&SAVINGS ASSN	0.98	20	0.8	15		Commercial Shopping Center	
2980735200	SC	214 S CEDROS AVE	THREE HILLS CORP	0.61	20	0.8	6		Small Commercial Shopping Center	
2980761200	SC	342 S CEDROS AVE	DFTC INC	0.66	20	0.8	10		Commercial/Business Park	
2980910100	SC	337 S CEDROS ST	HARRISON KEITH&SARA	0.71	20	0.8	7		Commercial Shopping Center	
2980920100	SC	410 S CEDROS AVE	SOUTH CEDROS ASSOCIATES LLC	0.93	20	0.8	10		Light Industrial/Storage	5
2980921100	SC	0 CEDROS AVE	SOUTH CEDROS ASSOCIATES LLC	0.91	20	0.8	11		Light Industrial/Storage	5

Table B-2: Sites to Accommodate Low and Very Low RHNA

APN	Zone	Address	Owner	Size (AC)	Realistic Density	Capacity Factor	Potential Capacity	Vacant	Notes	Consolidation Group
2981121500	SC	741 ACADEMY DR	ACADEMY HOSPITAL LLC	0.58	20	0.8	6		Professional Offices	
2981121900	SC	524 STEVENS AVE	CANTERBURY 2008 IRREVOCABLE TRUST 05-22-08	0.62	20	0.8	6		Commercial/Business Park	
2981122000	SC	532 STEVENS AVE	SOLANA PARTNERS LP	1.79	20	0.8	21		Commercial/Business Park	
2981122100	SC	722 GENEVIEVE ST	SOLANA PARTNERS LP	2.43	20	0.8	29		Commercial/Business Park	
2981122200	SC	742 GENEVIEVE ST	SOLANA PARTNERS LP	1.61	20	0.8	19		Commercial/Business Park	
2633513500	SC	124 LOMAS SANTA FE	OZAWA FARMS INC <DBA J&T INVESTMENTS>	1.82	20	0.8	28		Commercial Shopping Center with Two Buildings	
2982114700	C	647 S HIGHWAY 101	PINNACLE SOLANA II LLC	0.82	20	0.8	12		Small Single-Family Residence	
2982114900	C	731 S HIGHWAY 101	BLUE MAX	1.72	20	0.8	27		Commercial Shopping Center	
2982118400	C	617 S HIGHWAY 101	SUNSET MOTORS INC	0.54	20	0.8	7		Enterprise Rental Facility	
2982118500	C	635 OLD HIGHWAY 101	CITY OF SOLANA BEACH	1.08	20	0.8	17		City Hall	
2982118800	C	621 S HIGHWAY 101	ALPS HOSPITALITY INC	0.84	20	0.8	13		Hotel	
2982402400	C	100 BORDER AVE	COOPER-HARRIS FAMILY TRUST 01-07-04	0.60	20	0.8	9		Commercial Shopping Center	

Table B-2: Sites to Accommodate Low and Very Low RHNA

APN	Zone	Address	Owner	Size (AC)	Realistic Density	Capacity Factor	Potential Capacity	Vacant	Notes	Consolidation Group
2982405800	C	777 HIGHWAY 101	PACIFIC EXECUTIVE PLAZA L L C	1.11	20	0.8	17		Commercial/Business Park	
2985301900	SC	761 ACADEMY DR	MAX FIRSTENBERG WEINSTOCK FAMILY L L C	1.03	20	0.8	11		Commercial/Business Park	
2985302000	SC	809 ACADEMY DR	ACADEMY GROUP LLC	1.03	20	0.8	12		Gym Facility	
2980103200	C	201 S HIGHWAY 101	KORNBERG FAMILY TRUST 08-11-92 PERL FAMILY MARITAL TRUST	0.35	20	0.8	5		Vacant Lot	3
2980103100	C	204 S SIERRA AVE	KORNBERG FAMILY TRUST 08-11-92 PERL FAMILY MARITAL TRUST	0.43	20	0.8	6		Vacant Lot	3
2980106300	C	140 S SIERRA AVE	CITY OF SOLANA BEACH	1.00	20	0.8	16		City-Owned Surface Parking Lot	
2634210800	C	607 LOMAS SANTA FE DR	SECURITY PACIFIC NATIONAL BANK <LF> ANDERSON CAROL	1.05	20	0.8	15		Commercial/Business Park	
2630532000	C	435 N HIGHWAY 101	C C S B INC	0.22	20	0.8	4		Existing Commercial Use	6
2630531900	C	421 N HIGHWAY 101	NAYLOR FAMILY TRUST 06-02-00	0.07	20	0.8	1		Existing Commercial Use	6
2630530300	C	445 N HIGHWAY 101	OUR TOWN RENTALS	0.07	20	0.8	1		Existing Commercial Use	6
2630530200	C	N HIGHWAY 101	OUR TOWN RENTALS	0.07	20	0.8	1		Parking Lot	6
2980920200	SC	444 S CEDROS AVE	SOUTH CEDROS ASSOCIATES LLC	0.48	20	0.8	5		Light Industrial/Storage	5

Table B-2: Sites to Accommodate Low and Very Low RHNA

APN	Zone	Address	Owner	Size (AC)	Realistic Density	Capacity Factor	Potential Capacity	Vacant	Notes	Consolidation Group
2633040800	C	301 N HIGHWAY 101	V D M 383 LLC	0.07	20	0.8	1		Existing Commercial	4
2633040900	C	301 N HIGHWAY 101	V D M 383 LLC	0.11	20	0.8	2		Existing Commercial	4
2633041000	C	301 N HIGHWAY 101	V D M 383 LLC	0.12	20	0.8	2		Existing Commercial	4
2633041100	C	ACACIA AVE	V D M 383 LLC	0.19	20	0.8	3		Vacant Lot	4
2633041200	C	312 N ACACIA AVE	V D M 383 LLC	0.08	20	0.8	0	VAC	Single-family detached house	4
2632936000	C	971 LOMAS SANTA FE DRIVE	PACIFIC SOLANA BEACH HOLDINGS	3.98	20	0.8	63		Existing Commercial	
2632935900	C	LOMAS SANTA FE DRIVE	PACIFIC SOLANA BEACH HOLDINGS	9.85	20	0.8	64		Existing Commercial	
2633040100	C	354 ACACIA AVE	HAGIO MICHIO TRUST 01-31-02	0.52	20	0.8	10		Existing Commercial	

B.2 Moderate and Above Moderate Sites Inventory

This section contains a description and listing of the candidate sites identified to meet the Solana Beach's moderate and above moderate income RHNA need.

Calculation of Unit Capacity

The capacity for sites identified to meet the City's above moderate RHNA need was determined by multiplying the net parcel size by the maximum achievable density for that zoning designation and rounding down to the nearest whole dwelling unit. Alternatively, the capacity for sites identified to meet the City's moderate RHNA need was determined with the same methodology using the minimum achievable density for that zoning designation. In taking this approach, the City is using a conservative methodology. Where information is known, acreage has been netted out for potential constraints to development.

Selection of Sites

This Appendix B contains a selection of those sites that are most likely to be developed for moderate and above-moderate income housing. For the purpose of identifying sites with the potential to be redeveloped within the planning period, this analysis considered existing zoned parcels that permit residential as a primary use within the following zones based on the permitted densities within those zones:

- Above moderate
 - LRc, Low Residential C
 - LRd, Low Residential D
 - LMRc, Low-Medium Residential C
 - LMRd, Low-Medium Residential D
 - C, General Commercial
- Moderate:
 - MRd, Medium Residential D
 - MHRd, Medium-High Residential D

Due to the primarily developed nature of Solana Beach's communities, sites with a capacity through the existing zoning to develop for at least one additional unit were considered within the analysis. In most instances, additional units are achievable through the subdivision of an existing property and addition of dwelling units.

For the purposes of this analysis, accessory dwelling unit potential was calculated separately as outlined within the Candidate Sites Analysis Overview section above. ADUs represent additional potential units to meet the City's RHNA.

Table B-3: Sites to Accommodate Moderate and Above Moderate RHNA								
APN	Zone	Address	Owner	Size (AC)	Realistic Density	Potential Units	Vacant	Notes
2981331300	MHRd	820 VERA ST	DYER GARY&JOAN	0.16	8	1		Single-family house
2981331100	MHRd	834 VERA ST	CLARK MIRIAM E 1992 TRUST 06-30-92	0.15	8	1	VAC	Vacant Parcel
2982120100	MHRd	601 S CEDROS AVE	GILLIAM FAMILY TRUST 04-27-93	0.30	8	1		Single-family house
2633510600	MHRd	147 N RIOS AVE	FLAGG KENNETH&ANITA	0.29	8	1		Single-family house
2981401400	MHRd	667 IDA AVE	MURO TRUST 10-26-01	0.29	8	1		Single-family house
2982124400	MHRd	755 CEDROS AVE	D J D 2002 TRUST 04-13-02	0.27	8	1		Single-family house
2981400600	MHRd	635 IDA AVE	HERNANDEZ FAMILY TRUST 07-30-07	0.27	8	1		Single-family house
2981340300	MHRd	819 VERA ST	GRACIANO ARTURO	0.27	8	1		Single-family house
2981401800	MHRd	655 IDA AVE	FOWLER CHRYSALYNN	0.26	8	1		Single-family house
2982932100	MHRd	804 IDA AVE	GONZALES FAMILY TRUST 02-11-99	0.51	8	1		Single-family house
2981400900	MHRd	645 IDA AVE	PICKERING JENNIFER A M	0.38	8	2		Single-family house
2981340501	MHRd	833 VERA ST	JONES SETH J&ROBIN K	0.46	8	2		Two small single-family structures
2982932000	MHRd	0 IDA AVE	BRISA MAR DEVELOPMENT	0.51	8	4		Underutilized site w/ fence
2981623700	MHRd	0 IDA AVE	K N N MANAGEMENT LLC	0.77	8	6	VAC	Vacant Parcel
2982604400	MHRd	0 DEL MAR DOWNS RD	SAINT JAMES CATHOLIC PARISH IN SOLANA BEACH	0.94	8	7	VAC	Vacant Parcel
2982701800	MRd	2466 MANGO WAY	MARANDINO FAMILY TRUST 08-17-03	0.21	5	1	VAC	Vacant Parcel

Table B-3: Sites to Accommodate Moderate and Above Moderate RHNA								
APN	Zone	Address	Owner	Size (AC)	Realistic Density	Potential Units	Vacant	Notes
2982701600	MRd	686 VIA DE LA VALLE	MARANDINO FAMILY TRUST 08-17-03	0.41	5	1		Single-family house
2982703500	MRd	684 VIA DE LA VALLE	MENGLER BRUCE&GRAHAM SUSAN FAMILY TRUST 05-20-15	0.51	5	1	VAC	Vacant Parcel
2630212500	MRd	637 W CIRCLE DR	STEINBERG JOSEPH S&DIANE H	0.46	5	1		Single-family house
2982704400	MRd	690 VIA DE LA VALLE	DOH REVOCABLE LIVING TRUST 01-04-12	0.44	5	1		Single-family house
2982830900	MRd	880 STEVENS AVE	PELLERITO JAMES J	0.62	5	2		Single-family house
2982704100	MRd	990 HIGHLAND DR	M C S DEL MAR CORPORATE CENTER LLC	1.22	5	6	VAC	Parking Structure
2634210900	C	225 STEVENS AVE	SOLANA BEACH PRESBYTERIAN CHURCH	2.02	20	31		Church Facilities
2634211000	C	663 SAN RODOLFO DR	S B T C HOLDINGS L L C	3.49	20	54		Commercial Shopping Center
2634211200	C	114 SOLANA HILLS DR	S B T C HOLDINGS L L C	3.26	20	51		Commercial Shopping Center
2634211300	C	0 SOLANA HILLS DR	S B T C HOLDINGS L L C	0.51	20	8		Commercial Shopping Center
2634211500	C	667 SAN RODOLFO DR	S B T C HOLDINGS L L C	1.55	20	23		Commercial Shopping Center
2981313000	C	616 STEVENS AVE	WINDWARD PLAZA LLC	1.00	20	15		Commercial Shopping Center
2630321800	LMRc	717 SEABRIGHT LN	HARTMAN BLAYNE TRUST 04-27-05	0.53	4	1		Single-family house
2630311200	LMRc	645 N RIOS AVE	POPE S&K FAMILY TRUST 03-24-03	0.54	4	1		Single-family house
2980838600	LMRc	130 S GRANADOS AVE	MUELLER FAMILY TRUST 04-09-01	0.56	4	1		Single-family house

Table B-3: Sites to Accommodate Moderate and Above Moderate RHNA								
APN	Zone	Address	Owner	Size (AC)	Realistic Density	Potential Units	Vacant	Notes
2630320800	LMRc	725 SEABRIGHT LN	WAKEHAM RAY H&PATRICIA V FAMILY TRUST 09-16-88	0.53	4	1		Single-family house
2634040100	LMRd	321 EL VIENTO ST	MARTIN JOHN A & LOIS K TRUST 11-06-89	0.73	4	1		Single-family house
2634041000	LMRd	390 LOMAS SANTA FE DR	ZIMMERMAN FAMILY TRUST 08-29-07	0.65	4	1		Single-family house
2980943200	LRc	0 GRANADOS AVE	CARLTON FAMILY TRUST 12-10-93	0.34	3	1	VAC	Vacant parcel
2981215600	LRc	524 S NARDO AVE	SANCHEZ FELIX	1.19	3	2		Single-family house
2630821700	LRc	615 N GRANADOS AVE	GUNTHER HERBERT J & W RUTH TRUST 11-16-77	0.77	3	1		Single-family house
2634020500	LRc	148 S NARDO AVE	CARADINE JON C	1.79	3	4		Single-family house
2634022200	LRc	170 S NARDO AVE	BATCHMAN FAMILY TRUST 10-13-10	1.26	3	2		Single-family house
2980811100	LRc	302 S NARDO AVE	BARTHELL FAMILY TRUST 12-12-02	2.02	3	4		Single-family house
2980812500	LRc	258 S NARDO AVE	BARTHELL FAMILY TRUST 12-12-02	1.56	3	2		Single-family house
2980844400	LRc	422 S NARDO AVE	SWORTWOOD CHRISTOPHER G & HEATHER	0.85	3	1		Single-family house
2980844500	LRc	430 S NARDO AVE	BUSER MARTIN & CYNTHIA FAMILY TRUST 12-03-97	0.86	3	1		Single-family house
2980844700	LRc	326 NARDO AVE	SCHLIFF FAMILY TRUST 05-13-10	0.68	3	1		Single-family house
2980844800	LRc	318 S NARDO AVE	MCHALE FAMILY TRUST 02-23-18	0.74	3	1		Single-family house
2980921000	LRc	526 S CEDROS AVE	ESTRADA EDDIE M & GLORIA A REVOCABLE TRUST 04- 08-08	1.10	3	1		Two single-family houses

Table B-3: Sites to Accommodate Moderate and Above Moderate RHNA								
APN	Zone	Address	Owner	Size (AC)	Realistic Density	Potential Units	Vacant	Notes
2980921300	LRc	0 RIOS AVE	ESTRADA EDDIE M&GLORIA A REVOCABLE TRUST 04- 08-08	0.42	3	2	VAC	Vacant parcel
2980921400	LRc	0 RIOS AVE	NORTH COUNTY COASTAL LLC	0.40	3	1	VAC	Vacant parcel
2980934400	LRc	535 S GRANADOS AVE	SIHOTA JAGBIR S TRUST 06-14-11	1.05	3	2		Single-family house
2631607100	LRd	403 MARVIEW DR	BURGER FAMILY TRUST 02-07-95	0.78	3	1		Single-family house
2631607500	LRd	404 MARVIEW DR	HOUSTON 1992 TRUST 12-18-92	0.70	3	1		Single-family house



Appendix C:

Community Outreach

Appendix C: Community Engagement Summary

Section 65583 of the Government Code states that, "The local government shall make diligent effort to achieve public participation of all economic segments of the community in the development of the housing element, and the program shall describe this effort." Meaningful community participation is also required in connection with the City's Assessment of Fair Housing (AFH). A discussion of citizen participation is provided below.

As part of the 6th Cycle Housing Element Update process, the City of Solana Beach has conducted extensive public outreach activities beginning in 2020. These recent outreach efforts included presentations, City Council and Planning Commission Study Sessions, Community Workshops, digital media, and noticed Public Hearings. Project materials, including summaries from community workshops and public meetings, notices, and draft public review documents are available on the City's website: <https://www.ci.solana-beach.ca.us/housingelement>

Outreach for the 6th Cycle Housing Element to the Solana Beach community, includes the following actions:

- **Community Workshop#1** – The City conducted a community workshop on March 5, 2020 at City Hall that was advertised using both handouts and flyers as well as the City's website. The Workshop had 13 attendees. The workshop is available for viewing on the City's webpage at <https://www.ci.solana-beach.ca.us/housingelement>. At the workshop participants were provided with an overview of the planning process. The City's RHNA obligations and engaged in an interactive exercise to focus on and identify the responses and creative solutions to the following:
 - What are the biggest challenges to housing in Solana Beach?
 - What creative ways can Solana Beach provide housing in the future?
 - What types of programs or assistance could the City provide to facilitate housing?
 - What other opportunities or ideas do you have to address housing issues in Solana Beach?
- **Community Workshop #2** – The City virtually conducted a second community workshop on October 15, 2020. The workshop was advertised through flyers in both English and Spanish and on the City's Housing Element Update webpage. The workshop is available for viewing at <https://www.ci.solana-beach.ca.us/housingelement>. During the workshop, participants were provided with an overview of the current status of the update process, information on previous outreach efforts, and information on each section of the Draft Housing Element. The workshop also directed participants to take an online housing survey and to provide comments on the Public Review Draft.
- **Community Workshop #3** – On November 12, 2020, the City virtually hosted a third community workshop to review the contents of the Public Review Draft Housing Element and collect comments. The workshop was advertised through flyers in both English and Spanish and on the

City's Housing Element Update webpage. The workshop was held approximately one week before the close of the public review period so that residents and interested parties had an opportunity to review the document, formulate questions or comments, and provide those to the project team. During the meeting, the project team made a short presentation with highlights of the contents of the Public Review Draft Housing Element and received several verbal comments from participants.

- **Online Community Survey** – From October 15, 2020 to November 30, 2020 the City of Solana Beach launched an online community survey to gather additional feedback regarding the Housing Element Update. Participants were asked to consider potential policies and programs to include in the Housing Element, as well as potential housing types and opportunities for housing in the City. The survey also solicited feedback regarding potential barriers to housing access and constraints to the development of housing.
- **City Council Study Session** – The City held a City Council Study Session on October 28, 2020. During the study session, the project team provided a presentation to the Solana Beach City Council with an overview of the Public Review Draft Housing Element and Housing Element update process to date. Community members had the opportunity to give public comments and several were received by the City.
- **Housing Element Update Website** – A website developed for public consumption, which can be accessed at <https://www.ci.solana-beach.ca.us/housingelement>. The website provides relevant information about the update process, key features of the housing element, project timeline and a calendar of events for outreach activities. The website also provided a link to the community survey tool as well as the contact information of city for residents and community members to send additional comments or request additional information.

As required by Government Code Section 65585(b)(2), all written comments regarding the Housing Element made by the public have previously been provided to each member of the City Council.

This Appendix contains a summary of all public comments regarding the Housing Element received by the City at scheduled public meetings, and the Appendix has been provided to the City Council.

C.1 Community Workshop #1

This section contains all available public oral comments provided during the first Community Workshop, as well as provided workshop materials and handouts. Public comments were received in written and oral form.



City of Solana Beach

2021-2029 Housing Element Update Community Workshop

The City of Solana Beach is kicking off the update for the 2021-2029 Housing Element! Please join us to learn about the contents of the Housing Element, the State's requirements of the update process, and the schedule for public input.

WHEN: March 5, 2020, 6 p.m.

WHERE: Council Chambers, 635 Hwy 101

*For questions, please contact Joseph Lim at (858) 720-2434 or
by email at jlim@cosb.org*



City of Solana Beach

2021-2029 Housing Element Update

The City of Solana Beach is updating the Housing Element for the 2021-2029 planning period. This Fact Sheet provides answers to commonly asked questions and provides information about the update process.

What is a Housing Element?

The Housing Element is a state-required policy document within the Solana Beach General Plan that establishes housing-related policies and programs addressing existing and projected future housing needs for all economic segments in the City.

Key Features of the Housing Element include:

- A population and demographic community profile
- An evaluation of housing constraints and resources
- An analysis of sites appropriate for potential housing
- Development of policies, programs and objectives



What is the Regional Housing Needs Assessment and Housing Element Update Process?

The Regional Housing Needs Assessment (RHNA) is mandated by State Housing Law. The RHNA quantifies estimated future housing growth need and informs local planning by addressing existing and future housing needs that result from changes in population, employment, and households. State law requires cities to accommodate estimated future housing growth by identifying sites available for Housing.

The San Diego Association of Governments (SANDAG) has allocated the City of Solana Beach's regional share of housing units by income category:

City of Solana Beach 2021-2029 RHNA Housing Growth Need				
Income Category	% of Median Family Income (MFI) ¹	Income Range ¹		Solana Beach RHNA Allocation (Housing Units)
		Min.	Max.	
Very Low Income	0 – 50%	\$0	\$43,150	316 units
Low Income	51 – 80%	\$43,151	\$69,040	159 units
Moderate Income	81 – 120%	\$69,041	\$103,560	160 units
Above Moderate Income	>120%	\$103,561	>103,561	240 units
TOTAL				875 units

¹ Income Range is based on the 2019 HUD Median Family Income (MFI) for San Diego County of \$86,300.



City of Solana Beach

2021-2029 Housing Element Update

Why is the City updating the Housing Element?

The City of Solana Beach is required by state law to update its Housing Element every eight years. The current adopted Housing Element is for the 5th Cycle, 2013-2021 planning period. The City is now planning for the 6th Cycle, 2021-2029 planning period. The statutory deadline for submittal to the Department of Housing and Community Development (HCD) is April 30, 2021.

Housing Element Update Schedule:

The following dates are tentative. Please visit the City's website for the most recent schedule as well as project updates and materials.

Community Workshop #1	March 5, 2020
City Council Work Session	May 2020
Community Workshop #2	June/July 2020
Draft Element for Public/HCD Review	August 2020
City Council Public Hearing	Winter 2020-21



Importance of Housing Element Certification:

- Ensures the City complies with State Law
- Allows the City to become eligible for State grants and funding sources
- Demonstrates the City's ability to meet future growth needs

How you can participate in the Process?

There are a number of ways you can participate and stay involved including:

- Two Community Workshops to learn about the process and provide your ideas.
- Review and provide comments on the public draft.

For more information, visit:

[www. https://www.ci.solana-beach.ca.us](https://www.ci.solana-beach.ca.us)

Or contact:

Joseph Lim, Community Development Director, by phone at (858) 720-2434
or by email at jlim@cosb.org.

City of Solana Beach Housing Element Update 6th Cycle (2021-2029)

Workshop 1, Summary

Date: March 5, 2020



On Thursday, March 5th, 2020 the City of Solana Beach held a public community workshop for the 2021-2029 6th Cycle Housing Element Update. The purpose of the meeting was to provide information on the Housing Element update process and to gather input and ideas from the public that will shape the goals, policies and programs in the Housing Element. The workshop included a PowerPoint presentation as well as an interactive feedback session to answer the following questions:

- What are the biggest challenges to housing in Solana Beach?
- What types of programs or assistance could the City provide to facilitate housing?
- What other opportunities or ideas do you have to address Housing issues in Solana Beach?

A video of the full presentation and the PowerPoint slides are available on the City's website. Below are the comments and responses received at the workshop.

What are the biggest challenges to housing in Solana Beach?

1. Maintain open space balance and permeable land (for runoff)
2. Lack of freely developable property
3. Fear of the types of people who live in affordable housing
4. Cost
5. The parking requirements
6. Already dense
7. Zoning limits
8. Support appropriate setbacks but they can be a limitation
9. How to classify different types of housing?
 - a. Ex: mobile homes, tiny homes
10. High cost of materials and labor to produce housing
11. Cost of land and construction
12. Financing building and permits
13. Calling people NIMBY's does not help and only inflames fears
14. Emerging ways to build, construction changes
 - a. Example: 3D printers
15. High cost of land
16. Excessive taxation
17. Loss of private property rights mandated by the State
18. Regulations with HOA's
19. NIMBY attitudes
20. Lack of vacant land
21. Zoning- a lot of rural zoning on the east side
22. State legislation creating constraints in Cities
23. Population increases – how to accommodate growing numbers

What creative ways can Solana Beach provide housing in the future?

1. Limited and clearly delineated regulatory process

City of Solana Beach Housing Element Update 6th Cycle (2021-2029)

Workshop 1, Summary

Date: March 5, 2020



2. Simplified ADU permitting
3. Golf course
4. ADUs
5. Multi-generational and co-housing (at the train station?)
6. Living units at businesses
7. Adding backyard limits will destroy our neighborhood, too dense, too many cars, parking on streets.
8. Reasonable expectations, cohesive positions, flexibility, education
9. On church parking lots
10. More mixed-use development with studio lofts
11. Co-housing
 - a. Varied designs
 - b. Maybe a contest when property is selected
12. Political will
13. Expedite the permitting process
14. Transit oriented development with minimum parking regulations
15. Tiny villages (Seattle)
16. Live work
17. Accelerated approvals
18. Multi-use TOD development at NCTD transit center
19. ADUs will change the character of the community
20. Utilize parking lot behind Vons for apartments (3 story ok!)
21. Tie parking for ADUs to house on property to help address parking concerns
22. Reduce/restrict short term rentals in residential neighborhoods
 - a. It limits housing for people who want to live and work full time in Solana Beach
 - b. Not against it, just need to regulate it
 - c. You could probably provide/build more housing if you saw that people were actually living full time in the City
23. Eliminate or lower fees for ADUs if deemed affordable
24. Allow single family homes to be split into multiple units
25. Rethink zoning in certain parts of community such as shopping centers near freeways, they might be able to accommodate mixed-use/live-work
26. Micro-units
27. Pre-approve certain types of buildings and plans
28. Shared parking resources
29. To provide more affordable housing we need better public transit
 - a. Frequency and additional routes

What types of programs or assistance could the City provide to facilitate housing?

1. Cohousing
 - a. Micro-units
 - b. Small units

City of Solana Beach Housing Element Update 6th Cycle (2021-2029)

Workshop 1, Summary

Date: March 5, 2020



2. Down payment assistance – affordability issues
3. Accessory Dwelling Unit (ADU)/Junior Accessory Dwelling Unit (JADU) program
 - a. Example: City of Encinitas
4. Land bank/ use of existing structures and lots available
 - a. CVS area
 - b. Existing commercial
5. Vertical development
6. Mixed-use development
 - a. Incentives, planning
7. City approved auxiliary housing units
8. Fee waivers or reduction for ADUs deed restricted affordable
9. Annex and subdivide Rancho Santa Fe
10. Financing for building/splitting to increase density if units are publicly available (not for within family)
11. P3 ground lease any viable empty city property
12. Research and educate on
 - a. Building plans for ADUs
 - b. 3D printers
 - c. Architects builders etc.
13. City can use incentives (go to the front of the line, etc)
14. Limit affordable housing to people who serve Solana beach such as fireman, police, medical personnel, and teachers for instance

What other opportunities or ideas do you have to address Housing issues in Solana Beach?

1. New development should maintain community character (bulk, scale, and maintain buffers/setbacks between property)
 - a. Relax standards within reason
2. HOA issues – Park Del Mar
3. Educate community on new regulations and options
 - a. Architects
 - b. Land owners
 - c. Fliers at hardware stores
 - d. Etc.
4. Funding
 - a. Hold contests
 - b. Promotional
5. Educate community on funding opportunities for ADUs etc
6. Use church parking lots

Question 1 = WHAT ARE THE BIGGEST CHALLENGES TO HOUSING IN COLANA BEACH

Maintain open space balance and permeable land (for runoff)

Lack of Freely Developable Property

fear of the types of people who live in affordable housing

Cost

The parking requirements

Already dense

Zoning limits support approp. setbacks but its a limit

• now to classify or what is suitable

High Cost of materials + labor to produce housing

Cost Land Construction

Financing building + permits

Calling people NIMBYS does not help & only inflames fears

Emerging ways to build
• construction changes
ex: 3D printers

High Cost of Land

Excessive taxation

Loss of private property rights mandated by the State

Regulations with HOA'S

NIMBY attitudes

Lack of vacant ~~proper~~ Land

Zoning
• ALOT of rural zoning on East side

QUESTION 2- WHAT ARE CREATIVE WAYS SOLANA BEACH CAN PROVIDE HOUSING IN THE FUTURE?

Limited and clearly delineated regulatory processes

simplified ADU permitting

Golf Course

ADUs

multi-generational co-housing (at the train station?)

Living units at businesses

adding backyard units will destroy our neighborhood. Too dense Too many cars parked on streets.

Reasonable expectations, cohesive positions, flexibility, education

On church parking lots

more mixed use development with studios/lofts

~~ADU~~
Co Housing
- Varied designs
- Play be contest when property selected

Political will

Expedite the permitting process.

transit-oriented development with minimum parking req.

Tiny Villages (Seattle)

Live Work

JADUs

Accelerated approvals

Multi-use TOD Development at NCTD Transit Center

ADU's will CHANGE CHARACTER OF THE COMMUNITY

Utilize parking lot behind VONS for apartments (3-story OK!)

Eliminate or Lower Fees for ADUs if deemed affordable

Micro units

Pre-approve certain types of buildings + plans

Tie parking for ADUs to house on property to help address parking concerns

Allow single family homes to be split into multiple units

shared parking

resources

Reduce/Restrict STRs in Residential neighborhoods

Rethink zoning in certain parts of community such as shopping centers near Hwy. that might accom mixed use/live work

To provide more affordable housing we need better public transit

limit housing for ppl who want to live and work full time in SB - not against it just need to closely regulate it.

you could provide more housing if you saw people were actually living full time

Question 3 - WHAT TYPES OF PROGRAMS OF ASSISTANCE COULD THE CITY PROVIDE TO FACILITATE HOUSING?

CO Housing opportunities

↳ micro-units
small units

Down payment assistance - affordability issues

ADU/JADU program
City/Encinitas ex.

Land bank/
use existing structures,
lots available

vertical development

ex: CVS area
existing commercial

Mixed use devlop

• incentives
• planning

City approved
auxiliary
housing plan

Fee waivers
or reduction
for ADUs
deed restricted
Affordable

Annex &
Subdivide
Rancho Santa Fe

Financing for
building/splitting to
increase density if
units are publically
available (not for w/in
family)

P3/ground
lease any
viable +
empty city
property

Research +
educate on

- ⊙ bld plans for ADUs
- ⊙ 3-D printers
- ⊙ architects/builders etc

City can use
incentives
(go to the front
of the line, etc)

Limit affordable
housing to people
who serve Solana
Beach such as
firemen, police,
medical personnel,
teachers for instance.

QUESTION 4 = WHAT OTHER IDEAS/OPPORTUNITIES DO YOU HAVE TO ADDRESS HOUSING ISSUES IN SOLANA BEACH?

New development should maintain community character (bulk, scale, + maintain buffers/seback betw properties)

↑
relax standards w/in reason

Educate community on new regulations + options

- Architects
- Land owner
- Fliers at hardware stores
- etc

Educate community on funding opportunities for ADUs etc

HGA ISSUES -
PARK DELMAR
EX.

Funding

- hold contests
- promotionals

USE church parking lots

C.2 Community Workshop #2

This section contains all available public comments provided during the second Community Workshop, as well as provided workshop materials and handouts. Public comments were received in written and oral form.



City of Solana Beach

2021-2029 Housing Element Update Community Workshop #2

The City of Solana Beach is preparing to release the Public Review Draft of the 2021-2029 Housing Element. Please join us for a virtual workshop to learn about the different parts of the draft document as well as how you can provide feedback during the public review period.

WHEN: October 15, 2020, 6 p.m.

WHERE: The link to this virtual meeting will be made available on the City's Housing Element Update page, located on the City's website (www.ci.solana-beach.ca.us)

For questions, please contact Joseph Lim at (858) 720-2434 or by email at jlim@cosb.org



Ciudad de Solana Beach

Actualización del Elemento Vivienda 2021-2029

Taller Virtual

La Ciudad de Solana Beach se está preparando para publicar el Borrador de la Revisión Pública del Elemento Vivienda 2021-2029. Por favor únase a nosotros en un taller virtual para aprender acerca de las diferentes partes del documento preliminar así como también proporcionar sus comentarios durante el periodo de revisión pública.

CUÁNDO: 15 de Octubre de 2020, 6 p.m.

LUGAR: El lugar de enlace para esta reunión virtual estará disponible en la página de Actualización del Elemento Vivienda de la ciudad, ubicada en el sitio web de la ciudad (www.ci.solana-beach.ca.us)
(www.ci.solana-beach.ca.us)

Para preguntas, contactar Joseph Lim a (858) 720-2434 o jlim@cosb.org

C.3 Community Survey

The City conducted a community survey which launched on October 15, 2020. This section contains a summary of the survey results, as well as all survey response data.

Housing Element Update Survey

From October 15, 2020 to November 30, 2020 the City of Solana Beach launched an online community survey to gather additional feedback regarding the Housing Element Update. Participants were asked to consider potential policies and programs to include in the Housing Element, as well as potential housing types and opportunities for housing in the City. The survey also solicited feedback regarding potential barriers to housing access and constraints to the development of housing. Below is a summary of the survey's results.

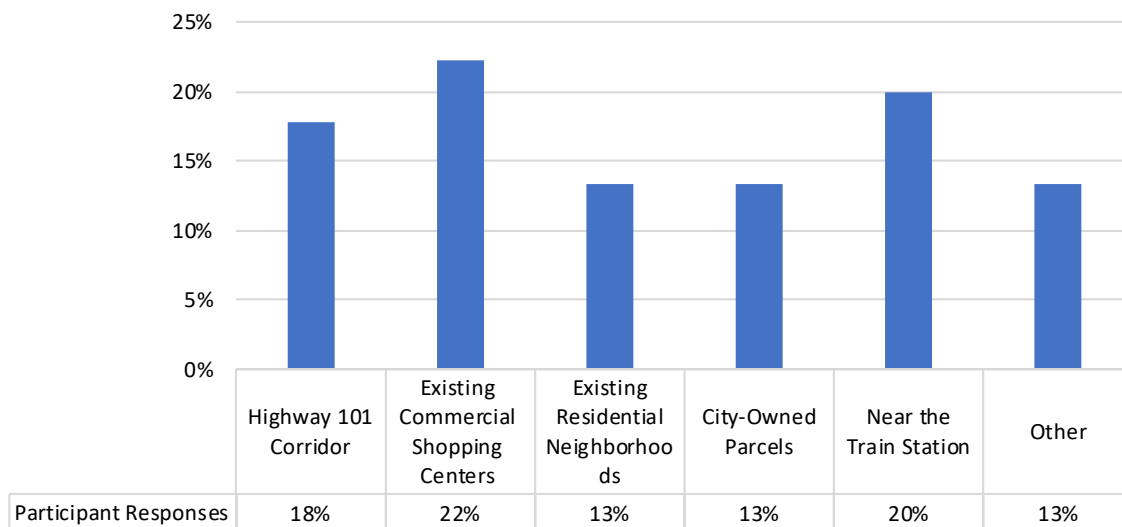
Survey Results

Question 1: Where do you think the City of Solana Beach should prioritize the development of housing?

Participants were provided a multiple-choice question in order to gather information about where residents, stakeholders and other survey participants were most interested in seeing housing.

Figure C 1 displays data results for participant responses to Housing Development Locations. Based on the data, participants were most interested in development in the Existing Commercial Shopping Centers while development in Existing Residential Neighborhoods , City-Owned Parcels and other locations were the least appealing for the participants. Participants showed a variety interest in development Highway 101 Corridor and Near the Train Station.

Figure C-1: Housing Development Locations

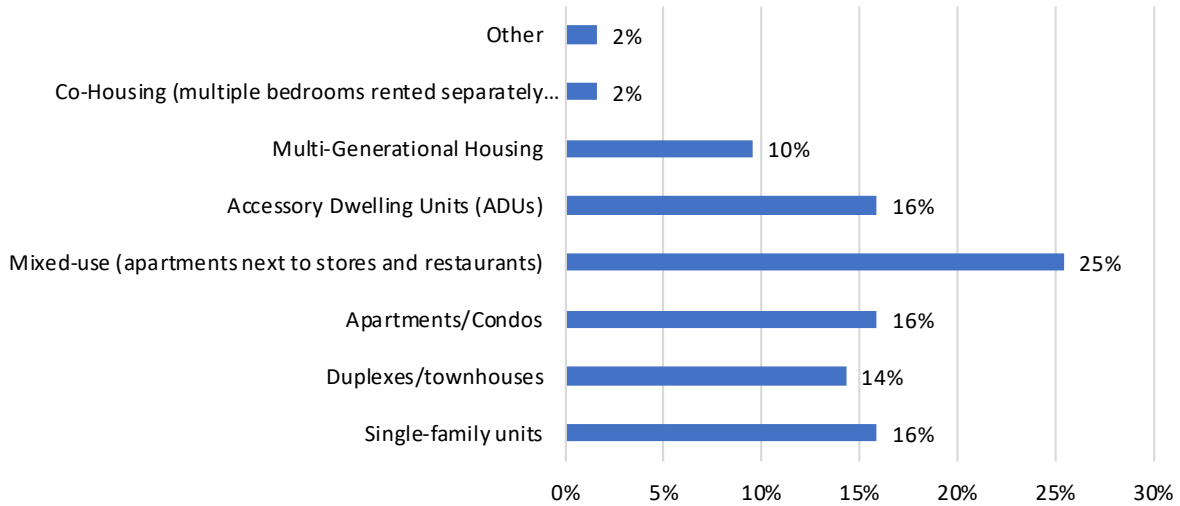


Question 2: What types of housing would you like to see within Solana Beach?

Participants were provided a variety of housing types in multiple choice format and ask to identify or select all the option they are interested in seeing in Solana Beach.

Figure C 2 displays data results of participant responses to question 2. Based on the data, participants favored Mixed Use (apartments next to stores and restaurants), while Co-Housing and Other were the least favored by participants. Participants showed a mixed interest in Single-Family units, Duplexes/townhouses, Apartments/condos, Accessory Dwelling Units (ADUS) and Multi Generation Housing .

Figure C-2: Housing Development Types



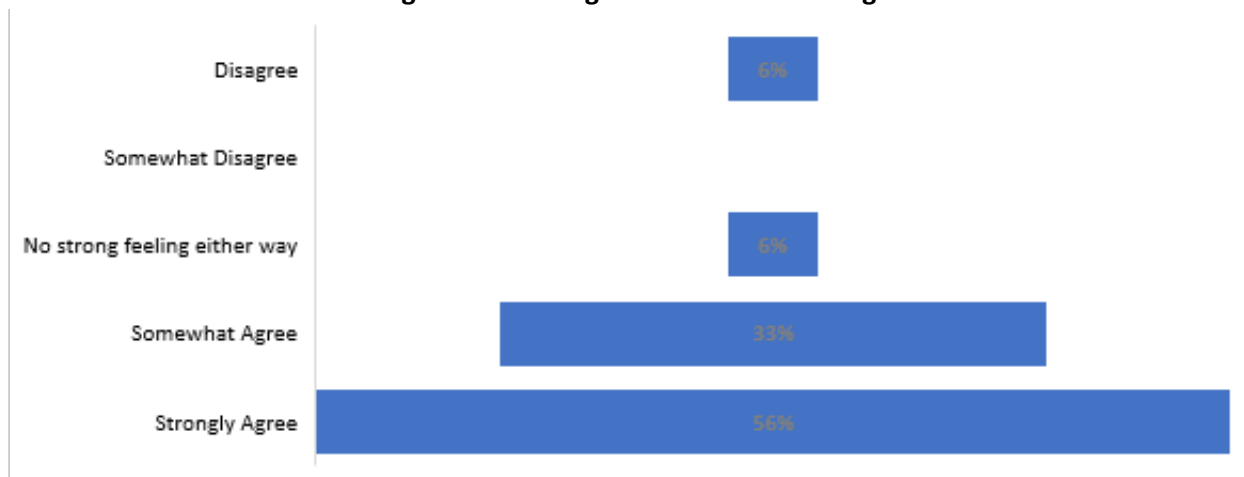
Question 3: Please rate how much you agree with the following statement: Mixed-Use housing (a mixture of housing and other uses, including commercial, office, or other within the same site) is a good solution to addressing Solana Beach's future housing needs.

Participants were asked to rate the above statement on the following scale:

- 1 - Disagree
- 2 - Somewhat Disagree
- 3 - No strong feeling either way
- 4 - Somewhat Agree
- 5 - Strongly Agree

Participants agreed that mixed-use housing is a good solution to addressing Solana Beach's future housing needs at an average of 4.33. The figure below identifies a further breakdown of responses, showing that over half of participants strongly agreed to the above statement.

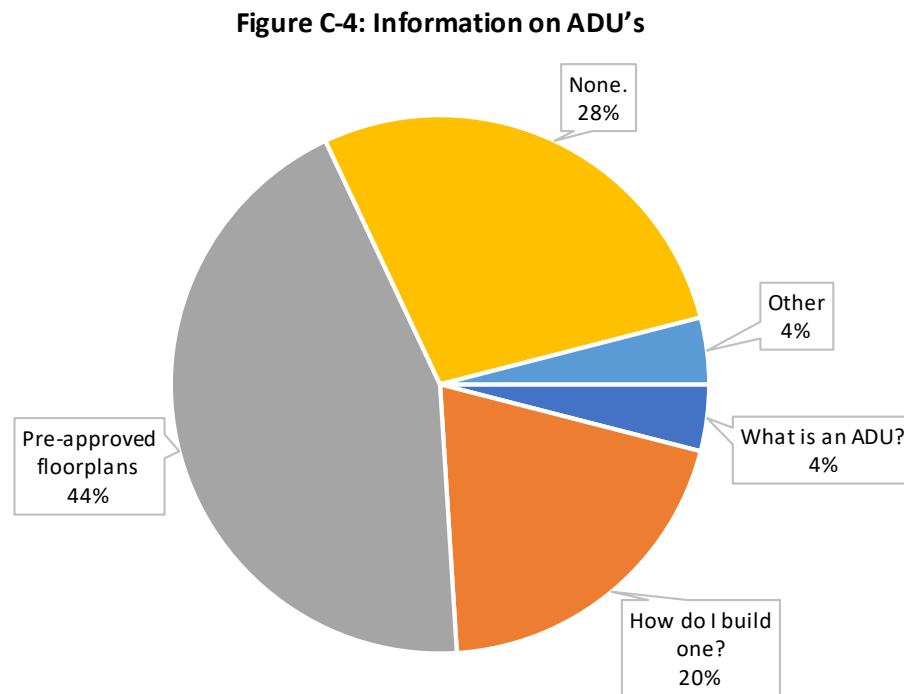
Figure C-3: Rating of Mixed-Use Housing



Question 4: What information (if any) would you like provided on Accessory Dwelling Units (ADUs)?

Participants were provided a multiple-choice option regarding ADU information and asked to identify what type of information they would most like the City to provide.

Figure C 4 displays the data results of question 4. Participants identified information on Pre-approved floorplans as the highest priority while information on what an ADU is was the least requested. Participants showed a variety interest on information on “how to build an ADU” and not wanting any information.

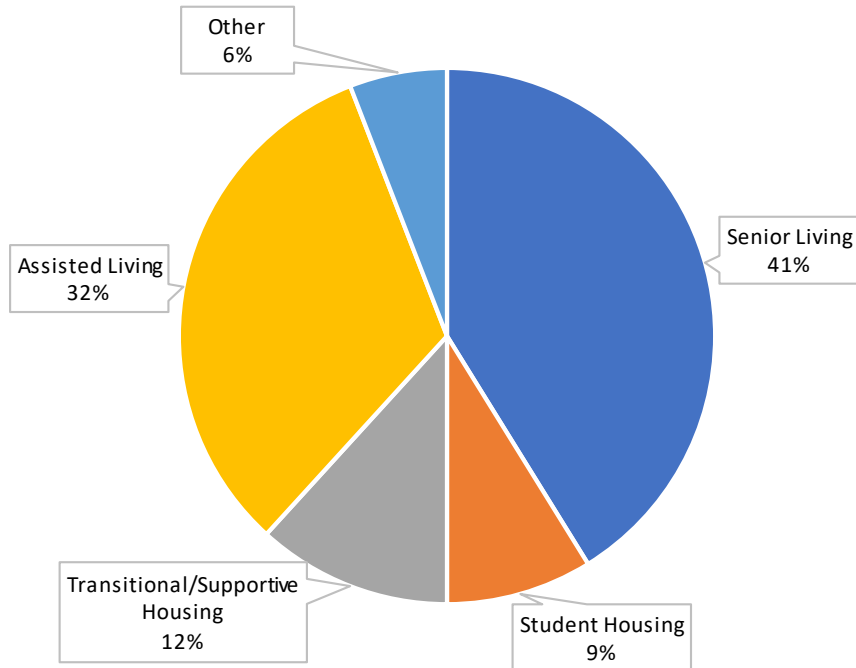


Question 5: What types of housing for special need groups are needed within Solana Beach?

The survey provided participants with the following multiple-choice options: Senior living, Student Housing, Transitional/Supportive Housing, and Assisted Living. Participants were asked to select all housing types which are needed for special needs groups in Solana Beach.

Figure C-5 displays survey results for question 5. The data shows that majority of the participants were the most interested in senior living housing. Participants showed a mixed interest in Transitional/Supportive Housing and Assisted Living while participants were least interested in student housing.

Figure C-5: Special Needs Housing Types



Question 6: Are there any other groups within the community with unique housing concerns that should be considered?

Participants were provided an open comment box to solicit a variety of specific responses. Participants identified housing for low-income families, as well as housing for individuals that work in Solana Beach as topic for consideration in the Housing Element.

Question 7: The Housing Element is the guiding document for housing-related decisions within the City. This document looks at potential constraints, resources, fair housing issues, and action programs to address important topics relating to housing within the community. Knowing that, are there any additional housing-related issues or constraints that the City should review as part of this process?

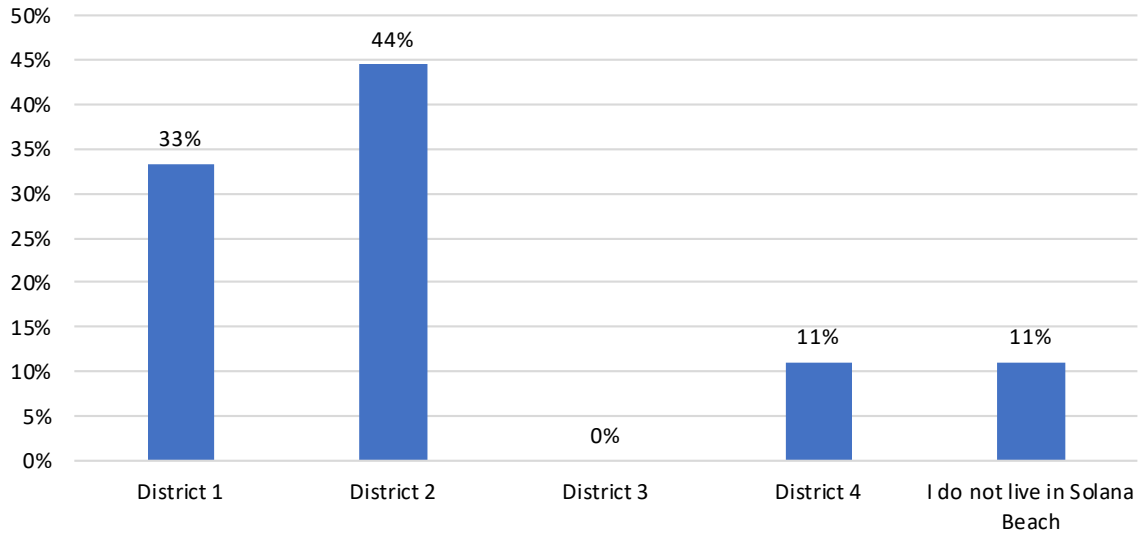
Participants were provided an open comment box to solicit a variety of specific responses. Participants voiced their concerns of ADU's turning into short term rentals as well as support of development of ADU's.

Question 8: What district do you live in?

Participants were provided a list of the four districts in Solana Beach, as well as an option for those who do not reside in the City.

Figure C-6 displays results for question 8. Majority of the participants live in District 2 and there were not participants that lives in District 3. Participants also lived in District 1 and District 4 as well as not living in the City.

Figure C-6: Participant's Districts



ID	Start time	Completion time	Email	Language	Where do you think the City of Solana Beach should prioritize the development of housing?	Please rate how much do you agree with the following statement: Mixed-Use housing (a mixture of housing and other uses, including commercial, office, or other within the same site) is a good solution...	What information (if any) would you like provided on Accessory Dwelling Units (ADUs)? (Please select all that apply.)	What types of housing for special need groups are needed within Solana Beach? (Please select all that apply.)	Are there any other groups within the community with unique housing concerns that should be considered?	The Housing Element is the guiding document for housing-related decisions within the city. This document looks at potential constraints, resources, fair housing issues, and action programs to add...	What district do you live in? Image Source: National Demographics Corporation
1	10/15/20 13:37:55	10/15/20 13:38:06	anonymous	English (United)	TEST;				TEST	TEST	
2	10/15/20 16:31:25	10/15/20 16:33:01	anonymous	English (United)	Highway 101 Corridor;Existing Commercial Shopping Centers ;Near the Train Station;	Apartments/Condos;Mixed-use (apartments next to stores and restaurants);Duplexes/townhouses;	5 Pre-approved floorplans;	Senior Living;			District 4
3	10/15/20 17:15:01	10/15/20 17:21:40	anonymous	English (United)	Near the Train Station;	Mixed-use (apartments next to stores and restaurants);	5 None.;	Senior Living;Assisted Living;		Simplify subdivision of large parcels	District 1
4	10/16/20 14:05:10	10/16/20 14:20:40	anonymous	English (United)	I think you're going to need to utilize all of these spaces ;	Single-family units;Duplexes/townhouses;Apartments/Condos;Multi-Generational Housing;Co-Housing (multiple bedrooms rented separately within one unit);Mixed-use (apartments next to stores and restaurants);Accessory Dwelling Units (ADUs);	5 Pre-approved floorplans;	Senior Living;Student Housing;Assisted Living;		There is a lot of vacant housing in Solana Beach, especially in the bluff condo areas. I've rented in there and spoken with friends who live in them currently and hear they are about 50% occupied. I think this is a current constraint and a constraint to future housing that might be built in Solana Beach if we don't implement policies that discourage this. In Canada, there is a tax/fee for housing that is vacant. This could be a good source of income for the city. In addition, the car parking that is required for housing here is outdated in my opinion, especially in light of climate change.	District 1
5	10/16/20 15:10:08	10/16/20 15:16:05	anonymous	English (United)	wherever possible;	Single-family units;Duplexes/townhouses;Apartments/Condos;Mixed-use (apartments next to stores and restaurants);Accessory Dwelling Units (ADUs);	5 None.;	Senior Living;Student Housing;Transitional/Supportive Housing ;	Low income families and singles!		District 2
6	10/16/20 16:08:48	10/16/20 16:12:07	anonymous	English (United)	Existing Commercial Shopping Centers ;Existing Residential Neighborhoods;	Mixed-use (apartments next to stores and restaurants);Apartments/Condos;Single-family units;	4 None.;		Low Income	Ability to maintain available facilities to support additional residents. How to realize adequate park space, open space, and other recreational opportunities if we're being asked to measurably grow.	District 2
7	10/17/20 10:30:41	10/17/20 10:34:20	anonymous	English (United)	Highway 101 Corridor;Existing Commercial Shopping Centers ;	Mixed-use (apartments next to stores and restaurants);Multi-Generational Housing;	5 None.;	Assisted Living;	Affordable units for those on disability		District 1
8	10/17/20 21:41:03	10/17/20 21:45:40	anonymous	English (United)	Existing Residential Neighborhoods;	Accessory Dwelling Units (ADUs);Mixed-use (apartments next to stores and restaurants);	5 Pre-approved floorplans;How do I build one?;	Senior Living;Transitional/Supportive Housing ;Assisted Living;			District 2
9	10/18/20 14:11:50	10/18/20 14:13:31	anonymous	English (United)	Existing Commercial Shopping Centers ;Existing Residential Neighborhoods;Near the Train Station;	Apartments/Condos;Multi-Generational Housing;Mixed-use (apartments next to stores and restaurants);	4 None.;	Senior Living;Assisted Living;			I do not live in Solana Beach
10	10/19/20 9:05:35	10/19/20 9:10:28	anonymous	English (United)	Highway 101 Corridor;Existing Commercial Shopping Centers ;Near the Train Station;Existing Residential Neighborhoods;City-Owned Parcels;There are many avenues of opportunity to allow for the needed housing. More favorable mixed-use zoning in commercial areas, along with relaxations for granny flat or duplex type builds in the more traditional residential areas. ;	Single-family units;Duplexes/townhouses;Apartments/Condos;Mixed-use (apartments next to stores and restaurants);Accessory Dwelling Units (ADUs);Multi-Generational Housing;	5 Pre-approved floorplans;	Senior Living;Assisted Living;	homes for blue collar workers, and blue collar salaries - restaurant workers, etc... Yes. Housing for special needs adults. Wondering about the impact on existing infrastructure and services such as providing more classrooms for children especially now that classes are necessarily smaller and likely to remain so because of pandemics. Parking is essential since it is unlikely that commuters would take the train until that service is expanded both in frequency and destinations within the County. What is the impact on our Climate Action Plan with this increase in housing?	If a site is constrained either by physical properties and/or economic qualities from a build for low income housing to come to fruition, the City should be realistic with that and honest in where they are identifying where this type of housing can actually be built.	District 2
11	10/24/20 9:00:07	10/24/20 9:28:43	anonymous	English (United)	Please hold another public workshop now that the map is available.-Highway 101 Corridor;Existing Commercial Shopping Centers ;City-Owned Parcels;	Single-family units;Mixed-use (apartments next to stores and restaurants);Accessory Dwelling Units (ADUs);	4 Pre-approved floorplans;	Senior Living;Assisted Living;		Obviously the RHNA numbers address the need for affordable housing. We don't need more luxury units. ADUs should be specifically for this use not available for offices and vacationing family members. The ADUs should not qualify as VBRO or AIRB&B units.	District 1
12	10/24/20 9:30:16	10/24/20 9:44:28	anonymous	English (United)	Highway 101 Corridor;Existing Commercial Shopping Centers ;City-Owned Parcels;Near the Train Station;	Single-family units;Mixed-use (apartments next to stores and restaurants);Accessory Dwelling Units (ADUs);	4 Pre-approved floorplans;	Senior Living;	People who work in Solana Beach should have priority for new housing here.	Don't change existing zoning beyond allowing ADUs. Who will pay for the added infrastructure necessary for the added RNHA units (schools, parks, etc.)? There are probably many unauthorized units already existing within "single family" homes. Consider an amnesty program that doesn't penalize - maybe even rewards - homeowners who come out of the shadows with their existing rentals toward our RNHA target.	District 1
13	10/28/20 10:36:17	10/28/20 10:38:25	anonymous	English (United)	Existing Residential Neighborhoods;Near the Train Station;City-Owned Parcels;	Mixed-use (apartments next to stores and restaurants);Multi-Generational Housing;Apartments/Condos;Single-family units;Duplexes/townhouses;	4 Pre-approved floorplans;	Transitional/Supportive Housing ;	The underpaid.	Multi family limitations	I do not live in Solana Beach
14	11/2/20 17:44:51	11/2/20 17:47:58	anonymous	English (United)	Closer to Lomas Country Club where the traffic can be accommodated and there is much more space;	Duplexes/townhouses;Single-family units;	1 None.;	Senior Living;		Solana Beach is ideally sized and the density is appropriate for the area and topography.	District 1
15	11/6/20 15:17:36	11/6/20 15:23:56	anonymous	English (United)	Existing Residential Neighborhoods;City-Owned Parcels;	Single-family units;Duplexes/townhouses;Apartments/Condos;Mixed-use (apartments next to stores and restaurants);Accessory Dwelling Units (ADUs);Multi-Generational Housing;	5 Pre-approved floorplans;How do I build one?;	Senior Living;Student Housing;Transitional/Supportive Housing ;Assisted Living;	Existing property owners that may want to split their land yet are not allowed to do so. Allow flag lots again. Waive fees for ADU's and offer free plans. Make the setbacks less restrictive.	Ease requirements, approve faster, offer incentives, and be easier to work with.	District 2
16	11/6/20 16:01:12	11/6/20 16:02:56	anonymous	English (United)	Existing Commercial Shopping Centers ;Highway 101 Corridor;	Accessory Dwelling Units (ADUs);	5 floorplans;	Assisted Living;		Make is easier and simpler to build AUD. Encourage people thru incentives. Also, maintain the ability to enable homeowner to use their property for short term rentals. It is NOT a problem in our community and provides the city income and our businesses customers.	District 2
17	11/6/20 16:43:10	11/6/20 16:48:12	anonymous	English (United)	Near the Train Station;	Mixed-use (apartments next to stores and restaurants);Accessory Dwelling Units (ADUs);Apartments/Condos;	5 How do I build one?;Pre-approved floorplans;	Senior Living;Assisted Living;			District 2
18	11/12/20 12:59:56	11/12/20 13:27:27	anonymous	English (United)	Highway 101 Corridor;Existing Commercial Shopping Centers ;Near the Train Station;	Single-family units;Mixed-use (apartments next to stores and restaurants);Accessory Dwelling Units (ADUs);Duplexes/townhouses;	3 Pre-approved floorplans;How do I build one?;	Senior Living;	Would like to see more people living close to work, to minimize commute. Those include people working in Solana beach on permanent jobs, such as fire fighters, police, teachers, other local government employees and young professionals.	Land cost, lack of available vacant land, high construction costs for coastal areas.	District 2
19	11/12/20 19:06:01	11/12/20 19:21:16	anonymous	English (United)	Highway 101 Corridor;City-Owned Parcels;Existing Commercial Shopping Centers ;Near the Train Station;	Apartments/Condos;Mixed-use (apartments next to stores and restaurants);Duplexes/townhouses;	4 None.;	Senior Living;Assisted Living;	City of Solana Beach workers and public school teachers should have places to live near work.	I'm concerned that ADUs or apartments built in or over garages will become short term rentals, taking them out of the available long term housing stock and leading to a degradation of single family residential areas and a loss of the sense of community due to constant turnover.	District 4

C.4 City Council Study Session Notes

The City held a City Council Study Session on October 28, 2020. This section contains all associated materials of the study session.



CITY OF SOLANA BEACH
SOLANA BEACH CITY COUNCIL
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY, PUBLIC FINANCING
AUTHORITY, HOUSING AUTHORITY

AGENDA

Joint REGULAR Meeting

Wednesday, October 28, 2020 * 6:00 p.m.

Teleconference Location Only-City Hall/Council Chambers, 635 S. Highway 101, Solana Beach, California
This meeting will be conducted in accordance with Governor Newsom's Executive Order N-29-20 related to the COVID-19 virus.

PUBLIC MEETING VIEWING

❖ **Live Broadcast on Local Government Channel, Live web-streaming, and Archived videos online.**

The Regular Meetings of the City Council are scheduled for the 2nd and 4th Wednesdays and are broadcast live on Cox Communications-Channel 19, Spectrum(Time Warner)-Channel 24, and AT&T U-verse Channel 99. The video taping of meetings are maintained as a permanent record and contain a detailed account of the proceedings. Council meeting tapings are archived and available for viewing on the City's [Public Meetings](#) webpage.

❖ **Zoom Virtual Webinar (registration required).** Register early and Join the meeting at least 15 minutes prior to the start time. To register to view/listen to the meeting, go to this public participant link https://us02web.zoom.us/webinar/register/WN_Srxz3G4fQLmot9lvFDU_-Q for this meeting, follow the prompts to enter your name and email address. * To receive a confirmation email allowing you to enter the meeting and the link to join, you will need to enter a valid email address. Choose Gallery View to see the presentations, when applicable.

MEETING LOCATION WILL NOT BE OPEN TO THE PUBLIC.

Due to the Executive Order to stay home, in person participation at City Council meetings will not be allowed at this time. In accordance with the Executive Order to stay home, there will be no members of the public in attendance at Council Meetings. Alternatives to in-person attendance for viewing and participating in City Council meetings are being provided under Public Participation.

AGENDA MATERIALS

A full City Council agenda packet including relative supporting documentation is posted online www.cityofsolanabeach.org Closed Session Agendas are posted at least 72 hours prior to regular meetings and at least 24 hours prior to special meetings.

PUBLIC PARTICIPATION

❖ Written correspondence regarding an agenda item at an open session meeting should be submitted to the City Clerk's Office at EMAILGRP-CityClerksOfc@cosb.org with the Subject line including the meeting date. Please include the Agenda Item# and topic in your email. * Correspondence received after the official posting of the agenda, but before 12:00 p.m. on meeting day, will be distributed to Council and made available to the public online along with the agenda posting. Written submittals will be added to the record and not read out loud. * All submittals received before the start of the meeting will be made part of the record. The designated location for viewing public documents is the City's website www.cityofsolanabeach.org

❖ Zoom Webinar Public Comment Participation:

If you wish to provide a live verbal comment during the meeting, register for the Zoom Virtual (City Council Meeting) Webinar (registration required), register for the Zoom webinar as noted at the top, under Public Meeting/Zoom Webinar, and join the meeting using the "Join Webinar" link provided in your confirmation email.

1) EMAIL a Speaker Request by 12:00 p.m. (noon) on meeting day to EMAILGRP-CityClerksOfc@cosb.org

- Subject line should include Request to Speak
- Content should include the Item/Topic you would like to speak on.

AND

2) REGISTER as a speaker on meeting day by 12:00 p.m. (noon) by going to:

https://us02web.zoom.us/webinar/register/WN_Srxz3G4fQLmot9lvFDU_-Q and follow the required prompts to receive a confirmation email with your log in link.

- Join the meeting 30 minutes before the meeting begins by clicking on the link provided in your confirmation email.
- Speaking participants may use the computer's microphone and speakers to listen and communicate or they may also call into the meeting by dialing into the meeting with a telephone (this information will be provided

in your email confirmation). If you call in as well for better audio, mute your computer's speakers to eliminate feedback.

- Participants will be called upon from those who have submitted the Speaker Request, registered, and logged on as described above. You will be called on by name and unmuted by the meeting organizer and may provide comments for the allotted time. Allotted speaker times are listed under each [Agenda](#) section.
- Participants can use a computer microphone and speakers to listen and communicate or dial into the meeting with a telephone (if you log in and call in, mute one of the devices to eliminate feedback).
- Do not self-mute since you will be muted when you enter the meeting and organizers will unmute you to provide comments. All oral comments received prior to the close of the meeting will be made part of the meeting record.

SPECIAL ASSISTANCE NEEDED - AMERICAN DISABILITIES ACT TITLE 2

In compliance with the Americans with Disabilities Act of 1990, persons with a disability may request an agenda in appropriate alternative formats as required by Section 202. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to the City Clerk's office (858) 720-2400 EMAILGRP-CityClerksOfc@cosb.org at least 72 hours prior to the meeting.

As a courtesy to all meeting attendees, please set cellular phones and pagers to silent mode and engage in conversations offline/muted.

CITY COUNCILMEMBERS	
Jewel Edson, Mayor	
Judy Hegenauer, Deputy Mayor	Kristi Becker, Councilmember
Kelly Harless, Councilmember	David A. Zito, Councilmember

Gregory Wade
City Manager

Johanna Canlas
City Attorney

Angela Ivey
City Clerk

SPEAKERS:

See Public Participation on the first page of the Agenda for publication participation options.

READING OF ORDINANCES AND RESOLUTIONS:

Pursuant to [Solana Beach Municipal Code](#) Section 2.04.460, at the time of introduction or adoption of an ordinance or adoption of a resolution, the same shall not be read in full unless after the reading of the title, further reading is requested by a member of the Council. If any Councilmember so requests, the ordinance or resolution shall be read in full. In the absence of such a request, this section shall constitute a waiver by the council of such reading.

CALL TO ORDER AND ROLL CALL:

CLOSED SESSION REPORT:

FLAG SALUTE:

PROCLAMATIONS/CERTIFICATES: *Ceremonial*

None at the posting of this agenda

PRESENTATIONS: Ceremonial items that do not contain in-depth discussion and no action/direction.

None at the posting of this agenda

APPROVAL OF AGENDA:

ORAL COMMUNICATIONS:

Note to Public: Refer to [Public Participation](#) for information on how to submit public comment.

This portion of the agenda provides an opportunity for members of the public to address the City Council on items relating to City business and not appearing on today's agenda by

having submitted written comments for the record to be filed with the record or by registering to join the virtual meeting online to speak live, per the Public Participation instructions on the Agenda.

Comments relating to items on this evening's agenda are taken at the time the items are heard. Pursuant to the Brown Act, no action shall be taken by the City Council on public comment items. Council may refer items to the City Manager for placement on a future agenda. The maximum time allotted for each speaker is THREE MINUTES (SBMC 2.04.190).

COUNCIL COMMUNITY ANNOUNCEMENTS / COMMENTARY:

An opportunity for City Council to make brief announcements or report on their activities. These items are not agendaized for official City business with no action or substantive discussion.

A. CONSENT CALENDAR: (Action Items) (A.1. - A.5.)

Note to Public: Refer to [Public Participation](#) for information on how to submit public comment.

Items listed on the Consent Calendar are to be acted in a single action of the City Council unless pulled for discussion.

Any member of the public may address the City Council on an item of concern by submitting written correspondence for the record to be filed with the record or by registering to join the virtual meeting online to speak live, per the Public Participation instructions on the Agenda. The maximum time allotted for each speaker is THREE MINUTES (SBMC 2.04.190).

Those items removed from the Consent Calendar by a member of the Council will be trailed to the end of the agenda, while Consent Calendar items removed by the public will be discussed immediately after approval of the Consent Calendar.

A.1. Minutes of the City Council.

Recommendation: That the City Council

1. Approve the Minutes of the following City Council meetings, September 9 and September 23, 2020.

[Item A.1. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

A.2. Register of Demands. (File 0300-30)

Recommendation: That the City Council

1. Ratify the list of demands for September 26, 2020 – October 9, 2020.

[Item A.2. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

A.3. General Fund Adopted Budget Changes for Fiscal Year 2020/21. (File 0330-30)

Recommendation: That the City Council

1. Receive the report listing changes made to the Fiscal Year 2020-2021 General Fund Adopted Budget.

[Item A.3. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

Clerk's Office.

A.4. Closing City Hall Between the Christmas and New Year's Holidays. (File 0110-75)

Recommendation: That the City Council

1. Adopt **Resolution 2020-138** authorizing the closure of City Hall and all non-public safety facilities on Monday, December 28th, Tuesday, December 29th, and Wednesday, December 30th for miscellaneous, confidential and management employees, and approve 12-hours of additional leave to the fire employees' leave banks and 24-hours of additional leave to the marine safety employees' leave banks.

[Item A.4. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

A.5. City's Housing and Safety Elements Update Services Agreement. (File 0610-10)

Recommendation: That the City Council

1. Adopt **Resolution 2020-137** authorizing the City Manager to execute an amendment to the Professional Services Agreement with Kimley-Horn and Associates Inc. for an additional amount not to exceed \$65,000.

[Item A.5. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

B. PUBLIC HEARINGS: None

C. STAFF REPORTS: (C.1. – C.4.)

Note to Public: Refer to [Public Participation](#) for information on how to submit public comment.

Any member of the public may address the City Council on an item of concern by submitting written correspondence for the record to be filed with the record or by registering to join the virtual meeting online to speak live, per the Public Participation instructions on the Agenda. The maximum time allotted for each speaker is THREE MINUTES (SBMC 2.04.190).

C.1. 6th Cycle Housing Element Update Discussion. (File 0610-10)

Recommendation: That the City Council

1. Discuss and provide guidance regarding the Draft Housing Element Update.

[Item C.1. Report \(click here\)](#)

[Item C.1. Supplemental Docs \(Updated 10-28 at 450pm\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

C.2. Senate Bill 1383 Organic Waste Requirements and Impacts. (File 1030-50)

Recommendation: That the City Council

1. Receive a presentation from Staff on SB 1383 and provide direction to Staff as appropriate. Direction could include to draft regulations and ordinances as required by SB 1383 for Council to consider and to explore options to address SB 1383 requirements collaboratively with other RSWA cities.

[Item C.2. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

C.3. Community Development Block Grant CARES Act (CDBG-CV) and CARES Act CRF Funding and Community Resource Center Administration of a Rental Assistance Program. (File 0230-20)

Recommendation: That the City Council

1. Adopt **Resolution 2020–136** approving the use of CDBG-CV funding for the Food Distribution Event and the Rental Assistance Program.
2. Adopt **Resolution 2020–140** approving the use of CARES Act CRF funding for the Rental Assistance Program.
3. Approve the MOUs with CRC to administer the Rental Assistance Program.
4. Authorize the City Manager to enter into any and all agreements with the County of San Diego to administer the CDBG-CV program.

[Item C.3. Report \(click here\)](#)

[C.3. Staff Report Update 1](#)

[C.3. Staff Report Update 2](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

C.4. Vacation Accrual Administrative Policy Amendment. (File 0520-80)

Recommendation: That the City Council

1. Consider adoption of **Resolution 2020-139** approving and directing the City Manager to amend current polices to allow executive and mid-management employees to cash out a certain number of vacation hours on an annual basis.

[Item C.4. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

WORK PLAN COMMENTS:

Adopted June 12, 2019

COMPENSATION & REIMBURSEMENT DISCLOSURE:

GC: Article 2.3. Compensation: 53232.3. (a) Reimbursable expenses shall include, but not be limited to, meals, lodging, and travel. 53232.3 (d) Members of a legislative body shall provide brief reports on meetings attended at the expense of the local agency “City” at the next regular meeting of the legislative body.

COUNCIL COMMITTEE REPORTS: [Council Committees](#)

REGIONAL COMMITTEES: (outside agencies, appointed by this Council)

- a. City Selection Committee (meets twice a year) Primary-Edson, Alternate-Zito
- b. County Service Area 17: Primary- Harless, Alternate-Edson
- c. Escondido Creek Watershed Authority: Becker /Staff (no alternate).
- d. League of Ca. Cities’ San Diego County Executive Committee: Primary-Becker, Alternate-Harless and any subcommittees.
- e. League of Ca. Cities’ Local Legislative Committee: Primary-Harless, Alternate-Becker
- f. League of Ca. Cities’ Coastal Cities Issues Group (CCIG): Primary-Becker, Alternate-Harless
- g. North County Dispatch JPA: Primary-Harless, Alternate-Becker
- h. North County Transit District: Primary-Edson, Alternate-Becker
- i. Regional Solid Waste Association (RSWA): Primary-Hegenauer, Alternate-Becker
- j. SANDAG: Primary-Zito, 1st Alternate-Edson, 2nd Alternate-Becker, and any subcommittees.
- k. SANDAG Shoreline Preservation Committee: Primary-Hegenauer, Alternate-Zito
- l. San Dieguito River Valley JPA: Primary-Hegenauer, Alternate-Zito
- m. San Elijo JPA: Primary-Zito, Primary-Becker, Alternate-City Manager
- n. 22nd Agricultural District Association Community Relations Committee: Primary-Edson, Primary-Harless

STANDING COMMITTEES: (All Primary Members) (Permanent Committees)

- a. Business Liaison Committee – Zito, Edson.
- b. Fire Dept. Management Governance & Organizational Evaluation – Harless, Hegenauer
- c. Highway 101 / Cedros Ave. Development Committee – Edson, Becker
- d. Parks and Recreation Committee – Zito, Harless
- e. Public Arts Committee – Edson, Hegenauer
- f. School Relations Committee – Hegenauer, Harless
- g. Solana Beach-Del Mar Relations Committee – Zito, Edson

ADJOURN:

Next Scheduled Meeting is a Special Meeting on November 18, 2020

Always refer the City’s website Event Calendar for Special Meetings or an updated schedule.

Or Contact City Hall 858-720-2400

www.cityofsolanabeach.org

AFFIDAVIT OF POSTING

STATE OF CALIFORNIA }
COUNTY OF SAN DIEGO } §
CITY OF SOLANA BEACH }

I, Angela Ivey, City Clerk of the City of Solana Beach, do hereby certify that this Agenda for the October 28, 2020 Council Meeting was called by City Council, Successor Agency to the Redevelopment Agency, Public Financing Authority, and the Housing Authority of the City of Solana Beach, California, was

provided and posted on October 21, 2020 at 5:00 p.m. on the City Bulletin Board at the entrance to the City Council Chambers. Said meeting is held at 6:00 p.m., October 28, 2020, in the Council Chambers, at City Hall, 635 S. Highway 101, Solana Beach, California.

Angela Ivey, City Clerk * City of Solana Beach, CA

CITIZEN CITY COMMISSION AND COMMITTEE MEETINGS:

Regularly Scheduled, or Special Meetings that have been announced, are posted on each Citizen Commission's Agenda webpage. See the [Citizen Commission's Agenda webpages](#) or the City's Events [Calendar](#) for updates.

- **Budget & Finance Commission**
- **Climate Action Commission**
- **Parks & Recreation Commission**
- **Public Arts Commission**
- **View Assessment Commission**



STAFF REPORT CITY OF SOLANA BEACH

TO: Honorable Mayor and City Councilmembers
FROM: Gregory Wade, City Manager
MEETING DATE: October 28, 2020
ORIGINATING DEPT: Community Development
SUBJECT: **6th Cycle Housing Element Update Discussion**

BACKGROUND:

The Housing Element is a State-mandated policy document. The Housing Element is required by State Housing law to be updated every eight years. The City's current Housing Element is for the 5th Cycle planning period which covers 2013-2021. The next planning period is the 6th Cycle which covers 2021-2029.

Housing Element Law, enacted in 1969, mandates that local governments adequately plan to meet the existing and projected housing needs of all economic segments of the community. The law acknowledges that, in order for the private market to adequately address housing needs and demand, local governments must adopt land use plans and regulatory systems which provide opportunities for, and do not unduly constrain, housing development.

All California municipalities are required by Article 10.6 of the Government Code (Sections 65580-65590) to adopt a Housing Element as part of their General Plan. Distinct from the other General Plan elements, the Housing Element is subject to detailed statutory requirements and mandatory review by the California Department of Housing and Community Development (HCD).

This item is before the City Council to discuss and provide guidance regarding the Draft Housing Element Update.

DISCUSSION:

COUNCIL ACTION:

AGENDA ITEM C.1.

The Housing Element is a guiding document that is used to implement goals, policies, objectives and programs that further the development of housing for all income levels in the City. The Housing Element is one of seven mandatory Elements of the General Plan that identifies ways to address housing needs of current and future residents.

As mandated by state law, the City is required to include specific content within the Housing Element in an effort to provide each jurisdiction's "fair share" of regional housing needs. The San Diego Association of Governments (SANDAG) is responsible for preparing the Regional Housing Needs Assessment (RHNA) for all jurisdictions within the SANDAG region. For the 6th Cycle planning period (April 15, 2021 to April 15, 2029), the City of Solana Beach was allocated a total 875 units, including 316 very low-income units, 159 low-income units, 160 moderate income units, and 240 above-moderate income units.

The City has conducted two workshops (March 5, 2020 and October 15, 2020), during which, City Staff and Kimley-Horn Associates, the City's Housing Element consultant, updated the community about the State's requirements for the Housing Element Update process and solicited input from the community regarding various housing challenges, facilitation of housing programs, and housing opportunities within the community. Comments received from the community and City Council have contributed to the draft Housing Plan section of the Housing Element which lays out the goals, policies and programs aimed to facilitate housing development in the community.

The draft Housing Element also includes a map and list of candidate sites where the housing for each income category could be developed. After review and evaluation of the City's existing zoning and General Plan land use capacity, it has been determined that the City can accommodate the 2021-2029 RHNA allocation through a variety of methods and among the candidate sites identified without the need to rezone any properties in the City. While the City has very little vacant/undeveloped land, the draft Housing Element identifies vacant and City-owned properties suitable for development of housing, identifies additional capacity on existing residentially zoned and commercially zoned sites, and identifies future development capacity for accessory dwelling units (ADUs) throughout the City. Details of this analysis are contained in Appendix B – Candidate Sites Analysis of the Housing Element.

Sites identified to meet the City's very-low and low income housing categories were selected based on factors established by the State (AB 1397), which include a default density of 20 dwelling units per acre and a minimum parcel size of ½ acre, but not greater than 10 acres. There were some exceptions to the minimum parcel size requirement either where there had been examples of recent development on similarly sized sites or where sites were identified as having common ownership to adjacent parcels that could possibly be combined into suitable site for housing or mixed use development. Due to City's existing land use and zoning designations, the candidate sites analysis resulted in a greater concentration of very low and low-income housing sites being located in the southwestern quadrant of the City, where higher density zoning designations currently exist.

For moderate-income and above moderate-income housing, sites were identified based on properties that had the greatest possibility to be redeveloped on existing medium- and low-density zoned properties. In most instances, the sites identified would allow for development of one or more units based on the permitted densities.

As noted in the draft Housing Element, the RHNA allocation of residential units by income category is summarized in the following table:

	Extremely Low/ Very Low Income	Low Income	Moderate Income	Above Moderate Income	Total
2021-2029 RHNA	316	159	160	240	875
RHNA Credit (Units Built)				2	2
Total RHNA Obligations	316	159	160	238	873
Sites Available					
Existing Residentially Zoned Properties	23		44	34	107
Existing Commercially Zoned Properties	506		--	190	650
Total Potential Capacity Based on Existing GP and Zoning	529		44	224	757
Accessory Dwelling Unit Production	43		120	29	192
Total Sites Available	572		164	253	949
Potential Unit Surplus	97		4	15	76

The draft Housing Element is being made available for public comment on October 22, 2020 through November 23, 2020. Comments from the public and City Council will be incorporated into the final draft of the City’s 2021-2029 Housing Element which is scheduled to be forwarded to HCD in December 2020. HCD will provide comments to the final draft within 60 days of City submittal. Based on HCD comments, edits will be made for final consideration and adoption by City Council prior to April 15, 2021.

CEQA COMPLIANCE STATEMENT:

This discussion item is not a project as defined by CEQA.

FISCAL IMPACT:

There is no fiscal impact as a result of this item.

OPTIONS:

City Council may wish to consider including any number of policies that would further housing development. The following are a list of items that City Council may consider:


- Suggest, modify, and/or comment on candidate sites.
- Incentives to encourage affordable ADU construction.
- Less restrictive development standards for ADU development.
- Explore zoning modifications that would support ADU and affordable housing development.

DEPARTMENT RECOMMENDATION:

Staff recommends that the City Council discuss and provide guidance regarding the Draft Housing Element Update.

CITY MANAGER'S RECOMMENDATION:

Approve Department Recommendation.



Gregory Wade, City Manager

Attachments:

1. Legislative Fact Sheet
2. SANDAG RHNA Allocation Per Income Category
3. Solana Beach Candidate Housing Sites
4. Draft Housing Element Update

C.5 Community Workshop #3

This section contains all available public comments provided during the third Community Workshop, as well as, provided workshop materials and handouts. Public comments were received in written and oral form.



City of Solana Beach

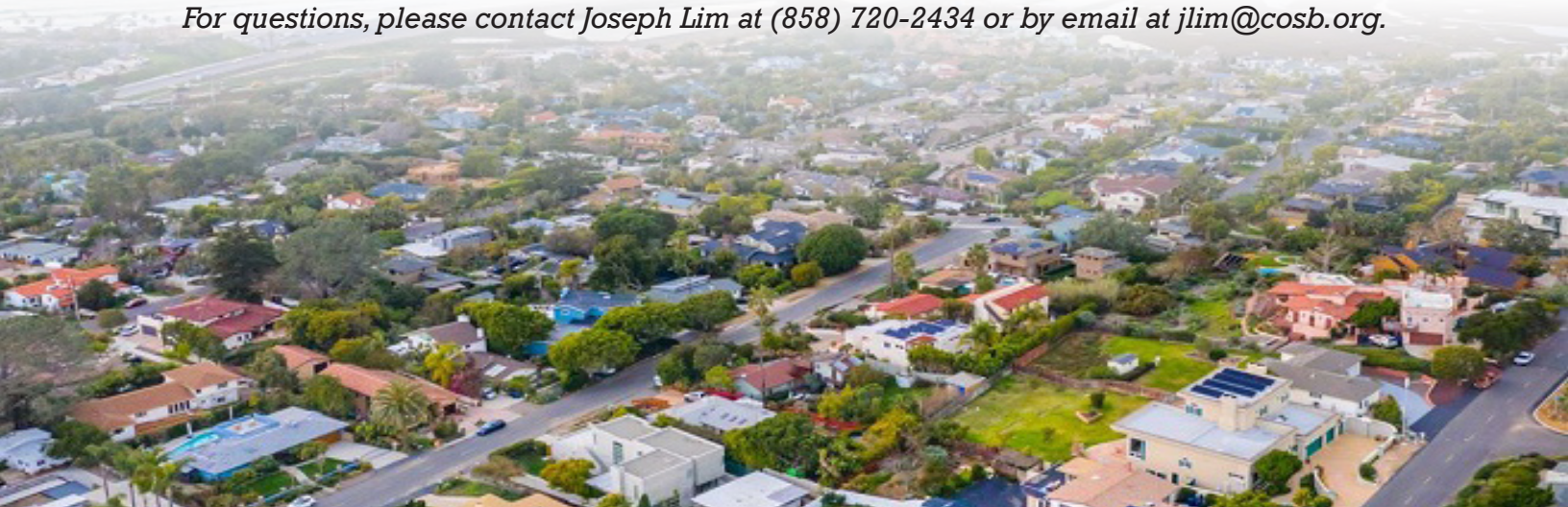
2021-2029 Housing Element Update Community Meeting

The City of Solana Beach is hosting a Community Meeting following the release of the City's Public Review Draft Housing Element. Please join us to discuss the draft 2021-2029 Housing Element and ask any questions you have.

WHEN: November 12th, 6 p.m.

WHERE: Please visit [www.ci.solana-beach.ca.us] for a link to access the Community Meeting.

For questions, please contact Joseph Lim at (858) 720-2434 or by email at jlim@cosb.org.





Ciudad de Solana Beach

Reunión Comunitaria de Actualización del Elemento Vivienda 2021-2029

La Ciudad de Solana Beach está organizando una reunión comunitaria después de la publicación del Borrador de Revisión Pública del Elemento Vivienda. Por favor únase a nosotros para discutir el borrador del Elemento Vivienda 2021-2029 y hacer cualquier pregunta que tenga.

CUÁNDO: 12 de Noviembre, 6 p.m.

DÓNDE: Por favor visite [www.ci.solana-beach.ca.us] para obtener un enlace para tener acceso a la reunión comunitaria.

Si tiene preguntas, comuníquese con Joseph Lim al (858) 720-2434 o a jl原因@cosb.org.



C.6 Public Comments

This section contains all available public comments provided during the Public Review Draft open comment period and any additional comments received by the City relating to the Housing Element update process. Public comments were received in written form.

Mendoza, Molly

From: Chen, Nick
Sent: Thursday, November 19, 2020 5:53 PM
To: Mendoza, Molly
Subject: FW: City of SB

Follow Up Flag: Follow up
Flag Status: Flagged

Nicholas Chen, AICP

Kimley-Horn | 765 The City Drive, Suite 200, Orange, CA 92868

Direct: 714 786 6111 | Mobile: 714 588 0033

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[Celebrating 10 years as one of FORTUNE's 100 Best Companies to Work For](#)

From: Joseph Lim <jlim@cosb.org>
Sent: Wednesday, October 14, 2020 12:05 PM
To: Chen, Nick <Nick.Chen@kimley-horn.com>
Cc: Corey Andrews <candrews@cosb.org>; Barquist, Dave <dave.barquist@kimley-horn.com>
Subject: FW: City of SB

FYI

From: [REDACTED]
Sent: Wednesday, October 14, 2020 11:46 AM
To: Joseph Lim <jlim@cosb.org>
Cc: [REDACTED]
Subject: City of SB

To whom it may concern,

Joseph Lim, Community Development Director, City of Solana Beach

Re: Solana Beach Housing Element Update

St. James Catholic Parish, located at 625 S. Nardo Avenue in Solana Beach, has been working with the San Diego chapter of Catholic Charities in identifying potential uses for available land we possess at the south end of our property. We would like to go on record expressing an interest in developing this land for public benefit, specifically housing to support low-income individuals. Please consider including this intention in your Housing Element Update.

Sincerely,

Fr. Gerard Lecomte

Pastor

CAUTION: External e-mail. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Mendoza, Molly

From: Chen, Nick
Sent: Thursday, November 19, 2020 5:53 PM
To: Mendoza, Molly
Subject: FW: bring flag lots back to SB

Follow Up Flag: Follow up
Flag Status: Flagged

Nicholas Chen, AICP

Kimley-Horn | 765 The City Drive, Suite 200, Orange, CA 92868

Direct: 714 786 6111 | Mobile: 714 588 0033

Connect with us: [Twitter](#) | [LinkedIn](#) | [Facebook](#) | [Instagram](#) | [Kimley-Horn.com](#)

[Celebrating 10 years as one of FORTUNE's 100 Best Companies to Work For](#)

From: Joseph Lim <jlim@cosb.org>
Sent: Thursday, October 8, 2020 9:59 AM
To: Chen, Nick <Nick.Chen@kimley-horn.com>
Subject: FW: bring flag lots back to SB

Nick,

We're already getting comments. Please add to comments received.



Joseph Lim, AICP
Community Development
Director
City of Solana Beach
Phone: (858) 720-2434
Fax: (858) 720-2435
www.cityofsolanabeach.org

From: [REDACTED]
Sent: Thursday, October 8, 2020 9:55 AM
To: Joseph Lim <jlim@cosb.org>
Subject: bring flag lots back to SB

Hi, Joe-

Regarding the virtual workshop next week, I wanted to suggest the idea of bringing back the option to do flag lots and relaxing the restrictions for people wanting to split them. It would be a win for the landowner that could sell a portion of their property and it would create another lot that would pay property taxes.

I also love that ADU's are being allowed now and I think that SB should follow suit of some of the other local cities by offering free building plans, loosing restrictions, and waiving fees to encourage homeowners to build them.

Just my two cents. I'll try and listen in on the call. I hope that you are doing well and staying healthy.

Best,
Heather Dinsmore



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October 28, 2020

Mr. Joseph Lim
Community Development Director
City of Solana Beach
635 S. Highway 101
Solana Beach, CA
Submitted via email: jlim@cosb.org

Re: Draft 6th Cycle Housing Element

Dear Mr. Lim:

On behalf of the San Diego Housing Federation, we are writing to provide comments and feedback on the draft 6th Cycle Housing Element for the City of Solana Beach.

The draft Housing Element contains several actionable items that will help Solana Beach make progress toward meeting its housing goals. We applaud these components of the draft Housing Element and would like to make some additional recommendations to strengthen the plan's impact on achieving housing goals.

Implementing State Legislation

The San Diego Housing Federation was a proud co-sponsor of AB 1486, a bill that strengthened and clarified the state's Surplus Land Act. City implementation of this bill will advance Housing Goal #1 (page 4-2) to accommodate Solana Beach's share across all income levels. Identifying unused City-owned sites for housing can help to ensure the City is compliant with the State Surplus Land Act and helps support the development of affordable housing.

We are pleased to see Housing Program 1J (page 4-5) included in this plan to update the City's Density Bonus Ordinance. We recommend that the City move quickly to implement AB 1763, a bill we supported which provides a density bonus for developments that are 100 percent affordable, to serve as a tool for building affordable housing. The City should also work to implement AB 2345, a bill we supported that builds on the success of the City of San Diego's Affordable Homes Bonus Program (AHBP) by taking the program statewide. A report by Circulate San Diego, "[Equity and Climate for Homes](#)," found that 63 percent of AHBP projects were located in high and highest resource census tracts, demonstrating the program's role in affirmatively furthering fair housing. Just passed and signed into law this year, AB 2345 is a valuable tool to achieve the City's housing goals.

Local funding for affordable housing

The draft Housing Element recognizes the need for funding to build housing that is affordable to low-income individuals and families. As is recognized throughout the draft Housing

Element, federal and state funding is a critical piece to the resources puzzle. We recommend that the Housing Element specifically include a goal to prioritize funds made available through the Permanent Local Housing Allocation (PLHA), also known as the Building Homes and Jobs Act ([SB 2, 2017](#)), for the development of deed-restricted affordable housing. Maximizing the use of these funds to build housing for extremely low-, very low-, and moderate income households will help the City meet its RHNA obligations. Additionally, as local gap financing is critical, we encourage the City to consider dedicating former redevelopment funds, sometimes called “boomerang funds,” as a local source of funding for affordable housing.

Affirmatively furthering fair housing and equity

As noted in the housing element, the majority of the City of Solana Beach is classified as a high opportunity zone as identified by the Regional Opportunity Index (Figures 3-2, page 3-50) and the city is predominantly White with the White population 12.6 percent higher than San Diego County (page 2-3). The City of Solana Beach should take the opportunity in its Housing Element to recognize the role that the City has played in segregation on a regional level. In particular, constraints on increasing housing supply such as the Growth Management Measures described on pages 3-9 to 3-10 should be examined for their role in creating exclusion.

We recommend that the City review the California Department of Housing and Community Development (HCD) 2020 Analysis of Impediments to Fair Housing Choice and include the recommendations and actions outlined in the report. We additionally recommend that the City work with HCD on AFFH recommendations as they relate specifically to Housing Elements and incorporate those recommendations in the plan.

Housing and Climate Change

Our September 2016 report, “[Location Matters: Affordable Housing and VMT Reduction in San Diego County](#),” found that lower-income households are more likely to live in transit-rich areas, own fewer cars, are likely to live in larger building and smaller units, all factors that make affordable housing near transit a key greenhouse gas reduction strategy. In addition, the City’s Climate Action Plan calls for reducing average commuter trip distances (Measure T-3) and increasing commuting by mass transit (Measure T-4). However, the few mentions of the Climate Action Plan in the Housing Element are in relation to energy conservation measures and makes no mention of dense, deed-restricted affordable housing as a greenhouse gas reduction tool. We urge the City to examine the role of affordable housing in helping the City to meet both its RHNA obligations and its Climate Action Plan goals.

We thank you for consideration of our feedback and comments. We appreciate the time and effort that Planning Department staff have dedicated to the draft Housing Element document and look forward to supporting the City of Solana Beach in adopting a robust plan that will help to meet the City’s housing goals.

Sincerely,

Laura Nunn

Laura Nunn
Director of Policy & Programs

Mendoza, Molly

From: Chen, Nick
Sent: Thursday, November 19, 2020 5:54 PM
To: Mendoza, Molly
Subject: FW: Housing Element Workshop #3

Follow Up Flag: Follow up
Flag Status: Flagged

Nicholas Chen, AICP

Kimley-Horn | 765 The City Drive, Suite 200, Orange, CA 92868

Direct: 714 786 6111 | Mobile: 714 588 0033

Connect with us: [Twitter](#) | [LinkedIn](#) | [Facebook](#) | [Instagram](#) | [Kimley-Horn.com](#)

[Celebrating 10 years as one of FORTUNE's 100 Best Companies to Work For](#)

From: Joseph Lim <jlim@cosb.org>
Sent: Tuesday, November 10, 2020 6:22 PM
To: Chen, Nick <Nick.Chen@kimley-horn.com>
Subject: Fwd: Housing Element Workshop #3

See comment email below.

Joseph Lim, AICP

Begin forwarded message:

From: [REDACTED]
Date: November 10, 2020 at 4:37:30 PM PST
To: Joseph Lim <jlim@cosb.org>
Cc: [REDACTED]
Subject: Housing Element Workshop #3

To: jlim@cosb.org

RE: Smoke-free/Vape-free Policies in Solana Beach Housing Element Update

As work continues on updating the city's housing element plan, San Dieguito Alliance for Drug Free Youth would like to respectfully recommend that the city adopt and enforce a comprehensive smoke-

free/vape-free ordinance for multifamily housing (MUH) properties as part of the Housing Element Update 2021-2029.

We fully support the suggestion of Dr. Wilma J. Wooten, Public Health Officer and Director for San Diego County, that all cities, including Solana Beach, consider such an ordinance and incorporate language into Housing Element goals and policies to:

Reduce secondhand and thirdhand smoke and vapor death and disability, and that such policy "cover all exclusive-use areas, exterior areas (such as private balconies and decks) and interior unit spaces, as well as common areas not already covered by state law."

We believe this action is critical as it will impact housing developed in the city over the next nine years far [for](#) all income levels.

As Dr. Wooten pointed out, this action provides an opportunity to increase health equity for all residents, sparing them exposure to harmful chemicals from secondhand smoke/vapor and its lingering residues (thirdhand smoke/vapor). Inclusion of the wording *vape-free* will spare MUH occupants from chemicals and vapor resulting from vaping aerosols, known to be equally as harmful as secondhand smoke.

The U.S. Surgeon General has stated there is no safe level of secondhand smoke and the risk of harm is most acute in MUH. [Thank you.](#)

Respectfully,

Peggy Walker
San Dieguito Alliance for Drug Free Youth
Public Health Educator



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SMOKE-FREE MULTIUNIT HOUSING MODEL ORDINANCE

Introduction

This Smoke-free Multiunit Housing Model Ordinance was prepared for California cities and counties interested in creating smoke-free multiunit residences by prohibiting smoking on the premises. This 2020 model ordinance builds on the ordinance developed by ChangeLab Solutions and released in 2018. The Public Health Law Center acknowledges the excellent work done by ChangeLab Solutions in creating the original ordinance.

This model ordinance is based on an independent and objective analysis of the relevant law, evidence, and available data, as well as work done for the California Tobacco Control Program. The model offers cities and counties a variety of options to tailor the ordinance to meet local needs. Readers should consider all the evidence and decide for themselves which approach is appropriate for their multiunit housing needs.



Customizing the Ordinance

Context boxes are included throughout the ordinance to explain some key provisions. These boxes are not meant to be included in any final ordinance. A city or county wishing to adopt all or part of this ordinance should keep this in mind and remove the context boxes.

In some instances, blanks (such as [_____]) prompt you to customize the language to fit your community's needs. In other instances, the ordinance offers you a choice of options (such as [choice one / choice two]). Some options are followed by a comment that describes the legal provisions in more detail. A degree of customization is always necessary to make sure the ordinance is consistent with a community's existing laws. Such customization also ensures that communities are using this model ordinance to address local needs and engender health equity.

Tips for Using This Model Ordinance

The best possible world is one without the death and health harms associated with commercial tobacco use. Communities differ on their readiness and willingness to adopt certain commercial tobacco control policies that are intended to help make that world a reality. Accordingly, this model ordinance represents a balance between state and federal minimum standards, best public health policy practices, and practicality for city governments in California. This model ordinance contains several policy components that communities may or may not choose to adopt at this time that may go beyond minimum state and federal requirements.

While the Public Health Law Center does not lobby, advocate, or directly represent communities, we can provide assistance through our publications and referrals to experts in the field. Education, stakeholder and community engagement, and a strong advocacy plan are key steps in the adoption of effective commercial tobacco control policies. If a community is unaware of the resources available to it for engaging the community and developing an advocacy plan, or if a city is considering adopting an ordinance and is interested in learning about the range of resources available, please contact the Public Health Law Center. If you have any questions about this ordinance, you can reach us at www.publichealthlawcenter.org.

This publication was prepared by the Public Health Law Center, a nonprofit organization that provides information and legal technical assistance on issues related to public health. The Center does not provide legal representation or advice. The information in this document should not be considered legal advice. This model ordinance was made possible by funds received from Grant Number 19-10229 with the California Department of Public Health, California Tobacco Control Program, and the American Lung Association in California.

AN ORDINANCE OF THE [CITY/COUNTY OF _____] PROHIBITING SMOKING IN AND AROUND MULTIUNIT RESIDENCES AND AMENDING THE [_____] MUNICIPAL CODE

The [city council/county board of supervisors] of the [city/county of _____] does ordain as follows:

SECTION I. [See Appendix A: Findings]

Note

A findings section is important because it provides the evidentiary basis for the proposed commercial tobacco control policies and demonstrates the jurisdiction's reasoning for adopting specific provisions. This findings section reflects language appropriate for all of the provisions suggested. The findings section is part of the ordinance and legislative record, but it usually does not become codified in the municipal code. An ordinance based on this model ordinance should include findings of fact — data, statistics, relevant epidemiological information, for instance — that support the purposes of this ordinance, as well as any legal precedent that directly supports the ordinance. In addition to serving an educational purpose and building support for the ordinance, the findings can also serve a legal purpose. If the ordinance is challenged in court, the findings are an admissible record of the factual determinations made by the legislative body when considering the ordinance. Courts will generally defer to legislative determinations of factual issues, which often influence legal conclusions. A list of findings supporting this model ordinance appears in "Appendix A: Findings." Jurisdictions may select findings from that list to insert here, along with additional findings on local or regional conditions, outcomes, and issues that help make the case for the law.

SECTION II. [Article/Chapter] of the [City/County of _____] Municipal/ County Code is hereby amended to read as follows:

Sec. 1. DEFINITIONS. For the purposes of this [article/chapter] the following definitions shall govern unless the context clearly requires otherwise:

- (A) "Common Area" means every area of a multiunit residence that residents of more than one unit are entitled to enter or use, including, but not limited to, halls, pathways, lobbies, courtyards, elevators, stairs, community rooms, playgrounds, gym facilities, swimming pools, parking garages, parking lots, grassy or landscaped areas, restrooms, laundry rooms, cooking areas, and eating areas.

- (B) “Common interest development” means:
- (1) A community apartment project as defined in California Civil Code section 4105, or any successor legislation;
 - (2) A condominium project as defined in California Civil Code section 4125, or any successor legislation;
 - (3) A planned development as defined in California Civil Code section 4175, or any successor legislation; and
 - (4) A stock cooperative as defined in California Civil Code section 4190, or any successor legislation.
- (C) “Electronic smoking device” means any device that may be used to deliver any aerosolized or vaporized substance to the person inhaling from the device, including, but not limited to, an e-cigarette, e-cigar, e-pipe, vape pen, or e-hookah.
- (D) “Home owners’ association” or “HOA” means an organization or entity established for the purpose of managing or maintaining a common interest development. A homeowners’ association shall also mean “association” as defined in California Civil Code section 4080, or any successor legislation.
- (E) “Landlord” means any person or agent of a person who owns, manages, or is otherwise legally responsible for a unit in a multiunit residence that is leased to a residential tenant. For purposes of this ordinance, a tenant who sublets their unit (e.g., a sublessor) is not a landlord.
- (F) “Multiunit Residence” means property containing two or more units, including, but not limited to, apartment buildings, common interest developments, senior and assisted living facilities, and long-term health care facilities. [Multiunit Residences do not include the following:
- (1) a hotel or motel that meets the requirements of California Civil Code section 1940(b)(2);
 - (2) a mobile home park;
 - (3) a campground;
 - (4) a marina or port;
 - (5) a single-family home, except if used as a health care facility subject to licensing requirements; and

- (6) a single-family home with an accessory dwelling unit or second unit permitted pursuant to California Government Code sections 65852.1, 65852.2, or 65852.22 or an ordinance of the [city/county] adopted pursuant to those sections, except where the accessory dwelling unit or second unit is rented or is used as a health care facility subject to licensing requirements.]

Note

This definition is used in conjunction with the definition of unit in this model ordinance, which makes clear that this term is limited to dwelling spaces.

Because the definition of unit in this ordinance is very broad, a community may want to limit the types of dwelling places covered by the smoke-free housing ordinance. Hotels and motels are included in the list of optional exemptions because many communities regulate smoking in these facilities using a smoke-free workplace ordinance, but there is no legal reason hotels and motels could not be made completely smoke-free using this model ordinance.

Single-family residences are suggested as an exemption because the definition of unit in this ordinance includes individual bedrooms in a single-family home. Thus, a two-bedroom free-standing house would be a multiunit residence per the definitions in this ordinance, unless the exemption is included. With the new accessory dwelling unit (ADU) law taking effect Jan. 1, 2020, the optional language would make clear that the ordinance only applies to ADUs where they are rented or used as a licensed health care facility.

Note that the definition of multiunit residence without any exemptions includes the following types of dwelling places: apartments, condominium projects, townhomes, stock cooperatives, and co-housing; affordable housing (for seniors, disabled tenants, Section 8, etc.); long-term health care facilities, assisted living facilities, hospitals, and family support facilities; hotels, motels, single-room occupancy facilities, dormitories, and homeless shelters; mobile home parks, campgrounds, marinas, and ports; as well as single-family homes and single-family homes with an in-law unit.

The U.S. Department of Housing and Urban Development requires public housing agencies to adopt a policy prohibiting smoking in all indoor areas, including residential units, and outside spaces within 25 feet of indoor areas.

- (G) “Nonsmoking Area” means any area in which smoking is prohibited by
- (1) this [article/chapter] or other law;
 - (2) binding agreement relating to the ownership, occupancy, or use of real property; or
 - (3) a person with legal control over the area.
- (H) “Person” means any natural person, partnership, cooperative association, corporation, personal representative, receiver, trustee, assignee, or any other legal entity, including government agencies.
- (I) “Smoking” means:
- (1) inhaling, exhaling, or burning, any tobacco, nicotine, cannabis, or plant product, whether natural or synthetic;
 - (2) carrying any lighted, heated, or activated tobacco, nicotine, marijuana, or plant product, whether natural or synthetic, intended for inhalation; or
 - (3) using an “electronic smoking device.”

[Smoking does not include the use of traditional, sacred tobacco as part of an Indigenous practice or a lawfully recognized religious, spiritual, or cultural ceremony or practice.]

Note

Some smoke-free policies provide exceptions for traditional, ceremonial, and sacred uses of tobacco practiced by some tribal communities, while prohibiting the use of commercial tobacco. If you would like more information about this topic, please visit keepitsacred.org.

- (J) “Unit” means a personal dwelling space, even one lacking cooking facilities or private plumbing facilities, and includes any associated exclusive-use area, such as a private balcony, porch, deck, or patio. “Unit” includes, without limitation, an apartment; a condominium; a townhouse; a room in a senior facility; a room in a long-term health care facility, assisted living facility, community care facility, or hospital; a room in a hotel or motel; a dormitory room; a room in a single-room occupancy facility; a room in a homeless shelter; a mobile home; a camper vehicle or tent; a single-family home; and an accessory dwelling unit or second unit.

Sec. 2. SMOKING RESTRICTIONS

- (A) Effective 90 days from [effective date], smoking is prohibited anywhere on the premises of a multiunit residence, including units, common areas, and other outdoor areas.
- (B) No person with legal control over any multiunit residence shall permit smoking anywhere on the premises of the multiunit residence.

Note

The strongest approach from a public health standpoint is to prohibit smoking anywhere on the premises. However, if a jurisdiction wants to allow some outdoor smoking, the narrowest way to do so would be to include a designated smoking area (DSA). Again, from a public health standpoint, the preferable approach would be to allow on the premises only one DSA that is required to be at least 25 feet from interior areas and from areas frequented by children. Here is sample language that would allow this:

Replace the current subsection Sec. 2(B) with the following new subsections:

(b) Notwithstanding subsection (a), smoking is permitted in designated smoking areas if they meet the following conditions:

- (1) Must not be an enclosed area;
- (2) Must be at least twenty-five (25) feet from any:
 - (a) outdoor recreation area such as a tennis court, swimming pool, and picnic area;
or
 - (b) outdoor area primarily used by children such as a playground;
- (3) Must have a clearly marked perimeter; and
- (4) Must be identified by conspicuous signs.

(C) No person with legal control over any nonsmoking area of a multiunit residence shall permit smoking in the nonsmoking area, except as provided in subsection (b).

(continued)

Note *(continued)*

Insert as new subsection (d) in Sec. 1 (Definitions):

(D) “Enclosed area” means all space between a floor and a ceiling that is bounded by walls, doorways, or windows, whether open or closed, covering more than 50 percent of the combined surface area of the vertical planes constituting the perimeter of the area. A wall includes any retractable divider, garage door, or other physical barrier, whether temporary or permanent.

If limiting outdoor smoking to one DSA is not feasible, the next most protective approach would be to follow the Department of Housing & Urban Development’s approach and include a 25-foot “buffer zone.” Please contact the Public Health Law Center for more information on this approach.

Note

This model ordinance includes a 90-day phase-in of the smoke-free requirement to allow time for public officials to educate tenants and management about the requirements of the ordinance. Some smoke-free multiunit housing ordinances allow current leases to expire before the smoke-free requirements take effect in those units. We believe this approach is not necessary since lease provisions cannot conflict with local laws.

Note

The CA Labor Code Sec. 6404.5, which prohibits smoking in places of employment, exempts private residences in Sec. 6404.5(e)(6). Local jurisdictions are able to impose more restrictions on smoking than state law, but if a jurisdiction has incorporated Sec. 6404.5 and the decision is made to have this ordinance apply to residential private property rentals, then consider adding the following sentence to the above subsection (a):

“This section applies notwithstanding [citation to local incorporation of Sec. 6404.5(e)(6)].”

- (C) No person with legal control over a common area in which smoking is prohibited by this [article/chapter] or other law shall permit the presence of ashtrays, ashcans, or other receptacles designed for or primarily used for disposal of smoking waste within the area.

Sec. 3. REQUIRED AND IMPLIED LEASE TERMS FOR ALL NEW AND EXISTING UNITS IN MULTIUNIT RESIDENCES.

Note

This section requires that smoking restrictions be included in a lease for the rental of a unit in any type of multiunit residence (e.g., an apartment building, common interest development, or single-room occupancy facility).

By including these provisions in lease agreements, smoking becomes a violation of both the lease and the local ordinance. Thus, landlords may enforce the smoking lease terms just like any other condition in the rental agreement. Further, by including the “third-party beneficiary” provision, other residents of the multiunit residence can enforce a lease’s smoking restrictions.

- (A) After [effective date], every lease or other rental agreement for the occupancy of a unit in a multiunit residence entered into, renewed, or continued month to month shall be amended to include the following provisions:
- (1) A clause providing that as of [effective date + 90 days], it is a material breach of the agreement to smoke or allow smoking:
 - (a) in the unit, including exclusive-use areas such as balconies, porches, or patios; and
 - (b) in any common area of the multiunit residence [other than a designated smoking area].

Sample Language

The bracketed language above and in the sample language below regarding DSAs is to be included if a building has a DSA.

“Tenant agrees and acknowledges that the premises to be occupied by tenant and members of tenant’s household have been designated as a smoke-free living

(continued)

Sample Language *(continued)*

environment. As of [effective date + 90 days], tenant, members of tenant's household, and any guests under control of the tenant will not smoke anywhere:

- (A) In the unit rented by tenant, including any associated balconies, decks, or patios;
- (B) In the common areas of the property, including, but not limited to, lobbies, hallways, stairwells, elevators, laundry rooms, community rooms, community bathrooms, or offices; or
- (C) On the outdoor grounds of the property, [other than a designated smoking area,] including, but not limited to, entryways, playgrounds, pool areas, walking paths, or sitting areas.

"Tenant acknowledges that a breach of the smoke-free policy may render tenant liable to landlord for the costs to repair tenant's unit due to damage from smoke odors or residue. A breach of the smoke-free policy is a breach of the lease and grounds for immediate enforcement action, including potential termination of the lease by the landlord.

"Tenant will inform tenant's guests of the smoke-free policy. Tenant will also promptly give landlord a written statement of any incident where tenant observes smoking not allowed by this policy or believes smoke is migrating into the tenant's unit from sources outside the tenant's unit."

- (2) A clause providing that it is a material breach of the agreement for tenant to violate any law regulating smoking while anywhere on the property, or to allow any other person subject to the control of the tenant to engage in such behavior.

Sample Language

"It is a material breach of this agreement for tenant to violate any law regulating smoking while anywhere on the property. Moreover, it is a material breach of this agreement for tenant to allow any other person subject to the control of the tenant to violate any law regulating smoking while anywhere on the property."

- (3) A clause expressly conveying third-party beneficiary status to all occupants of the multiunit residence as to the smoking provisions of the lease or other rental agreement.

Sample Language

“Tenant agrees that other tenants of the rental community are third-party beneficiaries of tenant’s smoke-free policy agreement with landlord. A tenant may sue another tenant for an injunction to prohibit smoking or for damages but does not have the right to evict another tenant. Any lawsuit between tenants does not create a presumption that the landlord breached this lease.”

- (B) Whether or not a landlord complies with subsection (A) above, the clauses required by those subsections shall be implied and incorporated by law into every agreement to which subsection (A) applies as of [effective date + 90 days].
- (C) A tenant who breaches, or allows any other person subject to the control of the tenant to breach, a smoking provision of a lease or other rental agreement for the occupancy of a unit in a multiunit residence shall be liable for the breach to (1) the landlord; and (2) any occupant of the multiunit residence who is exposed to smoke or who suffers damages as a result of the breach.
- (D) Failure to enforce any smoking provision required by this [article/chapter] shall not affect the right to enforce such provision in the future, nor shall a waiver of any breach constitute a waiver of any subsequent breach or a waiver of the provision itself.

Note

This is a technical legal provision designed to prevent a court from inferring a permanent waiver of a smoking-related provision from a pattern of lax enforcement.

Sec. [____ (*4)]. REQUIREMENTS FOR RENTAL PROPERTIES.

The following requirements apply to multiunit residences other than units in a common interest development that are not being rented:

- (A) On or before [effective date + 90 days], every landlord shall deliver to each unit a copy of this [article/chapter] and a written notice clearly stating:

- (1) All units are designated nonsmoking units and smoking is prohibited in a unit, including any associated private balcony, porch, deck, or patio, as of [effective date + 90 days]; and
 - (2) Smoking in all common areas or outdoor areas [, except for specifically designated smoking areas,] is a violation of [this article/chapter] as of [effective date + 90 days].
- (B) As of [effective date], every landlord shall provide prospective tenants with written notice clearly stating that:
- (1) Smoking is prohibited in units, including any associated private balcony, porch, deck, or patio, as of [effective date + 90 days]; and
 - (2) Smoking is prohibited in all common areas and outdoor areas [, except for specifically designated smoking areas,] as of [effective date + 90 days].
- (C) As of [effective date + 90 days], the person or persons with legal control over common areas shall post and maintain clear and unambiguous “No Smoking” signs at entrances and exits, in common areas, and in conspicuous places adjoining the property grounds. In addition, as of [effective date + 90 days], the person or persons with legal control over the multiunit residence shall post and maintain signs in sufficient numbers and locations in the multiunit residence to indicate that smoking is prohibited in all units. The absence of signs shall not be a defense to a violation of any provision of this [article/chapter]. “No Smoking” signs are not required inside or on doorways of units [, except for hotels or motels that meet the criteria listed in California Civil Code section 1940, subdivision (b)(2)].

Note

If your community excludes hotels and motels from the definition of multiunit residences (Section *1 Definitions), then do not include the optional language in grayscale in the last sentence.

- (D) Landlords with knowledge of violations shall take reasonable steps to investigate and enforce the regulations, including a written notice to the resident of the landlord’s knowledge of the violation, a request to cease the violation, and the course of action to be taken if the violation is not corrected. [The landlord shall also provide resources provided for free by the [city/county] to assist with nicotine dependence, such as referrals to quitline or online resources.]

Sec. [____ (*5)]. REQUIREMENTS FOR COMMON INTEREST DEVELOPMENTS.

The following requirements apply to common interest developments:

- (A) On or before [effective date + 90 days], the HOA shall provide to all owners of units a copy of this [article/chapter] and written notice clearly stating that:
 - (1) Smoking is prohibited in units, including any associated private balcony, porch, deck, or patio, as of [effective date + 90 days]; and
 - (2) Smoking is prohibited in all common areas and outdoor areas [, except for specifically designated smoking areas,] as of [effective date + 90 days].
- (B) As of [effective date] every seller of a unit shall provide prospective buyers or renters, a copy of this [article/chapter] and written notice clearly stating that:
 - (1) Smoking is prohibited in units, including any associated private balcony, porch, deck, or patio, as of [effective date + 90 days]; and
 - (2) Smoking is prohibited in all common areas and outdoor areas [, except for specifically designated smoking areas,] as of [effective date + 90 days].
- (C) As of [effective date + 90 days], the HOA, or any person having legal ownership or control over common areas, shall post and maintain clear and unambiguous “No Smoking” signs in sufficient numbers and locations in the common interest development to make it obvious to a reasonable person that smoking is prohibited throughout the common interest development. The absence of signs shall not be a defense to a violation of any provision of this chapter.
- (D) HOAs with knowledge of violations shall take reasonable steps to investigate and enforce the regulations, including a written notice to the resident of the HOA’s knowledge of the violation, a request to cease the violation, and the course of action to be taken if the violation is not corrected. [The HOA shall also distribute resources provided for free by the [city/county] to assist with nicotine dependence, such as referrals to quitline or online resources.]

Sec. [____ (*5)]. NUISANCE; OTHER

- (A) The provisions of this [article/chapter] shall be liberally construed to protect the public health to the maximum effect possible. Notwithstanding (1) any provision of this [article/chapter] or of this code, (2) any failure by any person to restrict smoking under this [article/chapter], or (3) any explicit or implicit provision of this code that allows smoking in any place, nothing in this code shall be interpreted to limit any person's legal rights under other laws with regard to smoking, including rights in nuisance, trespass, property damage, and personal injury or other legal or equitable principles.

Note

The subsection spells out that the intent of this ordinance is to create new smoke-free areas and enhance the right to smoke-free environments. This ordinance does not provide smokers with any "safe harbors" from existing laws that might already impose potential liability for smoking.

- (B) Any violation of this [article/chapter] is hereby declared to be a public nuisance.

Note

By expressly declaring that a violation of this ordinance is a nuisance, this provision allows enforcement of the ordinance by the city or county via the administrative nuisance abatement procedures and penalties commonly found in municipal codes. The jurisdiction may want to cross-reference its nuisance code with this section to ensure consistency.

- (C) Nonconsensual exposure to smoke from smoking occurring on or drifting into [residential] property is a nuisance.

Note

The declaration in subsection (B) that smoking is a nuisance extends far beyond the residential context. Once smoking is declared a nuisance, nuisance abatement laws can be used to address smoke around doorways, at businesses, in public venues, and anywhere else it may occur. However, declaring smoking a nuisance is particularly helpful in the housing context because it eliminates the need to prove that some particular level of exposure has occurred and that such exposure is an unjustified intrusion or hazard.

California Government Code section 38771 explicitly authorizes cities to declare nuisances by ordinance. Counties may declare a nuisance pursuant to the broad police power set forth in the California Constitution, article XI, section 7.

Sec. [____ (*8)]. PENALTIES AND ENFORCEMENT.

Note

Enforcement of smoke-free multiunit housing policies should balance the goal of protecting residents from secondhand smoke exposure with the goal of ensuring housing stability for all residents. Several factors should be considered in this balance, such as the likely effectiveness of enforcement; equity (balancing the public health benefits of smoke-free housing policies with the risks of housing instability and associated health harms or negative social outcomes posed by different enforcement mechanisms); and the process of enforcement. Criminal and monetary administrative penalties can carry significant risks of discriminatory enforcement, financial hardship, and housing instability for residents. In the context of housing, another concern is the prospect of unintended criminal, immigration, and Due Process consequences as a result of potential increased interactions with law enforcement.

Another consideration for such criminal charges and penalties is how the criminal process may trigger a probation or parole violation or similar significant ripple effect in the residents' interaction with the justice system. Increased involvement with the criminal justice system could lead to more severe criminal sanctions, and possible incarceration. In turn, these criminal sanctions could jeopardize the individual's housing, benefits, education, and employment. These

(continued)

Note *(continued)*

risks should be carefully weighed by the municipality as policymakers consider whether to include criminal and monetary penalties and how to structure those penalties.

For these reasons, the enforcement provisions in this model policy do not include criminal sanctions, and focus primary responsibility for enforcement on landlords and HOAs as the managers of such properties by holding them accountable with appropriate civil penalties for any failure to enforce the rules required under this law. Penalties for individual residents are limited to violations that include harassment or retaliation for seeking enforcement of the law.

The following provisions are designed to offer several enforcement options to the jurisdiction and residents. While not all enforcement mechanisms may be pursued, allowing multiple enforcement mechanisms in the ordinance may increase the likelihood of compliance, enforcement, and, in turn, protections from second and third-hand smoke.

- (A) The remedies provided by this [article/chapter] are cumulative and in addition to any other remedies available at law or in equity.
- (B) Any person exposed to secondhand smoke as a result of a violation of this [article/chapter] may initiate enforcement of this [article/chapter] by registering a complaint with the [city/county manager], or his or her designee.
- (C) Enforcement of this chapter shall be the responsibility of [department of housing inspections/public health/other]. In addition, any code enforcement official may enforce this chapter.
- (D) Landlords or HOAs found to have violated this [article/chapter] are subject to a civil fine not less than [two hundred fifty dollars (\$250)] and not exceeding [one thousand dollars (\$1,000)] per violation.

Note

This provision provides civil fines for violating the ordinance. It requires that a traditional civil suit be filed by the city or county (possibly in small claims court). The fine amounts can be adjusted but cannot exceed \$1,000 per violation. (See California Government Code section 36901.)

- (E) No person shall intimidate, harass, or otherwise retaliate against any person who seeks compliance with this [article/chapter]. Any person in violation of this subsection is subject to a civil fine not less than [two hundred fifty dollars (\$250)] and not exceeding [one thousand dollars (\$1,000)] per violation.

Note

This subsection allows penalties for any person who intimidates, harasses, or otherwise retaliates for persons seeking compliance with this ordinance. These fines may be too steep for some residents, which could put their housing stability in jeopardy. Community service may be provided as an alternative option. The following language could be added to this paragraph: "Residents of the multiunit residence in violation of this subsection may be subject to community service as an alternative to a civil fine."

- (F) In addition to other remedies provided by this [article/chapter] or otherwise available at law or in equity, any violation of this [article/chapter] may be remedied by a civil action brought by the [city attorney/county counsel], including, without limitation, administrative or judicial nuisance abatement proceedings, civil code enforcement proceedings, and suits for injunctive relief.

Note

It is common to provide that the local government's lawyers may go to court to seek injunctions and other penalties in addition to fines. The express provision for injunctive relief lowers the showing required to obtain a preliminary or permanent injunction.

A public agency should think carefully about the nuisance abatement procedure it chooses in enforcing this ordinance after it is adopted. A local government may provide for treble damages for the second or subsequent nuisance abatement judgment within a two-year period, as long as the ordinance is enacted pursuant to Government Code section 38773.7. Treble damages are not available, however, under the alternative nuisance abatement procedures in Government Code section 38773.1 and Health & Safety Code section 17980. Government Code section 38773.5 establishes a procedure for nuisance abatement where the cost of the abatement can be collected via the property tax roll as a special assessment against the property on which the violation occurs.

(G) Any person may bring a civil action to enforce this [article/chapter] to prevent future violations and may sue to recover actual or statutory damages, including court costs, and attorney fees.

SECTION III. CONSTRUCTION, SEVERABILITY.

It is the intent of the [city council/board of supervisors] of the [city/county] of [_____] to supplement applicable state and federal law and not to duplicate or contradict such law and this ordinance shall be construed consistently with that intention. If any section, subsection, subdivision, paragraph, sentence, clause, or phrase of this ordinance, or its application to any person or circumstance, is for any reason held to be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining sections, subsections, subdivisions, paragraphs, sentences, clauses, or phrases of this ordinance, or its application to any other person or circumstance. The [city council/board of supervisors] of the [city/county] of [_____] hereby declares that it would have adopted each section, subsection, subdivision, paragraph, sentence, clause, or phrase hereof, irrespective of the fact that any one or more other sections, subsections, subdivisions, paragraphs, sentences, clauses, or phrases hereof be declared invalid or unenforceable.

APPENDIX A: FINDINGS

WHEREAS, tobacco use causes death and disease and continues to be an urgent public health threat, as evidenced by the following:

- The World Health Organization (WHO) estimates that tobacco kills up to half of its users, amounting to more than 8 million deaths each year worldwide,¹ including nearly half a million people who die prematurely from smoking in the United States alone;²
- Tobacco use can cause disease in nearly all organs of the body and is responsible for an estimated 87% of lung cancer deaths, 32% of coronary heart disease deaths, and 79% of all chronic obstructive pulmonary disease deaths, in the United States;²
- 5.6 million of today's Americans who are younger than 18 are projected to die prematurely from a smoking-related illness;² and
- The estimated economic damage attributable to smoking and exposure to secondhand smoke in the United States is nearly \$300 billion annually; and²

WHEREAS, tobacco use is the number one cause of preventable death in California² and continues to be an urgent public health issue, as evidenced by the following:

- An estimated 40,000 California adults die from smoking annually;²
- Each year, smoking costs California an estimated \$13.3 billion in direct health care expenses, \$3.6 billion in Medicaid costs, and \$10.4 billion in productivity losses;³
- Research indicates that more than 25% of all adult cancer deaths in California are attributable to smoking;⁴ and

[insert local data if available]

WHEREAS, significant disparities in tobacco use exist in California which create barriers to health equity,⁵ as evidenced by the following:

- African American (17%) and American Indian (19.1%) Californians report a higher smoking prevalence than white Californians (11.8%);⁶
- The American Indian population in California reports the highest cigarette smoking rate among adults; and American Indian youth report the highest rate of smoking among high school students;⁶
- Californians with the highest levels of educational attainment and annual household income report the lowest smoking rates;⁶
- Those who identify as lesbian, gay, bisexual, or transgender in California report smoking at higher rates than those who do not;⁶
- Californians who live in multiunit housing report smoking cigarettes at a higher rate (13.1%) than those who live in a house;⁶
- Californians who reported experiencing psychological distress in the preceding month smoked at a rate far higher (26.7%) than the average statewide smoking rate (11.0%);⁶ and

[insert local data if available]

WHEREAS, secondhand smoke has repeatedly been identified as a health hazard, as evidenced by the following:

- In 2006, the U.S. Surgeon General concluded that there is no risk-free level of exposure to secondhand smoke;⁷
- In 2006, the California Air Resources Board identified secondhand smoke as a toxic air contaminant, in the same category as the most toxic automotive and industrial air pollutants, and a serious health threat for which there is no safe level of exposure;^{8,9}

- In 2006, the California Environmental Protection Agency added secondhand smoke to the Proposition 65 list of chemicals known to the state of California to cause cancer, birth defects, and other reproductive harm;¹⁰
- The American Society of Heating, Refrigerating, and Air Conditioning Engineers (ASHRAE) finds that acceptable indoor air quality in multiunit housing requires the absence of secondhand smoke, cannabis smoke, and aerosol from electronic smoking devices;¹¹
- The American Heart Association and the American Lung Association recommend all adults and children be protected from secondhand smoke in multiunit housing;^{12,13}

WHEREAS, exposure to secondhand smoke causes death and disease, as evidenced by the following:

- Since 1964, approximately 2.5 million nonsmokers have died from health problems caused by exposure to secondhand smoke;²
- Secondhand smoke was responsible for an estimated 34,000 heart disease-related and 7,300 lung cancer-related deaths among adult nonsmokers each year during 2005–2009 in the United States;²
- Research indicates that exposure to secondhand smoke increases the risk of coronary heart disease by 25% to 30% and increases the risk of stroke by 20% to 30%;^{2,14}
- Secondhand smoke kills more than 400 infants every year;¹⁵

WHEREAS, electronic smoking device aerosol may be considered a health hazard, as evidenced by the following:

- Research has found at least twelve chemicals in electronic smoking device aerosol known to the State of California to cause cancer, birth defects, or other reproductive harm,^{10,16,17} such as formaldehyde, acetaldehyde, lead, nickel, chromium, arsenic, and toluene;^{17,18}
- Electronic smoking device aerosol is not harmless water vapor as it contains varying concentrations of particles and chemicals with some studies finding particle sizes and nicotine concentrations similar to, or even exceeding, conventional cigarette smoke;^{17,19 21}
- Evidence continues to build that exposure to electronic smoking device aerosol, including secondhand exposure, has immediate impacts on the human respiratory and cardiovascular systems, and poses a risk to human health;^{17,19,21 27}

- Given the increasing prevalence of electronic smoking device use, especially among youth and young adults, widespread nicotine exposure resulting in addiction and other harmful consequences is a serious concern;^{17,19,28,29}
- Indoor air experts and health authorities, including the U.S. Surgeon General, American Society of Heating Refrigerating and Air Conditioning Engineers, and the State of California Tobacco Education and Research Oversight Committee (TEROC), all support inclusion of electronic smoking devices in regulations of smoking and other tobacco product use;^{11,19,30,31}

WHEREAS, secondhand cannabis smoke has been identified as a health hazard, as evidenced by the following:

- The California Environmental Protection Agency includes cannabis smoke on the Proposition 65 list of chemicals known to the state of California to cause cancer;^{10,32}
- Cannabis smoke contains at least 33 known carcinogens;³²
- In one study, exposure to cannabis smoke in an unventilated setting resulted in detectable levels of cannabinoids in non-smoker participants' blood and urine, and participants experienced minor increases in heart rate and impaired cognitive performance;³³ and
- A recent systematic review of the literature concluded that secondhand exposure to cannabis smoke leads to cannabinoid metabolites in bodily fluids and individuals experiencing self-reported psychoactive effects;³⁴

WHEREAS, nonsmokers who live in multiunit dwellings can be exposed to neighbors' secondhand smoke, as evidenced by the following:

- Research demonstrates that secondhand smoke in multiunit housing can and does transfer between units, seeping into smoke-free areas from areas where smoking occurs;³⁵
- Residents of multiunit housing have higher levels of cotinine (a biomarker for nicotine) in their blood and saliva than those living in detached houses;³⁶
- Among children who live in homes in which no one smokes indoors, those who live in multiunit housing have 45% higher cotinine levels than children who live in detached houses;^{36,37}
- Twelve studies have found between 26% and 64% of residents of multiunit housing report secondhand smoke drifting into their home;³⁶

- Surveys have found that 65% to 90% of multiunit housing residents who experience secondhand smoke in their home are bothered by it,³⁶ and a 2019–2020 survey documented variations in secondhand smoke source among multiunit housing residents in Los Angeles County, who reported secondhand smoke exposure from tobacco (39%), marijuana (36%), and e-cigarettes (9%);³⁸
- Between 44.0% and 46.2% of Californians living in multiunit housing with personal smoke-free home policies are exposed to secondhand smoke in their home;³⁹

WHEREAS, harmful residues from tobacco smoke can be absorbed by and cling to virtually all indoor surfaces long after smoking has stopped and then be emitted back into the air, making this “thirdhand smoke” a potential health hazard, as evidenced by the following:

- Thirdhand smoke contains carcinogenic materials that accumulate over time, presenting a health hazard long after the initial smoke is gone;^{40,41}
- Studies consistently find that thirdhand smoke remains months after nonsmokers have moved into units where smokers previously lived,⁴² and a recent study documents that it can remain in units for years;⁴³
- Human exposure to these thirdhand smoke carcinogens can occur through inhalation, ingestion, or skin absorption through contact with carpeting, furnishings, or clothing;⁴⁴
- Thirdhand smoke potentially poses the greatest danger to infants and toddlers, who crawl on rugs and furnishings and place household items in their mouths;⁴⁴
- Nonsmoking people who are exposed to thirdhand smoke have significantly higher nicotine and cotinine levels than those who have not been exposed to thirdhand smoke;⁴²
- Research has shown that thirdhand smoke damages human cellular DNA^{45,46} and is carcinogenic at exposure levels relevant to residents of multiunit housing;⁴⁶

WHEREAS, smoking is a leading cause of fire-related injury and death,⁴⁷ and contributes to health inequities, as evidenced by the following:

- During 2012–2016, U.S. fire departments responded to an estimated 18,100 smoking-related structure fires, which resulted in an estimated 1,130 injuries, 590 deaths, and \$476 million in direct property damage;⁴⁸
- During 2012–2016, smoking materials caused 5% of reported home fires, 23% of home fire deaths, 10% of home fire injuries, and 7% of the direct property damage from home fires;⁴⁸

- African American males and American Indian males have the highest mortality rates for fire-related deaths; altogether, African Americans accounted for 19% of all fire-related deaths in 2017, but made up only 13% of the U.S. population;⁴⁷
- Elderly people 85 or older have the highest fire death rate, and the risk of dying from smoking-related fires increases with age;⁴⁷

[insert local data if available]

WHEREAS, an estimated 28% of Californians (or 7.3 million people) live in multiunit housing;⁴⁹

WHEREAS, the U.S. Surgeon General has concluded that eliminating smoking in indoor spaces is the only way to fully protect nonsmokers from secondhand smoke exposure; and that separating smokers from nonsmokers, cleaning the air, and ventilating buildings cannot completely prevent secondhand smoke exposure;⁷

WHEREAS, smoke-free housing policies resulted in a 24% reduction in self-reported exposure to secondhand smoke exposure among racially and ethnically diverse seniors living in low-income multiunit housing properties;⁵⁰

WHEREAS, several studies have confirmed that smoke-free multiunit housing policies are an effective method to reduce secondhand smoke exposure in multiunit housing;^{50 52}

WHEREAS, secondhand smoke exposure occurs more often in multiunit housing compared to separate, single-unit housing;^{49,53,54} and therefore contributes to tobacco-related health inequities. For example, in California, when compared with adults who live in single-family houses, adults who live in multiunit housing are more likely to be:

- People of color (62.9% of residents of multiunit homes versus 49.6% of residents of single-family houses);⁴⁹
- Lower-income or below the poverty line (46.8% versus 27.0%);⁴⁹
- Lacking a high school diploma (21.4% versus 14.8%);⁴⁹
- Current smokers (17.5% versus 13.2%);⁴⁹ as well as
- Uninsured (23.4% versus 14.2%);⁴⁹

WHEREAS, secondhand smoke in multiunit housing is a significant threat to the health and safety of California children, as evidenced by the following:

- About a quarter of those who live in multiunit housing (25.2%) are under the age of 18;³⁹

- The home is the primary source of secondhand smoke exposure for children;¹⁵
- A national survey found that 56.4% of U.S. youth living in apartment units in which no one smokes have elevated blood cotinine levels above 0.05 ng/mL, indicating they have been exposed to potentially dangerous levels of secondhand smoke;³⁷
- The same survey also found that children who live in homes in which no one smokes indoors have 45% higher cotinine levels if they live in apartments compared with detached homes;³⁷

WHEREAS, research consistently demonstrates that a majority of multiunit housing residents, including a large portion of smokers, supports smoke-free policies in multiunit residences,^{36,55,56} and that support is even greater among residents with children;⁵⁶

WHEREAS, research demonstrates that a majority of adults supports smoke-free policies in multiunit residences, as evidenced by the following:

- 73.7% of U.S. adults surveyed favor smoke-free public housing;⁵⁷
- 65% of Californians surveyed favor restricting smoking inside apartment units;⁵⁸

[insert local data if available]

WHEREAS, there are significant savings from adopting a smoke-free multiunit housing policy, as evidenced by the following:

- Prior to implementation, the U.S. Department of Housing and Urban Development's smoke-free public housing policy was conservatively estimated to produce an annual savings of 4 to 8 million dollars a year for U.S. public housing authorities in renovation-related costs,⁵⁹ and 30 to 109 million dollars per year in health care costs in California alone;⁶⁰
- Implementing statewide smoke-free policies in multiunit housing property would save property owners in California an estimated \$18.1 million in renovation expenses each year;⁶¹

WHEREAS, in 2016 the United States Department of Housing and Urban Development issued a final rule requiring all public housing agencies to adopt smoke-free policies to protect residents from secondhand smoke exposure effective February 2017;⁶²

WHEREAS, children, low-income tenants of public housing, and members of racial and ethnic minority groups are disproportionately exposed to secondhand smoke; and smoke-free housing policies have shown potential to reduce exposure in these populations;^{63,64}

WHEREAS, California state law allows local governments to adopt ordinances that permit residential rental agreements to prohibit smoking tobacco products within rental units;⁶⁵

WHEREAS, more than 140 California cities and counties have adopted smoke-free multiunit housing ordinances;⁶

WHEREAS, there is no Constitutional right to smoke;⁶⁶

WHEREAS, California law declares that anything which is injurious to health or obstructs the free use of property, so as to interfere with the comfortable enjoyment of life or property, is a nuisance;⁶⁷

WHEREAS, local governments have broad latitude to declare nuisances and are not constrained by prior definitions of nuisance;^{67,68}

NOW THEREFORE, it is the intent of the [city council/county board of supervisors] in enacting this ordinance, to provide for the public health, safety, and welfare by discouraging the inherently dangerous behavior of smoking around nontobacco users; by protecting children from exposure to smoking where they live and play; and by protecting the public from nonconsensual exposure to secondhand smoke in and around their homes.

Endnotes

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Mendoza, Molly

From: Chen, Nick
Sent: Thursday, November 19, 2020 5:54 PM
To: Mendoza, Molly
Subject: FW: Re Housing Update
Attachments: PHLC July 20 20 CA-Smoke-free-MUH-Model-Ordinance.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

Nicholas Chen, AICP

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From: Joseph Lim <jlim@cosb.org>
Sent: Wednesday, November 18, 2020 9:22 AM
To: Chen, Nick <Nick.Chen@kimley-horn.com>; Barquist, Dave <dave.barquist@kimley-horn.com>
Subject: FW: Re Housing Update

fyi

From: [REDACTED]
Sent: Wednesday, November 18, 2020 8:21 AM
To: Joseph Lim <jlim@cosb.org>
Subject: Re Housing Update

Hello Joe,

Thanks for a great public workshop last week on the Housing Element Update. In checking with the county, it appears a letter from Dr. Wilma Wooten, the County's Public Health Officer, regarding Smoke-free Multi Unit Housing (MUH) policy was sent to Solana Beach but it went to Greg Wade -- and that was back in August. I can understand that with all the fray around putting such a complicated plan together it may have missed your desk or been overlooked.

I've attached below Dr. Wooten's August 7th letter to the City below for your information, and do so with all due respect for the work that's been done.

Our organization and others associated with the San Diego County Tobacco Coalition are concerned about the adverse health effects of secondhand and thirdhand smoke on MUH residents, especially the low-income populations targeted. In a move toward environmental equity, many cities including Berkeley, Long Beach and Pasadena have already implemented exemplary smoke-free policies that may be of interest to you.

Another aspect of social equity associated with smoke-free MUH policies is that those of lower income levels and/or families with children disproportionately live in MUH complexes. I've attached a sample smoke-free ordinance for your perusal.

Thank you again, for considering smoke-free MUH policy as you move forward.

Please let me know if I can provide you with further information regarding the value of smoke-free MUH.

Regards,
Peggy Walker
San Dieguito Alliance for Drug Free Youth
Public Health Educator, Youth Program Development
San Diego County Tobacco Control Coalition
[REDACTED]

Letter from Dr. Wooten to City of Solana Beach
August 7, 2020

TO: Greg Wade
City Manager

FROM: Wilma J. Wooten, M.D., M.P.H.,
Public Health Officer & Director, Public Health Services

RE: Smoke-free Housing in Housing Element Update

As the Public Health Officer for the San Diego County, I am contacting you to discuss your City's mandated housing element update. The update of the housing element is an opportunity to increase health equity by ensuring all residents live in safe and healthy conditions. As the Governor's Office of Planning and Research has stated, in its recent guidance on environmental justice in general plans, exposure to harmful chemicals from secondhand smoke and its lingering residues (thirdhand smoke) is a threat to safe housing. The U.S. Surgeon General has declared that there is no safe level of exposure to secondhand smoke, which annually causes an estimated 41,000 deaths by people who do not smoke. The risk of harm is most acute in multifamily housing, where drifting smoke from one person can contaminate many living units and is expensive and difficult to clean up.

As you work on updating your housing element, we would ask that you consider incorporating the following language into your goals and policies:


To reduce secondhand and thirdhand smoke death and disability, adopt and enforce a comprehensive smoke-free ordinance for multifamily housing properties that covers all exclusive-use areas, both exterior areas (such as private balconies and decks) and interior unit spaces, as well as common areas not already covered by state law.

Attached is the document, entitled Prohibiting Smoking in Multifamily Housing: Model Language and Rationale Statement for Inclusion in General Plan Housing Elements, July 2020. This document explains the rationale for

including tobacco elements in general plan housing elements. Also, included for your reference are two information fact sheets, from the California Department of Public Health, on the dangers of secondhand and thirdhand smoke.

Staff from the Public Health Services Tobacco Control Resource Program, in the County of San Diego Health and Human Services Agency, would be happy to discuss opportunities to include tobacco protections in your city's housing element. For further information of questions, please feel free to contact Parke Troutman at (619) 753-2581 or Parke.Troutman@sdcounty.ca.gov. Additionally, San Diego County is a center of research on thirdhand smoke. Staff would be pleased to connect you with leading local scientists if you would like a presentation on the state of current research on this topic.

Sincerely,

Wilma J. Wooten, M.D., M.P.H., Public Health Officer and Director,
Public Health Services
County of San Diego Health and Human Services Agency


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From: [Shawna McGarry](#)
To: [EMAIL GRP-City Clerk's Ofc](#)
Subject: Cool Article on ADU opportunities
Date: Wednesday, October 28, 2020 4:19:08 PM

Hello Angela,

This might be of interest to Council/Staff with regard to ADUs, <https://www.dwell.com/article/tiny-home-no-cost-construction-roundup-c58d3abe>.

Thanks!
Shawna

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These 5 Companies Want to Build a Tiny House in Your Backyard for Free

By Laura Mauk – October 27, 2020

 [View 5 Photos](#)

Each firm will construct an ADU in your backyard portion of the income you generate by renting it out.

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In an effort to improve the availability of affordable housing, a handful of design-build firms (mostly concentrated in California) are getting creative. In exchange for a share of a homeowner's rental income, a small group of five firms will actually construct an ADU in your backyard for free. The concept is a triple win: Economical housing is created, helping to ease the housing crisis in specific U.S. cities, while homeowners and designers put extra income in their pockets. If you have unused yard space and are simultaneously motivated by altruism and prudence, these five firms may be the right partners for you.

1. Rent the Backyard

This one-bedroom NODE prefab, from Rent the Backyard, produces all of its own energy—with enough left over to power the neighboring house.



Bay Area start-up Rent the Backyard is making new room in dense cities by collaborating with homeowners who've got a little extra acreage. The company will install a prefab studio apartment on unused land behind your home, handle all the permitting required to do so, find a worthy tenant to rent the unit, and pay you 50% of the profits for providing the space—all for zero up-front costs. They're leveraging companies like NODE, who make sustainable, carbon-neutral homes that can be installed in just a few days. Utilities will hook up to the property's principal dwelling, and they'll be metered and reimbursed. Participants can expect to add roughly \$10k to their annual income (dependent on the going rate for a studio apartment in your city), and cities will get new affordable housing in previously unused space.

2. OBY Cooperative

OBY Cooperative's preliminary concept is a 576-square-foot ADU with two bedrooms, a bathroom/laundry room, a kitchen, and an open living/dining area.

Two friends breathe new life into a crumbling Spanish church.

OBY Cooperative is a startup that's offering turnkey, prefab ADUs to homeowners in California's East Bay. The company takes on the cost and hassle of building an ADU, and homeowners with land to spare can collect upwards of \$500 each month in rent, or \$6,000 yearly, without the hassle of tenant management, development headaches,

or any up-front costs. As more ADUs are built, those sidelined by the housing crisis would find it easier to secure a rental and to keep one.

3. Backyard Tiny House

Backyard Tiny House's factory-assembled mobile tiny homes on wheels offer almost 250 square feet of living space.

It takes Backyard Tiny House, a Portland, Oregon, company, about two weeks and \$50,000 to place a factory-assembled mobile tiny home in a local homeowner's unused yard or driveway. The tiny homes feature approximately 250 square feet of living space, a sleeping loft, and a composting toilet. The company prescreens tenants and takes \$750 of the \$1,000 monthly rent; the homeowner receives \$250.

4. ESCAPE

ESCAPE tiny houses are listed as rental properties through Airbnb or similar platforms.

ESCAPE distributes free rental units or tiny homes to select homeowners or "partners" across the United States that are within 100 miles of a top metro area or high-traffic destination. In return, participating homeowners receive 40% of the collected rent generated by Airbnb or the equivalent. The homeowner is expected to pay a refundable security deposit of \$1,000-\$2,000, depending on which unit ESCAPE deems best for the site. The unit can be purchased by the homeowner for a predetermined price at any time during the agreement with 90 days prior notice.

5. United Dwelling

United Dwelling's free ADUs feature a full kitchen, laundry, and outdoor space.

Culver City, California-based startup United Dwelling wants to help solve the housing problem in Los Angeles by placing affordable housing units in the backyards of willing homeowners, who bare none of the cost but receive a portion of the rent. The homes feature a full kitchen, laundry and outdoor space. The company insures the home, vets the tenants and manages the rental, which is priced at 30% or less of a given area's median income.

Related Reading: [Kodasema Launches Prefab Tiny Homes in the U.S. Starting at \\$95K](#)

 Responses (1)

Stay up to Date on the Latest in Tiny Homes

From: [REDACTED]
To: [EMAIL GRP-City Clerk's Ofc](#)
Subject: Agenda Item C1, 6th Cycle Housing Element Update Discussion
Date: Wednesday, October 28, 2020 1:49:03 PM
Attachments: [C1_6th Cycle Housing Element_102820.docx](#)

Hello Angela,

Please find my attached letter in regards to this agenda item at tonight's City Council Meeting.

Thanks very much!

-Shawna McGarry

CAUTION: External e-mail. Do not click links or open attachments unless you recognize the sender and know the content is safe.

October 28, 2020

Delivered via email

To: Solana Beach City Council and City Manager

Re: Item C1, 6th Cycle Housing Element Update Discussion

Dear Honorable Mayor, City Council and City Manager,

I met with a group of five friends last night to discuss the draft Housing Element. We had all read/skimmed the document. Four of the participants have careers in housing in some form or another. And, the other two of us are interested in housing that contributes to environmental sustainability and social equity.

We understand that this is obviously a very challenging equation. From a high level, we are curious what **can** actually happen. On one hand, the state and region are asking for an unrealistic number of units to be planned for. And on the other hand, many in our town do not actually desire additional units, let alone “affordable housing” be built. We would like to help figure out a middle ground where something reasonable for Solana Beach can be built and ADUs can be built or permitted in a streamlined way.

Most of the people in the meeting deal with these issues daily and see a disconnect between what the document implies and the practical reality. Though, the document does note that local policies will be amended to accommodate state rules. We love Solana Beach and see very significant practical challenges in increasing housing units very much at all based on the current draft Housing element.

Some challenges we noted last night include:

- 1) We are going to have a ton of dead commercial space due to the pandemic that will not all come back. The numbers in the draft document for housing in the commercial areas will not pencil out economically. We think the mixed-use numbers need to skew more towards residential.
- 2) While the document makes a good case for ADU’s being a feasible way to increase housing units in Solana Beach, it is not so easy in real life. Above garage ADUs would seem to make sense but are not currently allowed in Solana Beach, since they are over 16 feet.
- 3) The offer to permit existing ADUs is not appealing to people when they hear stories of how hard it actually is, and that they might open a can of worms to bring their unit up to code.
- 4) A huge hurdle is all the red tape to get approved for anything. In a best-case scenario, it takes 8 months from when you drop off your architecture plans (for a single-family unit)

at the planning office to getting a permit for construction. This length of time adds about \$20,000 to your project. And, city planning staff cannot make any real decisions on subjectivity in the rules.

- 5) We have looked through the site list and do not see much opportunity at this point. But I would like to believe that through local knowledge of reputations we could proactively pick some feasible sites and work together with smart, good hearted people to move forward with some good housing options before the state makes the decisions for us.

We think that the city could benefit from having a local, trustworthy **community planning group** with professionals in housing who can help provide realistic input on how actual implementation of some additional housing units in Solana Beach could work.

A local planning group could help identify what is driving the cost of housing (e.g., additional fees, long permitting times, Title 24, sprinkler systems, rising materials costs, etc.), and then figure out if we can reduce any of these costs for an affordable housing project.

A local planning group could connect directly with property owners and trustworthy developers to figure out how to build some units that work for our city.

Lastly, last night we discussed the idea of building some housing in the dead parking lot space behind Von's but noticed that the draft places the potential opportunity in an area that is more likely to disturb views and thus not work.

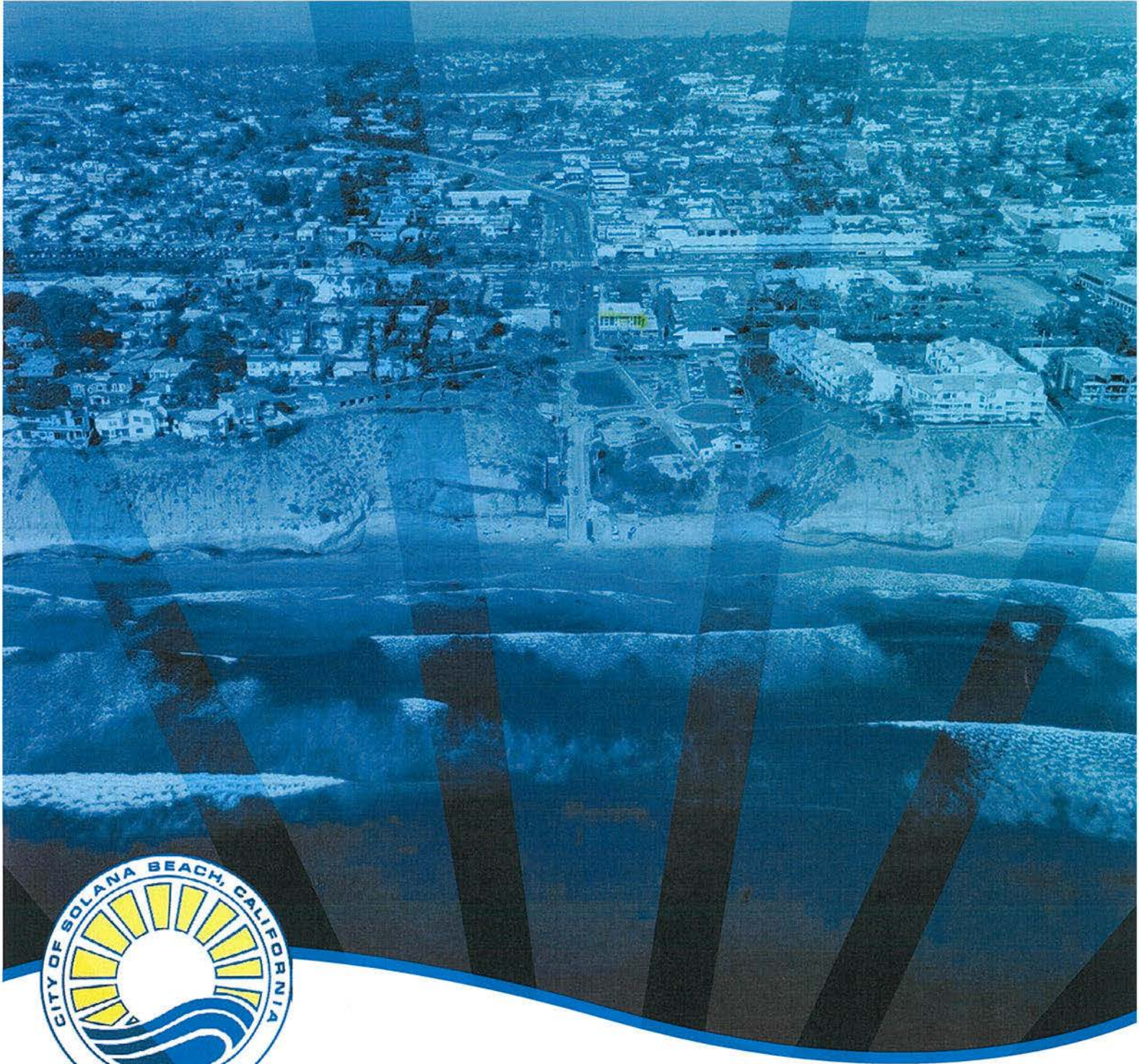
If there were people living in a walkable distance to this shopping center, we might be able to influence the shopping center owner to redevelop that commercial space into something more appealing.

We love living in Solana Beach and think helping enable property owners as well as affordable housing developers (with their hearts in the right place) to provide additional small housing units would really benefit the town economically and culturally.

Thank you for your time and efforts on this matter!

Sincerely,

Shawna McGarry



Introduction

Section 1: Introduction

A. Role of the Housing Element

The Housing Element of the Solana Beach General Plan is the guiding document used to plan for the City's existing and projected housing needs. The Housing Element describes the City's goals, policies, quantified objectives, and programs for the preservation, improvement, and development of housing for all income levels. The Housing Element identifies available candidate housing sites and ~~the~~ establishes the City's official housing policies and programs to accommodate their Regional Housing Need Assessment (RHNA) goal as determined by the San Diego Association of Governments (SANDAG).

B. Role of the Housing Element

The Solana Beach Housing Element establishes appropriate policies, procedures and incentives for land use planning and development activities, resulting in the maintenance and expansion of housing supply to accommodate households currently living and expected to live in Solana Beach. The Housing Element establishes policies and programs that guide future decision-making to achieve the City's housing goals for the 2021-2029 planning period.

C. State Policy and Authorization


1. Background

The Housing Element is a Chapter of the Solana Beach General Plan that identifies and analyzes the City's existing and projected housing needs. The Housing Element contains a detailed outline and work program of the City's goals, policies, quantified objectives and programs addressing the preservation, improvement, and development of housing for a sustainable future. The Housing Element is one of the seven mandatory Elements of the General Plan. The Housing Element identifies ways to address housing needs of current and future residents.

2. State Requirements

California State Housing Element Law (California Government Code Article 10.6) establishes the requirements for Housing Elements. California Government Code Section 65588 requires that local governments review and revise the Housing Element of their comprehensive General Plans not less than once every eight years.

The California Legislature has adopted an overall housing goal for the State to ensure every resident has a decent home and suitable living environment. Section 655880 of the California Government Code states:

-  a. The availability of housing is of vital statewide importance, and the early attainment of decent housing and a suitable living environment for every Californian, including farmworkers, is a priority of the highest order.
- b. The early attainment of this goal requires cooperative participation of government and the private sector in an effort to expand housing opportunities and accommodate the housing needs of Californians in all economic levels.
- c. The provisions of housing affordable to low- and moderate-income households requires the cooperation of all levels of the government.
- d. Local and State governments have a responsibility to use the powers vested in them to facilitate the improvement and development of housing to make adequate provision for housing needs of all economic segments of the community. The Legislature recognizes that in carrying out this responsibility, each local government also has the responsibility to consider economic, environmental, and fiscal factors and community goals set forth in the general plan and to cooperate with other local governments and the state in addressing regional housing needs.

In addition to comparing Solana Beach’s demographics to the County of San Diego, the data in Table 4 tracks the racial and ethnic demographics over the course of about 20 years, from 2000 to 2017. The American Community Survey data reports the racial and ethnic composition of Solana Beach from 2000 to 2017, showing the trends and changes in the City. The data shows that Solana Beach’s population has been primarily White between 2000 and 2017, however, the White population has shown a modest decline by about four percent overall. While the Black population percentage remains virtually unchanged, under one percent of the total population from 2000 to 2017, the Asian population increased from 3.5 percent in 2000 to 5.1 percent in 2017. Of Solana Beach’s total population in 2000, about fifteen percent identified as Hispanic or Latino, whereas in 2017 the Hispanic or Latino population decreased to 11.5 percent in 2017.

Race/Ethnicity	2000	2010	2017	Percent Change 2000 to 2010	Percent Change 2010 to 2017
White	87.0%	85.8%	83.4%	-1.4%	-2.8%
Black	0.5%	0.5%	0.6%	0.0%	20.0%
American Indian and Alaska Native	0.4%	0.5%	0.9%	25.0%	80.0%
Asian	3.5%	4.0%	5.1%	14.3%	27.5%
Native Hawaiian or Other Pacific Islander	0.1%	0.1%	0.0%	0.0%	-100.0%
Some Other Race	5.6%	5.7%	4.6%	1.8%	-19.3%
Two or More Races	2.9%	3.4%	5.3%	17.2%	55.9%
Hispanic or Latino	14.8%	15.9%	11.5%	7.4%	-27.7%

Source: United States Census Bureau, 2000 and 2010 and American Community Survey, 5-Year Estimates, 2017.

The racial and ethnic composition of a population may affect housing needs because of cultural preferences associated with different racial/ethnic groups. Cultural influences may reflect preference for a specific type of housing; additionally, race and ethnicity tend to correlate with other characteristics such as location choices, mobility, and income. In Solana Beach, most of the population is white, and poverty primarily affects the City’s Black and American Indian or Alaskan Native residents, with 17.3 percent and twenty percent living below the poverty level respectively (Shown in Figure 6). Race and ethnicity as they correlate with income and poverty, are important in recognizing housing needs trends and housing availability.

B. Economic Characteristics

Reporting and analyzing economic characteristics of a community is an important component of the Housing Element because the data provides valuable insight of the community’s ability to access the housing market as well as financial restraints consistent with housing needs and accommodations. Incomes associated with different types of employment and the number of workers in a household affect housing affordability and choice. Therefore, to consider a healthy balance between jobs and housing , it is important to consider the employment characteristics of a

community. Local employment growth is linked to local housing demand, and the reverse being true when employment contracts.

1. Employment and Wage Scale

For a City to achieve a healthy balance between jobs and housing, it is important to consider employment, wage and occupational characteristics and growth changes. Based on the SANDAG Sub-regional Growth Forecast (Table 5), San Diego County can expect a 17.6 percent employment growth from 2020 to 2050. Solana Beach is expected to grow 18.7 percent between 2000 and 2050, but only about 8 percent from 2020 to 2050. Though the job growth in San Diego County outpaces Solana Beach, nearby counties are shown to experience similar growth rates. Solana Beach's neighbor to the North, Encinitas, is shown to experience a fifteen percent job growth from 2010 to 2050. Del Mar, to the south, projects a significantly lower job growth rate (6.6 percent).

Table 5: Job Growth (2010-2050)

Jurisdiction	2010	2020	2050	% Change 2010-2050	Numeric Change 2010-2050
Carlsbad	64,956	77,431	85,718	32.0%	20,762
Del Mar	4,431	4,542	4,725	6.6%	294
Encinitas	25,643	27,276	29,542	15.2%	3,899
Oceanside	41,142	48,208	54,091	31.5%	12,949
Solana Beach	7,417	8,156	8,802	18.7%	1,385
San Diego County	1,421,941	1,624,124	1,911,405	34.4%	489,464

Source: SANDAG Series 13 Subregional Growth Forecast (2013)

Table 5 shows Solana Beach to generate a total of 1,385 jobs between 2010 and 2050, an 18.7 percent increase overall, higher than the neighboring Cities, with similar demographics and populations, of Del Mar and Encinitas. The 2010 to 2050 employment growth of ~~15.2~~ percent in Solana Beach is nearly equal to its population growth (15.5 percent) shown in Table 1. In 2035, Solana Beach is projected to have 19.4 jobs per developed employment acre, which total 8,536 jobs available for a projected population of 11,809 (persons 18 years or over). In 2050, there are a projected 8,802 jobs available for a projected 12,247 persons over the age of 18.

Analyzing the employment by sector in a city is important in understanding growth changes, income and wages, and access to different types of housing, as well as, what housing needs maybe be present. Solana Beach is a moderate to high income community (see Table 11), which may be attributed to the high percent of persons in the professional, scientific, management, and administrative services Industries, an estimated 21.7 percent in 2010 and 23.6 percent in 2017. The data in Table 6 shows a large increase (211.4%) in agriculture, forestry, fishing and hunting, and mining from 2010 to 2017, as well as a in retail (104.5%). The data also reports a fifty percent decrease in public administration roles, and a twenty percent drop in the arts, entertainment, recreation and hospitality sectors. Education, healthcare and social services as well as professional, scientific, management and administration make up majority of the positions in Solana beach in 2017 (39.5 percent combined).

Table says 18.7%

check Table 1 says 14%

2/3

Table 6: Employment by Sector in Solana Beach (2017)

Industry Sector	2010		2017		Percent Change 2010-2017
	# of people employed	% of City Employment	# of people employed	% of City Employment	
Agriculture, forestry, fishing and hunting, and mining	35	0.5%	109	1.5%	211.4%
Construction	359	5.5%	364	5.1%	1.4%
Manufacturing	365	5.6%	454	6.3%	24.4%
Wholesale trade	254	3.9%	232	3.2%	-8.7%
Retail trade	396	6.1%	810	11.3%	104.5%
Transportation and warehousing, and utilities	111	1.7%	202	2.8%	82.0%
Information	327	5.0%	201	2.8%	-38.5%
Finance and insurance, and real estate and rental leasing	644	9.9%	761	10.6%	18.2%
Professional, scientific, management, and administrative services	1,409	21.7%	1,689	23.6%	19.9%
Education services, health care, and social assistance	1,108	17.1%	1,140	15.9%	2.9%
Arts, entertainment, recreation, accommodation, and food services	963	14.8%	767	10.7%	-20.4%
Other services (except public administration)	279	4.3%	309	4.3%	10.8%
Public Administration	236	3.6%	117	1.6%	-50.4%
Total	6,486	100%	7,155	100%	10.3%

Source: American Community Survey, 5-Year Estimates, 2010 and 2017.

weird

doesn't seem conclusive

In addition to reporting and analyzing employment sector trends, analyzing the unemployment rate is essential to understanding current housing affordability and needs, as well as projected needs. According to the American Community Survey Data, (Table 7) Solana Beach experienced just below a four percent unemployment rate in 2017, the lowest unemployment rate in the North County region. The data reports San Diego County to have about a seven percent unemployment rate in 2017, and surrounding jurisdictions to have unemployment rates ranging from 3.9 in Del Mar to 6.6 percent in Oceanside.

Table 7: Unemployment Rate, 2017

Jurisdiction	Unemployment rate*
Oceanside	6.6%
Carlsbad	5.2%
Encinitas	4.9%
Solana Beach	3.8%
Del Mar	3.9%
San Diego	7.0%
San Diego County	7.1%

Source: American Community Survey, 5-Year Estimates, 2017.
*Population 16 years and over

Table 8 displays average annual wage data for occupations compiled by the California Employment Development Department (EDD) for the San Diego Metropolitan Statistical Area in 2019. Professional and health services occupations, including managers, doctors, attorneys, architects, and engineers were among the highest paying professions in the region. In addition to the traditionally higher paying occupations, computer and mathematical occupations averaged over \$100,000 in the County, and making careers in tech higher paying than healthcare, architecture and engineering occupations. Education and financial occupations generally offer high to moderate pay scales while the food preparation and retail sales offer lower wages. Compared to County statistics, the City of Solana Beach's residents benefitted from higher paying jobs and a lower unemployment rate. According to the data in Table 6, majority of Solana Beach's residents maintain mid to high level paying occupations.

retail?

Occupation	Salary
Management	\$131,550
Legal	\$125,772
Healthcare Practitioners and Technical	\$97,702
Architecture and Engineering	\$98,760
Computer and Mathematical	\$101,629
Life, Physical and Social Sciences	\$86,073
Business and Financial Operations	\$80,510
Education, Training and Library	\$66,335
Arts, Design, Entertainment, Sports and Media	\$61,635
Construction and Extraction	\$58,011
Protective Services	\$58,798
Community and Social Service	\$57,077
Installation, Maintenance and Repair	\$53,025
Sales	\$43,543
Office and Administration Support	\$43,266
Production	\$42,499
Transportation and Material Moving	\$38,450
Healthcare Support	\$38,858
Building, Grounds Cleaning, and Maintenance	\$33,718
Personal Care and Service	\$31,530
Farming, Fishing and Forestry	\$32,872
Food Preparation and Serving Related	\$26,380

Source: California Employment Development Division, Occupational Wage data, 2019.

C. Household Characteristics

A household is considered all persons who occupy a housing unit, as defined by the Census; this may include single persons living alone, families related through marriage, blood or adoption, domestic partnerships and unrelated individuals living together. Not all housing is considered a housing unit including, nursing facilities, residential care facilities, dormitories, and other group living, as well as, the persons living with them are not considered a household.

Household size is an indicator of one source of population growth and an indicator of the character households, which represent the most basic unit of demand for housing. Although there can be more than one family in a housing unit, the measure of persons per household provides an indicator of the number of persons residing in a household organizing unit and the number of persons living in a housing unit. Average household size can be both a result and indicator of housing affordability and other household economic conditions.

Table 11 displays the average number of persons per household in North County San Diego as well as San Diego city and the County as a whole. The American Community Survey reports Solana Beach to have an average household size of 2.33 persons in 2017. The average household size of Solana Beach is smaller than the 2.87 average for the County. However, the average household size of surrounding communities is similar, ranging from 2.01 persons per households in Del Mar to 2.81 persons per household in Oceanside.

Jurisdiction	Average Persons per Household
Oceanside	2.81
Carlsbad	2.60
Encinitas	2.56
Solana Beach	2.33
Del Mar	2.01
San Diego	1.37
San Diego County	2.87

Source: American Community Survey, 5-Year Estimates, 2017.

3. Household Income

Household income is directly connected to affordability, as household income increases, it is more likely that the household can afford market rate housing units, larger units and/or pursue ownership opportunities. As household income decreases, households tend to pay a disproportionate amount of their income for housing. This may influence increased incidence of overcrowding and substandard living conditions.

The California State Department of Housing and Community Development (HCD) has identified the following income categories based on the Area Median Income (AMI) of San Diego County;

- Extremely Low-income: households earning up to 30 percent of the AMI
- Very Low-income: households earning between 31 and 50 percent of the AMI
- Low-income: households earning between 51 percent and 80 percent of the AMI
- Moderate Income: households earning between 81 percent and 120 percent of the AMI
- Above Moderate Income: households earning over 120 percent of the AMI

Combined, the extremely low, very low, and low-income groups are referred to as lower income.¹ Comprehensive Housing Affordability Strategy (CHAS) estimates based on 2006-2016 American Community Survey (ACS) data used below. In 2016, approximately 72.5 percent of Solana Beach households earned moderate or above moderate

¹ Federal housing and community development programs typically assist households with incomes up to 80 percent of the AMI and use different terminology. For example, the Federal Community Development Block Grant (CDBG) program refers households with incomes between 51 and 80 percent AMI as moderate income (compared to low-income based on State definition).

incomes (Table 12), while 27.5 percent of households had incomes in the extremely low, very low, and low-income levels.

ad.

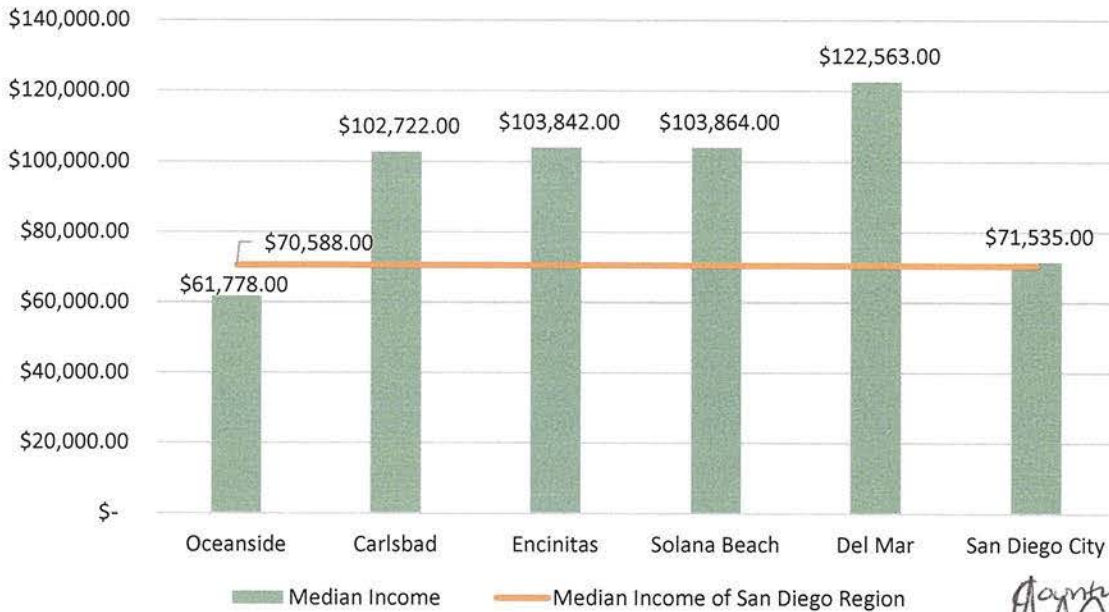
Income Category (% of County AMI)	Households	Percent
Extremely Low (30% AMI or less)	435	7.6%
Very Low (31 to 50% AMI)	445	7.7%
Low (51 to 80% AMI)	700	12.2%
Moderate or Above (over 80% AMI)	4,170	72.5%
Total	5,750	100%

Source: Department of Housing and Urban Development (HUD) Comprehensive Housing Affordability Strategy (CHAS), 2012-2016.

Table says: \$70,588

Household incomes in Solana Beach are significantly higher than the County, yet comparable to incomes in surrounding communities. The American Community Survey data reports that the median income in San Diego County was \$71,535 in 2017 (Figure 4). In the same year, Solana Beach reported an average income of \$103,864, similar to Encinitas' median income of \$103,842 and Carlsbad's median income of \$102,722. Solana Beach's median income represents its high volume of professional residents in moderate to high paying jobs (Tables 6 and 8). The data in Table 13 shows that Solana Beach's median reported income in 2017 was 32 percent higher than the County's median income, a common trend in the North County region.

Figure 4: Median Household Income by City (2013-2017)



Source: American Community Survey, 5-Year Estimates, 2017.

Handwritten signature: [Signature]

1. Overcrowding

A combination of low incomes and high housing costs forces households to live in overcrowded conditions. “Overcrowding” is generally defined as a housing unit occupied by more than one person per room in house (including living room and dining rooms, but excluding hallways, kitchen, and bathrooms). An overcrowded household results from either a lack of affordable housing (which forces more than one household to live together) and/or a lack of available housing units of adequate size. Overcrowding can indicate that a community does not have an adequate supply of affordable housing, especially for large families.

Overcrowded and severely overcrowded households can lead to neighborhood deterioration due to the intensive use of individual housing units leading to excessive wear and tear, and the potential cumulative overburdening of community infrastructure and service capacity. Furthermore, overcrowding in neighborhoods can lead to an overall decline in social cohesion and environmental quality. Such decline can often spread geographically and impact the quality of life and the economic value of property and the vitality of commerce within a city. The combination of lower incomes and high housing costs result in many households living in overcrowded housing conditions.

	Total	Overcrowded Housing Units (1.01-1.5 persons/room)	Percent	Severely Overcrowded Housing Units (>1.5 persons/room)	Percent
Owner Occupied	3,368	27	0.47%	0	0.0%
Renter Occupied	2,376	15	0.26%	28	0.49%
Total	5,744	42	0.73%	28	0.49%

Source: American Community Survey, 5-Year Estimates, 2017.

Because of Solana Beach’s demographic profile (older population, smaller household, higher income) overcrowding has not been a reported issue. According to the American Community Survey, shown in **Table 15**, less than one percent of owner-occupied households reported overcrowding (more than one person per room) and no owner-occupied households reported severe overcrowding (more than 1.5 persons per room). Of the renter-occupied households, less than one percent reported overcrowding or severe overcrowding. Only 1.2 percent of all households reported any kind of crowding, nearly five percent less than San Diego County. Additionally, overcrowding was less of an issue in Solana Beach than many of its neighbors, where **Oceanside** experienced 4.8 percent reported overcrowding and 3.4 percent in Encinitas. Overall, overcrowding in the North County area is reported as less of a problem than in San Diego County as a whole.

Jurisdiction	Total Overcrowded Units	Percent
Oceanside	2,997	4.8%
Carlsbad	892	2.1%
Encinitas	816	3.4%
Solana Beach	70	1.2%
Del Mar	0	0%
San Diego	31,411	6.3%
San Diego County	72,686	6.5%

Source: American Community Survey, 5-Year Estimates, 2017.

2. Overpayment (Cost Burden) In Relationship to Income

State and federal standards indicate that a household paying more than 30 percent of its income for housing is overpaying. Overpayment for housing can cause an imbalance on the remainder of a household’s budget. Understanding and measuring overpayment for housing in a community is an indicator of the dynamics of demand and supply.

Per the Housing and Urban Development CHAS report, shown in **Table 17**, 3,189 households or about half of Solana Beach’s households reported some type of overpayment. About 15 percent of owners experienced a cost burden over 30 percent and only about six percent of owners reported a cost burden of 50 percent or greater. The data in Table 17 show that renters were importantly affected by cost burden, where 20.4 percent reported a 30 percent or higher burden and 13.5 percent reported a 50 percent or high cost burden.

Income by Cost Burden*	Owner				Renter				Total Households with Cost Burden	% of Tot. HH
	Cost Burden > 30%	% of Tot. HH*	Cost Burden > 50%	% of Tot. HH	Cost Burden > 30%	% of Tot. HH	Cost Burden > 50%	% of Tot. HH		
Household Income is less-than or = 30%	65	1.1%	55	1.0%	255	4.4%	240	4.2%	615	10.7%
Household Income >30% to less-than or = 50% HAMFI	99	1.7%	95	1.7%	275	4.8%	250	4.3%	719	12.5%
Household Income >50% to less-than or = 80% HAMFI	135	2.3%	95	1.7%	355	6.2%	235	4.1%	820	14.3%
Household Income >80% to less-than or = 100% HAMFI	120	2.1%	50	0.9%	205	3.6%	35	0.6%	410	7.1%
Household Income >100% HAMFI	465	8.1%	60	1.0%	85	1.5%	15	0.3%	625	10.9%
Total	884	15.4%	355	6.2%	1,175	20.4%	775	13.5%	3,189	55.5%

City of Solana Beach
2021-2029 Housing Element Update [DRAFT]

This definition does not include persons living in substandard housing (unless it has been officially condemned); persons living in overcrowded housing (for example, doubled up with others), persons being discharged from mental health facilities (unless the person was homeless when entering and is considered to be homeless at discharge), or persons who may be at risk of homelessness (for example, living temporarily with family or friends.)

The Regional Task Force on the Homeless (RTFH) is San Diego County’s leading resource for information on issues of homelessness. The RTFH promotes a regional approach as the best solution to ending homelessness in San Diego County. RTFH compiles data from a physical Point-In-Time (PIT) count of sheltered (emergency and transitional) and street homeless persons. The 2019 Count was conducted on January 25, 2019 and the results are shown in Table 24. Oceanside had the largest homeless population of the North County coastal cities. Solana Beach’s homeless population includes homeless persons in Encinitas, San Dieguito, and Del Mar.

Jurisdiction	Unsheltered	Sheltered	Total	% of County
Oceanside	242	166	408	5.4%
Carlsbad	94	53	147	1.9%
Solana Beach*	47	33	80	1.1%
San Diego	2,283	2,604	4,887	64.1%
San Diego County	3,971	3,648	7,619	100%

Source: San Diego Regional Task Force on the Homeless (RTFH), WeAllCount Survey Results, 2019.
** Total number of people includes counts for Solana Beach and surrounding jurisdictions, including Del Mar, Encinitas and San Deiguito*

According to RTFH, the San Diego region’s homeless population can be divided into two general groups: (1) urban homeless, and (2) rural homeless, including farm workers and day laborers who primarily occupy the hillsides, canyons and fields of the northern regions of the County. It is important to recognize that homeless individuals may fall into more than one category (for example, a homeless individual may be a veteran and a substance abuser), making it difficult to accurately quantify and categorize the homeless. RTFH reports the San Diego Region has seen an increase in the average length of time people reside in emergency shelters. The report shows that over 40 percent of the people who exit shelter move on to stable living conditions, but 26 percent return to homelessness within two years.

The North County region of San Diego experiences a reduced amount of homelessness compared to San Diego City and the County as a whole (Table 24). The City of Solana Beach (including nearby cities) has the lowest count of homeless persons in the North County region, 79 unsheltered and 41 sheltered, a total of 120 homeless persons.

doesn't match table

8. Students

The college student population in the area is another significant factor affecting housing demand. Solana Beach is located near the University of California, San Diego, San Diego State University, the University of San Diego, California State University at San Marcos, Point Loma Nazarene University, Palomar College, Mesa College and Mira Costa College. According to the 2013-2017 ACS, 696 persons, about 5.2 percent of Solana Beach’s population, were enrolled in college or graduate school, of total persons enrolled in college or graduate school 456 were females (65.5percent). While many of the City’s college students reside with their parents, some students reside in Solana Beach in their own independent housing and a general lack of affordable housing is often a factor in a student’s decision to move elsewhere after graduation.

F. Housing Stock Characteristics

The characteristics of the housing stock, including growth, type, availability and tenure, age and condition, housing costs, and affordability are important in determining the housing needs for the community. This section details the housing stock characteristics of Solana Beach to identify how well the current housing stock meets the needs of its current and future residents.

1. Housing Growth

According to the 2017 ACS, between 2000 and 2010, the Solana Beach housing stock was estimated to grow from 6,456 to 6,540 units, a 1.3 percent growth shown in Table 25. From 2010 to 2017, Solana Beach experienced a 1.9 percent housing growth. The Overall housing growth in the Northern Coastal County areas has been limited; when compared to adjacent cities, Solana Beach experienced the lowest percent of housing growth as Carlsbad saw a 32 percent growth from 2000 to 2010 and another 5.5 percent increase in housing stock from 2010 to 2017. Additionally, smaller cities, such as Del Mar saw a 9.3 percent growth from 2010 to 2017.

Jurisdiction	2000	2010	2017	Percent Change 2000 to 2010	Percent Change 2010 to 2017
Oceanside	59,581	64,435	66,715	8.1%	3.5%
Carlsbad	33,798	44,673	47,119	32.2%	5.5%
Encinitas	23,843	25,740	26,321	8.0%	2.3%
Solana Beach	6,456	6,540	6,665	1.3%	1.9%
Del Mar	2,557	2,596	2,838	1.5%	9.3%
San Diego	469,689	516,033	533,973	9.9%	3.5%
San Diego County	1,040,149	1,164,786	1,195,868	12.0%	2.7%

Source: U.S. Census Bureau, 2000 and 2010 and American Community Survey, 5-Year Estimate, 2017.

2. Housing Type

Table 26 provides characterization of the housing stock in Solana Beach and San Diego County per the 2013-2017 American Community Survey. The 2013-2017 American Community Survey indicates that single-family detached homes are the predominant housing type in both Solana Beach and San Diego County. However, Solana Beach proves to provide a diverse assortment of housing. Single-family housing units make up about 45.7 percent of Solana Beach’s housing stock and multi-family units make up 38.9 percent of the housing stock. Mobile homes make up under one percent of the total housing stock.

	Single- Family Detached	Single-Family Attached	Multi-Family	Mobile Homes	Total Units
Solana Beach	3,051	992	2,596	26	6,665
San Diego County	613,113	112,939	426,053	42,614	1,195,868

Source: American Community Survey, 5-Year Estimates, 2017.

<i>Subtotal</i>			23	20.74	34
Moderate Income Sites					
MRd	7	5	7	3.86	13
MHRd	12	8	15	5.84	31
<i>Subtotal</i>			22	9.70	44
Total			45	30.44	78

REASONABLE CAPACITY ASSUMPTIONS

This section describes the methodology developed to determine the site capacity for the moderate and above moderate-income sites. Reasonable capacity for sites identified to meet the City’s above moderate need was calculated based on a number of factors, including site size, existing zoning requirements, and the maximum density achievable for projects within the LRC, LRd, LMRC, and LMRd zones. Reasonable capacity for sites identified to meet the City’s moderate need was calculated based on the same methodology described above, however the methodology assumed development of sites at the minimum density achievable for projects within the MRd and MHRd zones.

Potential constraints, to the extent they are known, such as environmentally sensitive areas and steep slopes were considered and deductions made where those factors decreased the net buildable area of a parcel. Additionally, existing units non-vacant parcels were analyzed to determine the number of existing units currently on the parcel. Replacement of existing units was included as a factor to prevent no net loss of existing housing stock.

3. Sites Suitable for Lower Income Housing

The City of Del Mar has a RHNA need of 316 very-low income units and 159 low-income units. The City has identified residentially and commercially zoned parcels that can accommodate 529 dwelling units. The City also anticipates the development of 43 affordable ADUs based on the methodology described in this section. This is in excess of the City’s 475 low and very-low RHNA need by 97 units, or an additional 20%.

The very-low and low-income sites inventory within **Appendix B** describes each of these sites, with information provided per the HCD required data tables. Dwelling unit yield for each of the parcels within this inventory were analyzed to determine a net parcel size based on the City’s established definition of net acreage and known physical and environmental constraints. Due to the nature of infill development opportunities, parcels with non-residentially zoned areas were analyzed differently as described in the following section.

As identified in **Appendix B**, the City is able to accommodate their lower income RHNA need, including a buffer, on sites currently zoned to permit residential as a primary use. Non-vacant sites designated to meet the very-low and low-income RHNA need that have been identified in a previous housing and vacant sites designated to meet the very-low and low-income RHNA need that have been identified in two previous housing elements will also allow ‘by-right’ approval for any project with 20 percent low income housing that does not involve a subdivision per State law. This is describe in **Program 1F** within the Housing Plan.

DEVELOPMENT OF NON-RESIDENTIALLY ZONED SITES FOR AFFORDABLE HOUSING

In order to meet the City’s very-low and low-income RHNA need of 475 dwelling units, the City has identified parcels currently located on non-residentially zoned parcels that permit residential uses as a primary use. The City’s existing zoning allows for the development of housing in a mixed-use setting at 20 dwelling units per acre in the following zones:

- General Commercial (C)
- Special Commercial (SC)

Per the City of Solana Beach Municipal Code, “Residential dwellings shall be permitted only on the upper floors, basement, and rear 50 percent of the ground floor. Alternatively, residential dwellings may be permitted on any portion of the building (or buildings) pursuant to a development review permit; provided, that total residential development does not exceed 50 percent of gross allowable floor area.” Residential units must be a minimum of 650 square feet in size, however “efficiency units” are permitted in these zones pursuant to a development review permit. These units may range in size between 220 and 650 square feet. The reduced unit size may result in the development of more affordable units.

It is anticipated that while all sites identified with the City’s sites analysis have the potential to develop at 20 dwelling units per acre at the full net acreage, some sites located within non-residentially zoned areas may develop with commercial uses. To account for this, the City has reviewed past residential development within these areas and determined that an 80% factor is appropriate to realistically gauge the residential development potential on the identified sites. As shown by the examples below, the City has a past history of developing residential uses within the general commercial and special commercial zones at approximately 80% of the maximum capacity.

The following residential development projects have been constructed within the City’s general and special commercial zones:

- 636 Valley Avenue – 3 dwelling units
- 625 Valley Avenue – 2 dwelling units
- 330 S. Cedros Avenue– 8 dwelling units
- 343 S. Highway 101 – 25 dwelling units (project currently under construction)

Pursuant to HCD’s Building Blocks, there are a number of additional methods available to the City to analyze the likelihood of future development within these areas. These methods include:

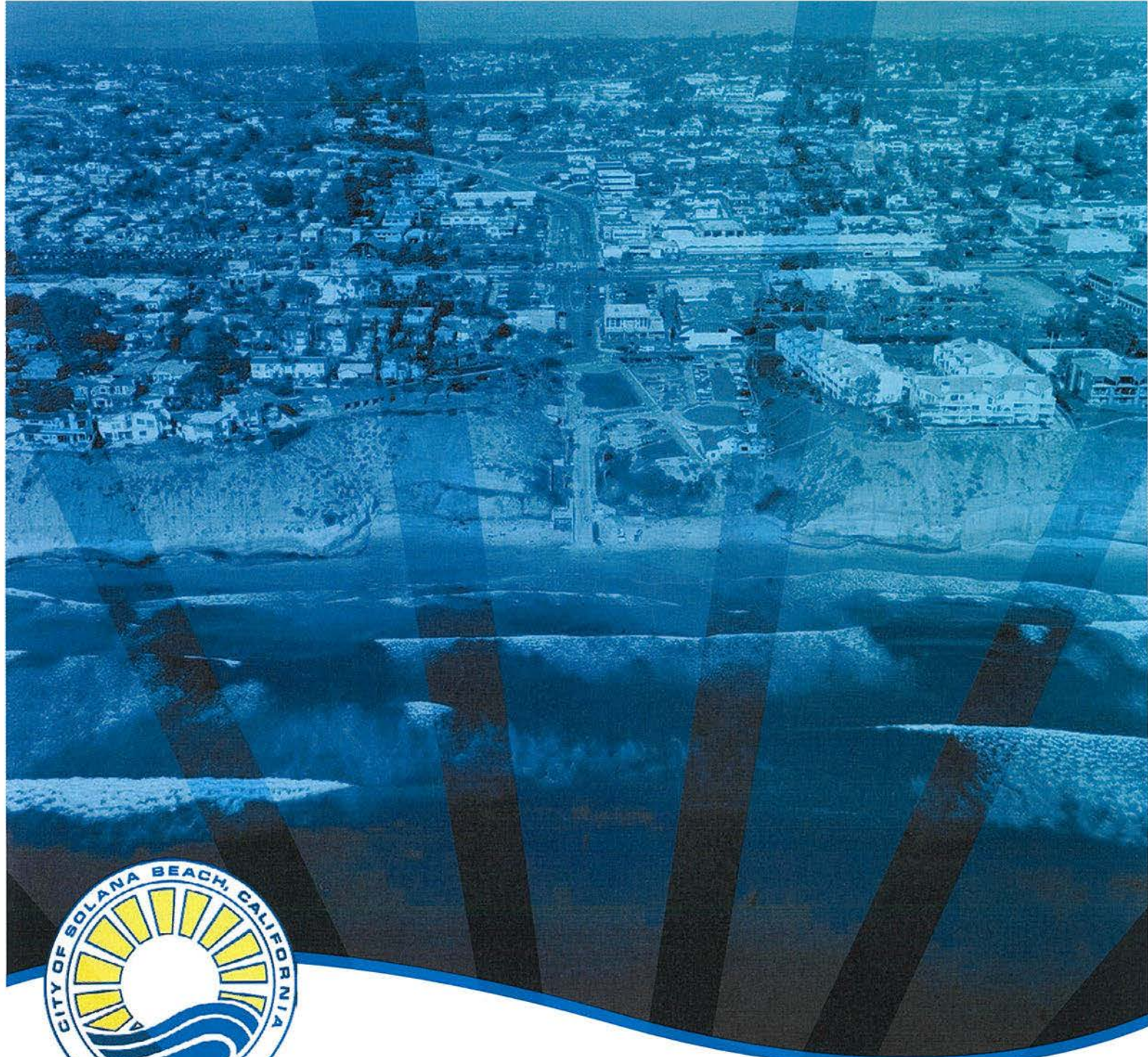
- Discussion of residential development trends (regionally or locally) in nonresidential zones.
- Description of any existing or planned policies, programs, or local guidance or efforts promoting residential development in nonresidential zones.
- Description of any existing, or planned, mixed-use or overlay zoning, performance standards, or incentives for promoting residential development in nonresidential zones.
- Demonstrate a surplus of non-residentially zoned sites relative to the regional housing need.

The following sections describe local and regional development trends promoting mixed-use development within established commercial corridors as well as Solana Beach’s existing or planned policies, programs, zoning amendments, and incentives for promoting residential development in nonresidential zones.

EXISTING OR PLANNED POLICIES AND PROGRAMS

The City of Solana Beach currently allows residential development within three of its commercial zones. Two of these zones, General Commercial (C) and Special Commercial (SC) allow for development at 20 dwelling units per acre, a density which HCD deems appropriate for the development of low income housing within a jurisdiction of Solana Beach’s size.

In addition to existing zoning, the Highway 101 Corridor Specific Plan (amended July 2006) promotes the development of mixed-use residential and commercial uses along Highway 101 at a range of densities. The Specific Plan states that



Housing Plan

Section 4: Housing Plan

The Housing Plan describes the City of Solana Beach's 2021-2029 policy program. The Housing Plan describes the specific goals, policies, and programs to assist City decision makers to achieve the long-term housing objectives set forth in the Solana Beach Housing Element. This Plan identifies goals, policies, and programs aimed at providing additional housing opportunities, removing governmental constraints to affordable housing, improving the condition of existing housing, and providing equal housing opportunities for all residents. These goals, policies, and programs further the City's overall housing policy goal ~~to~~ inspire a more diverse, sustainable, and balanced community through implementation of strategies and programs that will result in economically and socially diversified housing choices that preserve and enhance the special character of Solana Beach.

Regional Housing Needs Assessment

The San Diego Association of Governments (SANDAG) has conducted a Regional Housing Needs Assessment (RHNA) to determine the City's share of the affordable housing needs for the San Diego region. The RHNA quantifies Solana Beach's local share housing needs for the region by income category. Income categories are based on the most current Median Family Income (MFI) for San Diego County. The City's 2021-2029 RHNA growth need is as follows:

- 316 units - Extremely low (less than 30% County MFI) and Very low income (0-50% County MFI) $< 21,176$
- 159 units - Low income (51-80% of County MFI) $35,294 - 56,470$ $> 35,294$
- 160 units - Moderate income (81-120% of County MFI) $56,470 - 84,706$
- 240 units - Above moderate income (120% or more of County MFI)
- 875 units - Total $> 84,706$

development as a way to facilitate additional housing opportunities and permits mixed-use developments in all commercial zones. Solana Beach has two commercial zoning classifications that permit development at 20 dwelling units per acre, the City's default density for accommodating lower income housing development. As part of this Housing Element, the City has identified potential sites that are suitable for mixed-use development.

The City will consult with developers early in the planning period to ensure that its development standards encourage mixed-use development. To the extent possible, the City will also identify possible actions to shorten the permitting process for mixed-use development such as through the use of CEQA exemptions for infill projects.

Timeframe: Ongoing
Responsible Agency: City of Solana Beach Community Development
Funding Source: General Fund

Housing Program 1B: Promotion of Accessory Dwelling Unit (ADU) and Junior Accessory Dwelling Unit (JADU) Development

The City updated the Solana Beach Municipal Code to incorporate provisions of new State ADU law which expands where ADUs and JADUs can be constructed and removes barriers to the development of these units. ADU production has increased since incorporation of these new provisions and the City anticipates that ADUs will factor heavily into assisting the City in meeting their RHNA needs, as described in the Housing Resources section of this Housing Element.

The City will continue to research methods to incentivize and promote the construction of Accessory Dwelling Units, especially those that may be leased at affordable rates. The City will develop outreach collateral for public dissemination, including updates to the City's website, information at City Hall and via other appropriate print and digital media.

Timeframe: Ongoing
Responsible Agency: City of Solana Beach Community Development
Funding Source: General Fund

Housing Program 1C: Create ADU Monitoring Program

The City will create a monitoring program to track ADU and JADU creation and affordability levels throughout the planning period. This will allow the City to monitor the development of accessory units. Additionally, the City will review their ADU and JADU development progress at the planning cycle mid-point to evaluate if production estimates are being achieved.

Timeframe: Ongoing
Responsible Agency: City of Solana Beach Community Development
Funding Source: General Fund

Housing Program 1D: Conversion Program of Existing, Non-Permitted Accessory Dwelling Units

The City will continue to implement its illegal unit conversion program. This program allows homeowners with existing illegally established accessory dwelling units to legal, permitted status.

very easy!

Timeframe: Ongoing
Responsible Agency: City of Solana Beach Community Development
Funding Source: General Fund

A. Housing Goals

The City of Solana Beach has identified the following housing goals as part of this Housing Element Update:

Housing Goal #1: A range of housing strategies to accommodate Solana Beach's share across all income levels.

Housing Goal #2: Preserve and enhance the existing community and neighborhood quality and character.

Housing Goal #3: Reduce or eliminate constraints to the development, improvement, preservation, and maintenance of housing.

Housing Goal #4: Equal opportunities to access housing for all persons regardless of age, race, religion, sex, marital status, sexual orientation, ancestry, national origin, or disability.

Housing Goal #5: A sustainable approach to new and existing residential and mixed-use development through increased energy conservation and waste reduction.

The goals listed above are described below and on following pages with accompanying policies and programs to achieve them.

B. Housing Policies and Programs

This Housing Element expresses the Solana Beach community's overall housing goals and supporting policies, quantified objectives, and housing programs to achieve them. The stated Housing Programs are based on a review of past performance of the prior Housing Element, analysis of current constraints and resources, and input from Solana Beach residents and stakeholders.

Housing Goal #1: A range of housing strategies to accommodate Solana Beach's share across all income levels.

Housing Policy 1.1: Maintain sufficient land designated and appropriately zoned for housing to achieve a complimentary mix of single-family and multi-family development to accommodate Solana Beach's Regional Housing Needs Assessment (RHNA) growth needs throughout the planning period.

Housing Policy 1.2: Promote a variety of tenures, unit types, and locations of housing throughout the community.

Housing Policy 1.3: Encourage mixed-use development opportunities.

Housing Policy 1.4: Encourage the consolidation of adjacent parcels to facilitate multi-family residential development.

Housing Policy 1.5: Encourage development of local housing opportunities to serve the needs of the local workforce and their families.

Housing Policy 1.6: Encourage the production of Accessory Dwelling Units (ADU) and Junior Accessory Dwelling Units (JADU) through incentivizing and streamlining development.

Housing Goal 1 - Implementing Programs

Housing Program 1A: Mixed-Use Development on Commercially-Zoned Sites

Due to the built-out nature of Solana Beach, there are very few vacant/underutilized residentially-zoned parcels in the City. The City is reliant upon vacant/underutilized commercial sites that can accommodate mixed-use

Housing Program 1E: Affordable Housing Program

The City will continue to implement its affordable housing ordinance as outlined in the Solana Beach Municipal Code. The purpose of this ordinance is to assist the City in meeting its share of the regional housing needs, to implement the City's General Plan and Housing elements relative to the provision of housing units for all economic sectors of its population, and to require affordable housing in both rental and for-sale housing consistent with provisions of the California Government Code. The City will monitor this program to identify any potential constraints and make any necessary adjustments to the ordinance to facilitate successful implementation of this program.

<p>Timeframe: Ongoing Responsible Agency: City of Solana Beach Community Development Funding Source: General Fund</p>
--

one or the other

Housing Program 1F: Candidate Sites Used in Previous Housing Elements

Pursuant to State Housing law, candidate sites identified in this Housing Element to accommodate a portion of the City's low- and very low -income RHNA that were identified in a previously adopted Housing Elements must be rezoned to allow residential use by right at specified densities for housing developments in which at least 20 percent of the units are affordable to lower income households. By right shall mean the jurisdiction may not require any of the following discretionary actions, except if the project requires a subdivision:

- A conditional use permit
- A planned unit development permit
- Other discretionary, local-government review or approval that would constitute a "project"

??

The City may impose objective design review standards on projects. The City has identified as part of this Housing Element update vacant and nonvacant sites that were used in previous Housing Elements to meet the current RHNA need. To accommodate the provisions of State law, the City shall place a housing overlay zone over all nonvacant sites included in a prior Housing Element and all vacant sites included in two or more consecutive planning periods that permits by right development for projects that meet the requirements of State housing law. These sites are identified in **Appendix B**.

<p>Timeframe: Within 36 months of adoption of the 6th Cycle Housing Element Responsible Agency: City of Solana Beach Community Development Funding Source: General Fund</p>

Housing Program 1G: Federal and State Funding Programs

The City will review federal and state housing financing and subsidy programs for their potential availability to Solana Beach. If the programs could be reasonably thought to be available to Solana Beach, the City would work with the appropriate developers and non-profits to support feasible funding application(s). This program also will entail the provision of City staff assistance to developers of housing for lower income housing and assessing the potential to match their projects to applicable federal and state programs. Included in this assistance would be pre-application meetings and helping the applicant with identifying potential approaches to address design and site requirements.

<p>Timeframe: Ongoing/Annually Responsible Agency: City of Solana Beach Community Development Funding Source: General Fund</p>

Housing Program 1H: Small Lot Subdivision Ordinance

The City will adopt a small lot subdivision Ordinance to facilitate future subdivision of larger residential lots (i.e. sites zoned Estate Residential and Low Residential) into smaller single-family dwelling unit lots. The Small Lot Ordinance will help to increase housing unit capacity consistent with the Solana Beach General Plan and provide the city additional capacity to accommodate a variety of non-traditional housing types such as tiny homes.

Timeframe: Within 24 months of adoption of the 6th Cycle Housing Element
Responsible Agency: City of Solana Beach Community Development
Funding Sources: TBD

Housing Program 1I: Manufactured Housing

State law (Government Code Section 65852.3) requires that the city's zoning code allows and permits manufactured housing in the same manner and in the same zone as a conventional structures are permitted. Specifically, manufactured homes should only be subject to the same development standards that a conventional single-family residential dwelling on the same lot would be subject to. In order to comply with State law, the City will amend the Solana Beach Municipal Code to define manufactured housing and mobile homes consistent with State law and identify the zone(s) where such housing is permitted. The City will also ensure that the requirements for manufactured homes is the same as a conventional single-family dwelling unit in the same zone.

Timeframe: within 24 months of adoption of the 6th Cycle Housing Element
Responsible Agency: City of Solana Beach Community Development
Funding Sources: TBD

Housing Program 1J: Update Density Bonus Ordinance

Government Code Section 65915 requires that a jurisdiction adopt a local Density Bonus Ordinance consistent with State law. State Density Bonus Law requires a local jurisdiction to grant an increase in density, if requested by a developer, for providing affordable housing as part of a development project. Key provisions of the law include incremental density bonuses that correspond to the percentage of housing set aside as affordable units. State law caps the maximum density bonus at 35 percent and allows the developer to request up to three incentives or concessions, if required to provide the affordable units. The law also provides reduced parking requirements and allows requests for waivers of development standards, such as increased height limits and reduced setback requirements. The developer must provide reasonable documentation demonstrating that incentives reduce costs to provide for affordable units; and that waivers are required because the usual standards physically preclude the project from achieving the allowed density and incentives.

To comply with State Density Bonus law, the City will amend the ordinance as needed to ensure that its local ordinance remains consistent with State law, but will apply current state law even before local amendments are adopted. The City commits to continue to review and approve requests under State Density Bonus Law (including requests for incentives, concessions, waivers, and parking reductions) so that projects that qualify are not prevented from developing at the densities to which they are entitled.

Timeframe: within 24 months of adoption of the 6th Cycle Housing Element
Responsible Agency: City of Solana Beach Community Development
Funding Sources: TBD

Housing Goal #2: Preserve and enhance the existing community and neighborhood quality and character.

Housing Policy 2.1: Promote revitalization and rehabilitation of existing residential dwellings.

Housing Policy 2.2: Promote high quality design and development standards to ensure future housing development compliments and enhances neighborhood character.

Housing Policy 2.3: Ensure residential and mixed-use projects are designed and developed to discourage crime.

Housing Policy 2.4: Encourage mixed-use and transit, bicycle, and pedestrian-oriented development that supports and contributes to a “sense of place” in the community.

Goal 2 Implementing Programs

Housing Program 2A: Preservation of At-Risk Housing

The City has reviewed the existing affordable housing developments and determined that X units are currently at risk of converting to market-rate. The City will contact the owners of these properties to explore preservation opportunities such as extending affordability covenants, sale/purchasing these developments, non-profit housing organizations assistance, and applying for financial assistance to preserve these affordable units.

<p>Timeframe: Ongoing Responsible Agency: City of Solana Beach Community Development Funding Sources: TBD</p>
--

Housing Program 2B: Replacement Housing

The City may have existing non-vacant sites that may contain vacant or demolished residential units that were occupied by lower income households or households subject to affordability requirements within the last five years. The City will implement a replacement housing program to ensure the replacement of any units lost subject to the requirements of Government Code section 65915.

<p>Timeframe: Ongoing Responsible Agency: City of Solana Beach Community Development Funding Sources: TBD</p>
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Housing Goal #3: Reduce or eliminate constraints to the development, improvement, preservation, and maintenance of housing.

Housing Policy 3.1: Promote public awareness of the various methods and resources available to support homeownership opportunities.

Housing Policy 3.2: Explore opportunities to identify alternative financial assistance for the development and/or purchase of housing affordable to extremely low income, very low income, low income, and moderate-income households.

Housing Policy 3.3: Explore incentives, bonuses, and flexibility in standards and requirements that could benefit affordable housing development, such as flexible development standards, reduced permit fees, and streamlined permit processing.

Housing Policy 3.4: Encourage remodeling, maintenance, repair, and rehabilitation of existing housing to address special housing needs, prevent deterioration, and preserve safe and sanitary housing conditions.

Housing Policy 3.5: Grant priority water and sewer service to housing with units affordable to lower income households.

Goal 3 Implementing Programs

Housing Program 3A: Compliance with SB 35 Provisions

The City of Solana Beach is subject to SB 35 streamlining provisions and will be required to permit streamlining for projects with at least 50% affordable units. The City must review permits for qualifying housing developments within a statutory time frame (90 days for ≤ 150 units; 180 days for ≥ 150 units). Projects cannot go through design review or be subject to public hearings, and in many cases the City cannot require parking. All projects covered under SB 35 are still subject to the zoning and building code. At this time, qualified housing proposals with at least 50% affordable units may be eligible for SB 35 streamlining in Solana Beach. Should compliance status with SB 35 change in the future, subsequent projects may be subject ^{to} other requirements pursuant to state law.

The City of Solana Beach shall amend, as appropriate, policies, programs and procedures in the Zoning Code and other applicable portions of the Municipal Code to comply with the requirements of SB 35. These provisions shall apply when the City is not meeting the ^{as} requirements Regional Housing Needs Assessments (RHNA) progress.

Timeframe: Ongoing
Responsible Agency: Planning and Community Development
Funding Sources: TBD

Housing Program 3B: Public Education

The City shall continue to monitor and update information related to the development of housing through the continued promotion of public educational materials. The information describes the benefits of affordable housing and the myths and realities of affordable housing through such means as public presentations, newspaper articles, and information posted on the City’s website.

Timeframe: Ongoing
Responsible Agency: City of Solana Beach Community Development
Funding Source: General Fund

Housing Goal #4: Equal opportunities to access housing for all persons regardless of age, race, religion, sex, marital status, sexual orientation, ancestry, national origin, or disability.

Housing Policy 4.1: Enforce fair housing laws addressing discrimination in the building, financing, selling or renting of housing based on race, religion, family status, national origin, disability, or other protected class.

Housing Policy 4.2: Establish policies, programs and incentives to promote the development of housing for very low-, low-, and moderate-income persons, and especially those within Solana Beach’s special needs populations.

Housing Policy 4.3: Seek to accommodate housing for residents with special needs through appropriate zoning standards and permit processes.

Housing Policy 4.4: Ensure equal access to housing by providing reasonable accommodation for persons with disabilities consistent with Americans with Disabilities Act (ADA) and Fair Housing Act (FHA) requirements.

all special needs/disability focus

Housing Policy 4.5: Support efforts to provide services that facilitate aging in place such as senior transportation, recreational activities, and other means to help older adults connect to the services they need to live independently in their own homes.

Goal 4 Implementing Programs

Housing Program 4A: Affirmatively Further Fair Housing

Pursuant to AB 686, the City will affirmatively further fair housing by taking meaningful actions in addition to resisting discrimination, that overcomes patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristic, as defined by California law.

yes!

The City will partner with capable organizations to review housing discrimination complaints, attempt to facilitate equitable resolution of complaints, and, where necessary, refer complainants to the appropriate state or federal agency for further investigation and action.

ADD HERE IDENTIFICATION OF ISSUES

Timeframe: Ongoing
Responsible Agency: City of Solana Beach Community Development
Funding Source: General Fund

Housing Program 4B: Emergency, Transitional and Supportive Housing and Lower Barrier Navigation Centers

The City shall permit Low Barrier Navigation Center development as a matter of right in appropriate zoning districts, subject to requirements of state law. These requirements include implementing standards, provisions and limitations governing the permitting, development, siting and management of Low Barrier Navigation Centers. The City of Solana Beach shall update its Municipal Code, as appropriate, to comply with State law.

Timeframe: Within 24 months of adoption of the 6th Cycle Housing Element
Responsible Agency: City of Solana Beach Community Development
Funding Source: General Fund

Housing Program 4C: Persons with Physical and Developmental Disabilities

The City will continue to take actions to accommodate the approval of group homes, ADA retrofit efforts, ADA compliance and/or other measures through the implementation of Title 24 as well as amend its procedures to provide more flexibility in the development of accommodations for persons with physical and developmental disabilities by eliminating the need for a variance.

Timeframe: Ongoing
Responsible Agency: City of Solana Beach Community Development
Funding Source: General Fund

Housing Program 4D: Section 8 Rental Assistance

The City will continue to work with the San Diego County Housing Authority to administer the Section 8 Rental Assistance Program, and will continue support the County's application for additional Section 8 allocations. This program provides rental assistance to eligible very low and low income households. The subsidy represents the difference between the rent that exceeds 30 percent of a household's monthly income and the actual rent charged.

The City will provide marketing collateral in both English and Spanish informing residents and landlords of the availability of Section 8 rental assistance. The City will also seek out project-based Section 8 vouchers to assist with the operational income of affordable housing projects.

<p>Timeframe: Ongoing Responsible Agency: City of Solana Beach Community Development Funding Source: TBD</p>

Housing Program 4E: Mortgage Credit Certificate (MCC)

Homeownership can be an asset to maintaining a healthy community. The Mortgage Credit Certificate (MCC) program assists low and moderate income first time home buyers. Under this program, which is administered by the County of San Diego, qualified first-time home buyers are able to take a federal income tax credit of up to 20 percent of the annual interest paid on their mortgage. This frees up more capital to buy the home. The City of Solana Beach will continue to distribute information on the MCC program.

<p>Timeframe: Ongoing Responsible Agency: City of Solana Beach Community Development Funding Source: General Fund</p>
--

Housing Goal #5: A sustainable approach to new and existing residential and mixed-use development through increased energy conservation and waste reduction.

Housing Policy 5.1: Work with energy providers, such as San Diego Gas and Electric (SDG&E), to promote energy conservation programs and incentives.

Housing Policy 5.2: Encourage the use of building placement, design, and construction techniques that promote energy conservation.

Housing Policy 5.3: Promote the use of green building practices in new and existing development to maximize energy efficiency and conservation.

Housing Policy 5.4: Encourage affordable housing developments that receive public subsidies to obtain Leadership in Energy and Environmental Design (LEED) certification.

Housing Policy 5.5: Encourage construction projects to recycle construction debris and promote the use of recycled materials as part of new construction or renovations, including the reuse of existing building shells/elements.

Goal 5 Implementing Programs

Housing Program 5A: Energy Conservation

The City of Solana Beach is committed to conserving energy and being a sustainable community. Several existing programs promote energy conservation and City continues to explore additional opportunities to promote energy conservation. For example:

- The City recently adopted an ordinance to reduce single use plastic bags in grocery stores, retailers, and restaurants.
- The City will continue to implement the Solana Beach Green Building Incentive, which offers expedited permit processing for green building applications, permit fee reimbursement for projects that receive GreenPoint Rated certification, and public recognition.

Mendoza, Molly

From: Chen, Nick
Sent: Monday, November 30, 2020 8:57 AM
To: Mendoza, Molly
Subject: FW: Housing Element Workshop #2

[REDACTED]

Nicholas Chen, AICP
Kimley-Horn | 765 The City Drive, Suite 200, Orange, CA 92868
Direct: 714 786 6111 | Mobile: 714 588 0033 Connect with us: Twitter | LinkedIn | Facebook | Instagram | Kimley-Horn.com Celebrating 10 years as one of FORTUNE's 100 Best Companies to Work For

-----Original Message-----

From: Joseph Lim <jlim@cosb.org>
Sent: Thursday, October 15, 2020 3:33 PM
To: Chen, Nick <Nick.Chen@kimley-horn.com>
Cc: Barquist, Dave <dave.barquist@kimley-horn.com>; Corey Andrews <candrews@cosb.org>
Subject: FW: Housing Element Workshop #2

Please add this as a comment for the Housing Element update.

Joseph Lim, AICP
Community Development Director
City of Solana Beach
Phone: (858) 720-2434
Fax: (858) 720-2435

[REDACTED]

-----Original Message-----

From: [REDACTED]
Sent: Thursday, October 15, 2020 3:29 PM
To: Joseph Lim <jlim@cosb.org>
Cc: Tiffany Wade <twade@cosb.org>
Subject: Housing Element Workshop #2

Joseph,

I am the Owner and Manager for South Tracy Land Partners LLC (STLP) and VDM 383 LLC (VDM).

STLP and VDM are the tenants in common owners of the property at 301 North Highway 101 and 312 Acacia Avenue and the vacant land on Acacia Avenue south of 312 Acacia Avenue all located in Solana Beach, Ca.

I have a sincere interest in furthering housing opportunities in north county San Diego and intend to bring a development application forward on the above referenced properties at some point in the future. I am fairly well informed on Housing Element programs and State guidelines for incentivizing the construction of new market rate and affordable units. I also understand the ongoing controversy on RHNA allocations to small coastal cities.

My experience in developing housing is largely based on my recent and ongoing attempts to bring housing to the City of Del Mar. After seven years of effort, our Del Mar results have been a mix of good and very bad. We have been successful in gaining approval of the 941 Camino Del Mar project which will build two affordable and six market rate units with a groundbreaking of summer 2021. If interested, you can view a video of the project on the 941caminodelmar website. Unfortunately our efforts to gain approvals for the Watermark project in Del Mar have been unsuccessful to date. We remain undaunted and are continuing our efforts to seek approvals for Watermark despite the recent failure of the Del Mar City Council to amend the Community Plan allowing residential in the NC Zone and refusal to adopt reasonable development standards to incentivize the construction of housing which address unique the physical constraints of the NC Zone. All of which are required pursuant to the 2013 certified Del Mar Housing Element. The Watermark project could bring 38 market rate plus 10 affordable housing units to the City of Del Mar if approvals are gained.

I provide the background on my Del Mar efforts in order to color my unique insights into the extreme housing challenges facing cities and property owners in affluent coastal communities. My experience in Del Mar highlights many challenges and include the following:

1. Many members of the public have incorrect misconceptions regarding the realities of affordable housing. Those misconceptions include: the income levels and jobs of affordable occupants, a perception of diminished property values to adjacent neighboring properties, higher traffic counts, extreme noise impacts, poor maintenance and diminished curb appeal.
2. Property owners use affordable housing law as a "get rich quick" scheme to circumvent local control. State required development standard incentives which balance the economic challenges of integrating affordable components such as increases for FAR, height and others will ruin the character of a community in appearance and soul.
3. Affordable housing will overcrowd schools and diminish the quality of education in those schools.

All of the above are flagrantly incorrect and often times based on rumor and ignorance.

I am proud to live Solana Beach and fully support the efforts of the our Planning Department and City Council to do educate the public public on the importance and benefits of a more integrated community both socially and economically. The public outreach for the HE update has been robust and effective.

I applaud the inclusive and honest dialogue regarding housing challenges in Solana Beach and the sincere efforts of staff and City Council to incentivize new housing opportunities across all income levels. Generally the City of Solana Beach currently establishes reasonable development standards to facilitate housing construction with the notable exception of height. About four years ago the City amended the Highway 101 Specific Plan to reduce height from three stories to two stories. In my opinion this was done without sufficient public outreach, specifically failure to notify each individual property owner. I believe the catalyst to this botched and rushed literal down zoning was the Solana 101 project. I encourage the City to revisit height measurement in the Highway 101 Specific Plan and reset it back to three stories to incentivize housing construction in mixed use projects along Highway 101.

With respect to my Solana Beach properties referenced above and the City of Solana Beach Housing Element I have the following comments.

1. I have attempted to look at the HE online and believe the reference to size and capacity may be incorrect. I emphasize MAY be incorrect because I am not 100% sure. The document is extremely large and I may be missing some things. My property consist of five different parcels APN's 263-304-08, 263-304-09, 263-304-10, 263-304-11, 263-304-12. Those parcels total about 27,000 SF and are ideal candidates for redevelopment of a mixed use project with housing including an affordable component. Please confirm the proper size and density calculations in the HE if not already correct. They very well may be correct and I am simply missing the information.

2. Please consider height amendments and reverting back to 3 stories in the Highway 101 Specific Plan area.

Thank you for your consideration of my comments. I appreciate your outreach for comments and sincerely appreciate our City Council for its honesty and a desire to be inclusive and do housing right.

Sincerely

Don Glatthorn

Manager
STLP and VDM

CAUTION: External e-mail. Do not click links or open attachments unless you recognize the sender and know the content is safe.



Appendix D:

Glossary of Terms

Appendix D:

Glossary of Housing Terms

Above-Moderate-Income Household. A household with an annual income usually greater than 120% of the area median family income adjusted by household size, as determined by a survey of incomes conducted by a city or a county, or in the absence of such a survey, based on the latest available legibility limits established by the U.S. Department of housing and Urban Development (HUD) for the Section 8 housing program.

Affirmatively Furthering Fair Housing (AFFH): Affirmatively Furthering Fair Housing (AFFH) is a legal requirement that federal agencies and federal grantees further the purposes of the Fair Housing Act. AFFH means "taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws.

Apartment. An apartment is one (1) or more rooms in an apartment house or dwelling occupied or intended or designated for occupancy by one (1) family for sleeping or living purposes and containing one (1) kitchen.

Assisted Housing. Generally multi-family rental housing, but sometimes single-family ownership units, whose construction, financing, sales prices, or rents have been subsidized by federal, state, or local housing programs including, but not limited to Federal state, or local housing programs including, but not limited to Federal Section 8 (new construction, substantial rehabilitation, and loan management set-asides), Federal Sections 213, 236, and 202, Federal Sections 221 (d) (3) (below-market interest rate program), Federal Sections 101 (rent supplement assistance), CDBG, FmHA Sections 515, multi-family mortgage revenue bond programs, local redevelopment and in lieu fee programs, and units developed pursuant to local inclusionary housing and density bonus programs.

Below-Market-Rate (BMR). Any housing unit specifically priced to be sold or rented to low- or moderate-income households for an amount less than the fair-market value of the unit. Both the State of California and the U.S. Department of Housing and Urban Development set standards for determining which households qualify as "low income" or "moderate income." (2) The financing of housing at less than prevailing interest rates.

Build-Out. That level of urban development characterized by full occupancy of all developable sites in accordance with the General Plan; the maximum level of development envisioned by the General Plan.

Build-out does not assume that each parcel is developed to include all floor area or housing units possible under zoning regulations.

Community Development Block Grant (CDBG). A grant program administered by the U.S. Department of Housing and Urban Development (HUD) on a formula basis for entitled communities and administered by the State Department of Housing and Community Development (HCD) for non-entitled jurisdictions. This grant allots money to cities and counties for housing rehabilitation and community development, including public facilities and economic development.

Condominium. A structure of two or more units, the interior spaces of which are individually owned; the balance of the property (both land and building) is owned in common by the owners of the individual units. (See “Townhouse.”)

Covenants, Conditions, and Restrictions (CC&Rs). A term used to describe restrictive limitations that may be placed on property and its use, and which usually are made a condition of holding title or lease.

Deed. A legal document which affects the transfer of ownership of real estate from the seller to the buyer.

Density Bonus. The allocation of development rights that allow a parcel to accommodate additional square footage or additional residential units beyond the maximum for which the parcel is zoned, usually in exchange for the provision or preservation of an amenity at the same site or at another location.

Density, Residential. The number of permanent residential dwelling units per acre of land. Densities specified in the Housing Element are expressed in units per net developable acre.

Developable Land. Land that is suitable as a location for structures and that can be developed free of hazards to, and without disruption of, or significant impact on, natural resource areas.

Down Payment. Money paid by a buyer from his own funds, as opposed to that portion of the purchase price which is financed.

Duplex. A detached building under single ownership that is designed for occupation as the residence of two families living independently of each other.

Dwelling Unit (DU). A building or portion of a building containing one or more rooms, designed for or used by one family for living or sleeping purposes, and having a separate bathroom and only one kitchen or kitchenette. See Housing Unit.

Emergency Shelter. A facility that provides immediate and short-term housing and supplemental services for the homeless. Shelters come in many sizes, but an optimum size is considered to be 20 to 40 beds. Supplemental services may include food, counseling, and access to other social programs. (See “Homeless” and “Transitional Housing.”)

Extremely Low-Income Household. A household with an annual income equal to or less than 30% of the area median family income adjusted by household size, as determined by a survey of incomes conducted by a city or a county, or in the absence of such a survey, based on the latest available eligibility limits established by the U.S. Department of Housing and Urban Development (HUD) for the Section 8 housing program.

Fair Market Rent. The rent, including utility allowances, determined by the United States Department of Housing and Urban Development for purposes of administering the Section 8 Program.

Family. (1) Two or more persons related by birth, marriage, or adoption [U.S. Bureau of the Census]. (2) An Individual or a group of persons living together who constitute a bona fide single-family housekeeping unit in a dwelling unit, not including a fraternity, sorority, club, or other group of persons occupying a hotel, lodging house or institution of any kind [Governor’s Office of Planning and Research, General Plan Guidelines].

General Plan. A comprehensive, long-term plan mandated by State Planning Law for the physical development of a city or county and any land outside its boundaries which, in its judgment, bears relation to its planning. The plan shall consist of seven required elements: land use, circulation, open space, conservation, housing, safety, and noise. The plan must include a statement of development policies and a diagram or diagrams illustrating the policies.

Goal. A general, overall, and ultimate purpose, aim, or end toward which the City will direct effort.

Green Building. Green or sustainable building is the practice of creating healthier and more resource-efficient models of construction, renovation, operation, maintenance, and demolition. (US Environmental Protection Agency)

Historic Preservation. The preservation of historically significant structures and neighborhoods until such time as, and in order to facilitate, restoration and rehabilitation of the building(s) to a former condition.

Historic Property. A historic property is a structure or site that has significant historic, architectural, or cultural value.

Household. All those persons—related or unrelated—who occupy a single housing unit. (See “Family.”)

Housing and Community Development Department (HCD). The State agency that has principal responsibility for assessing, planning for, and assisting communities to meet the needs of low-and moderate-income households.

Housing Element. A State-mandated element of a local general plan, it assesses the existing and projected housing needs of all economic segments of the community, identifies potential sites adequate to provide the amount and kind of housing needed, and contains adopted goals, policies, and implementation programs for the preservation, improvement, and development of housing. Under State law, Housing Elements must be updated every eight years.

Housing Payment. For ownership housing, this is defined as the mortgage payment, property taxes, insurance and utilities. For rental housing this is defined as rent and utilities.

Housing Ratio. The ratio of the monthly housing payment to total gross monthly income; also called Payment-to-Income Ratio or Front-End Ratio.

Housing Unit. The place of permanent or customary abode of a person or family. A housing unit may be a single-family dwelling, a multi-family dwelling, a condominium, a modular home, a mobile home, a cooperative, or any other residential unit considered real property under State law.

Housing and Urban Development, U.S. Department of (HUD). A cabinet-level department of the federal government that administers housing and community development programs.

Implementing Policies. The City's statements of its commitments to consistent actions.

Implementation. Actions, procedures, programs, or techniques that carry out policies.

Infill Development. The development of new housing or other buildings on scattered vacant lots in a built-up area or on new building parcels created by permitted lot splits.

Land Use Classification. A system for classifying and designating the appropriate use of properties.

Live-Work Units. Buildings or spaces within buildings that are used jointly for commercial and residential purposes where the residential use of the space is secondary or accessory to the primary use as a place of work.

Low-Income Household. A household with an annual income usually no greater than 51%-80% of the area median family income adjusted by household size, as determined by a survey of incomes conducted by a city or a county, or in the absence of such a survey, based on the latest available eligibility limits established by the U.S. Department of Housing and Urban Development (HUD) for the Section 8 housing program.

Low-income Housing Tax Credits. Tax reductions provided by the federal and State governments for investors in housing for low-income households.

Manufactured Housing. Residential structures that are constructed entirely in the factory, and which since June 15, 1976, have been regulated by the federal Manufactured Home Construction and Safety Standards Act of 1974 under the administration of the U.S. Department of Housing and Urban Development (HUD). (See "Mobile home" and "Modular Unit.")

Mixed-Use. Properties on which various uses, such as office, commercial, institutional, and residential, are combined in a single building or on a single site in an integrated development project with significant functional interrelationships and a coherent physical design. A "single site" may include contiguous properties.

Moderate-Income Household. A household with an annual income usually no greater than 81%-120% of the area median family income adjusted by household size, as determined by a survey of incomes conducted by a city or a county, or in the absence of such a survey, based on the latest available eligibility limits established by the U.S. Department of Housing and Urban Development (HUD) for the Section 8 housing program.

Monthly Housing Expense. Total principal, interest, taxes, and insurance paid by the borrower on a monthly basis. Used with gross income to determine affordability.

Multiple Family Building. A detached building designed and used exclusively as a dwelling by three or more families occupying separate suites.

Net Acre. 43,560 square feet of land area, not including public streets or road easements.

Ordinance. A law or regulation set forth and adopted by a governmental authority, usually a city or county.

Overcrowded Housing Unit. A housing unit in which the members of the household, or group are prevented from the enjoyment of privacy because of small room size and housing size. The U.S. Bureau of Census defines an overcrowded housing unit as one which is occupied by more than one person per room.

Parcel. A lot or tract of land.

Planning Area. The area directly addressed by the general plan. A city's planning area typically encompasses the city limits and potentially annexable land within its sphere of influence.

Policy. A specific statement of principle or of guiding actions that implies clear commitment but is not mandatory. A general direction that a governmental agency sets to follow, in order to meet its objectives before undertaking an action program. (See "Program.")

Poverty Level. As used by the U.S. Census, families and unrelated individuals are classified as being above or below the poverty level based on a poverty index that provides a range of income cutoffs or "poverty thresholds" varying by size of family, number of children, and age of householder. The income cutoffs are updated each year to reflect the change in the Consumer Price Index.

Program. An action, activity, or strategy carried out in response to adopted policy to achieve a specific goal or objective. Policies and programs establish the "who," "how" and "when" for carrying out the "what" and "where" of goals and objectives.

Redevelop. To demolish existing buildings; or to increase the overall floor area existing on a property; or both; irrespective of whether a change occurs in land use.

Regional. Pertaining to activities or economies at a scale greater than that of a single jurisdiction and affecting a broad geographic area.

Regional Housing Needs Assessment. A quantification by the local council of governments of existing and projected housing need, by household income group, for all localities within a region.

Rehabilitation. The repair, preservation, and/or improvement of substandard housing.

Residential. Land designated in the General Plan and zoning ordinance for building consisting of dwelling units. May be improved, vacant, or unimproved. (See “Dwelling Unit.”)

Residential Care Facility. A facility that provides 24-hour care and supervision to its residents.

Residential, Multiple Family. Usually three or more dwelling units on a single site, which may be in the same or separate buildings.

Residential, Single-Family. A single dwelling unit on a building site.

Retrofit. To add materials and/or devices to an existing building or system to improve its operation, safety, or efficiency. Buildings have been retrofitted to use solar energy and to strengthen their ability to withstand earthquakes, for example.

Rezoning. An amendment to the map to effect a change in the nature, density, or intensity of uses allowed in a zoning district and/or on a designated parcel or land area.

Second Unit. A self-contained living unit, either attached to or detached from, and in addition to, the primary residential unit on a single lot. “Granny Flat” is one type of second unit.

Section 8 Rental Assistance Program. A federal (HUD) rent-subsidy program that is one of the main sources of federal housing assistance for low-income households. The program operates by providing “housing assistance payments” to owners, developers, and public housing agencies to make up the difference between the “Fair Market Rent” of a unit (set by HUD) and the household’s contribution toward the rent, which is calculated at 30% of the household’s adjusted gross monthly income (GMI). “Section 8” includes programs for new construction, existing housing, and substantial or moderate housing rehabilitation.

Senior Housing. Typically, one- and two-bedroom apartments or condominiums designed to meet the needs of persons 62 years of age and older or, if more than 150 units, persons 55 years of age and older, and restricted to occupancy by them.

Shared Living Facility. The occupancy of a dwelling unit by persons of more than one family in order to reduce housing expenses and provide social contact, mutual support, and assistance. Shared living facilities serving six or fewer persons are permitted in all residential districts by Section 1566.3 of the California Health and Safety Code.

Single-Family Dwelling, Attached. A dwelling unit occupied or intended for occupancy by only one household that is structurally connected with at least one other such dwelling unit. (See “Townhouse.”)

Single-Family Dwelling, Detached. A dwelling unit occupied or intended for occupancy by only one household that is structurally independent from any other such dwelling unit or structure intended for residential or other use. (See “Family.”)

Single Room Occupancy (SRO). A single room, typically 80-250 square feet, with a sink and closet, but which requires the occupant to share a communal bathroom, shower, and kitchen.

Subsidize. To assist by payment of a sum of money or by the granting to terms or favors that reduces the need for monetary expenditures. Housing subsidies may take the forms of mortgage interest deductions or tax credits from federal and/or state income taxes, sale or lease at less than market value of land to be used for the construction of housing, payments to supplement a minimum affordable rent, and the like.

Substandard Housing. Residential dwellings that, because of their physical condition, do not provide safe and sanitary housing.

Supportive Housing. Housing with no limit on length of stay, that is occupied by the target population as defined in California Health and Safety Code Section 53260(d), and that is linked to onsite or offsite services that assist the supportive housing resident in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community. “Target population” means adults with low incomes having one or more disabilities, including mental illness, HIV or AIDS, substance abuse, or other chronic health conditions, or individuals eligible for services provided under the Lanterman Developmental Disabilities Services Act and may, among other populations, include families with children, elderly persons, young adults aging out of the foster care system, individuals exiting from institutional settings, veterans, or homeless people. [California Health and Safety Code Sections 50675.14(b) and 53260(d)]

Target Areas. Specifically, designated sections of the community where loans and grants are made to bring about a specific outcome, such as the rehabilitation of housing affordable by Very-Low and Low-income households.

Tax Increment. Additional tax revenues that result from increases in property values within a redevelopment area. State law permits the tax increment to be earmarked for redevelopment purposes but requires at least 20 percent to be used to increase and improve the community’s supply of very low- and low-income housing.

Tenure. A housing unit is owner-occupied if the owner or co-owner lives in the unit, even if it is mortgaged or not fully paid for. A cooperative or condominium unit is owner-occupied only if the owner or co-owner lives in it. All other occupied units are classified as renter-occupied including units rented for cash rent and those occupied without payment of cash rent.

Townhouse. A townhouse is a dwelling unit located in a group of three (3) or more attached dwelling units with no dwelling unit located above or below another and with each dwelling unit having its own exterior entrance.

Transitional Housing. Shelter provided to the homeless for an extended period, often as long as 18 months, and generally integrated with other social services and counseling programs to assist in the transition to self-sufficiency through the acquisition of a stable income and permanent housing. (See “Homeless” and “Emergency Shelter.”)

Undevelopable. Specific areas where topographic, geologic, and/or superficial soil conditions indicate a significant danger to future occupants and a liability to the City.

Acronyms Used

ACS: American Community Survey
BMPs: Best Management Practices
CALTRANS: California Department of Transportation
CEQA: California Environmental Quality Act
CHAS: Comprehensive Housing Affordability Strategy
CIP: Capital Improvement Program
DDS: Department of Developmental Services
DIF: Development Impact Fee
DU/AC: Dwelling Units Per Acre
EDD: California Employment Development Department
FAR: Floor Area Ratio
FEMA: Federal Emergency Management Agency
HCD: Department of Housing and Community Development
HOA: Homeowners Association
HUD: Department of Housing and Urban Development
LAFCO: Local Agency Formation Commission
MFI: Median Family Income
NPDES: National Pollutant Discharge Elimination System
RTFH: Regional Task Force on the Homeless
RTP: Regional Transportation Plan
SANDAG: San Diego Associations of Governments
SDCAA: San Diego County Apartment Association
SPA: Sectional Planning Area
STF: Summary Tape File (U.S. Census)
TOD: Transit-Oriented Development
TDM: Transportation Demand Management
TSM: Transportation Systems Management
WCP: Water Conservation Plan



STAFF REPORT CITY OF SOLANA BEACH

TO: Honorable Mayor and City Councilmembers
FROM: Gregory Wade, City Manager
MEETING DATE: December 9, 2020
ORIGINATING DEPT: Finance
SUBJECT: **Fiscal Year 2019/20 Comprehensive Annual Financial Report (CAFR)**

BACKGROUND:

The City's financial policies specify that each year the City's financial statements are to be audited by a firm of independent Certified Public Accountants (CPA's) and that the auditor's opinion is to be included in the financial statements as is required by Generally Accepted Accounting Principles (GAAP). An independent audit is essential to demonstrate the accountability of government officials' use of public resources and provides a basis for user acceptance of the audited financial statements.

This item is before the City Council to accept and file the Fiscal Year (FY) 2019/20 Comprehensive Annual Financial Report (CAFR) (Attachment 1) and receive a presentation by the City's Independent Auditors, Lance, Sol & Lunghard, LLP, on the City's financial condition as of June 30, 2020.

DISCUSSION:

Staff is presenting the FY 2019/20 CAFR for Council's review. The CAFR is a detailed report that goes beyond the requirements of GAAP and beyond any legal reporting requirements. The CAFR covers all funds of the government and all the financial transactions during the applicable fiscal year. It is considered a general-purpose report as its contents are intended to meet the needs of a range of user groups. GAAP encourages, but does not require, a government entity to issue a CAFR.

Highlights of the FY 2019/20 CAFR include the following:

- The City's net position increased to \$84,246,000 or by \$2,918,000 as a result of FY2020 operations.
- Governmental net position equaled \$37,843,000.

CITY COUNCIL ACTION:

- The total revenues from all sources were \$37,096,000.
- The total cost of all City programs was \$34,177,000.
- The General Fund reported an excess of revenues over expenditures and other financing sources and uses by \$2,350,000.
- The General Fund's actual resources received exceeded the final revenue budget by \$1,240,000 while actual expenditures were \$1,310,000 less than final budget before other financing sources and uses.

GASB Statements Regarding Pension Liabilities

Governmental Accounting Standards Board (GASB) requires government entities to report net pension liabilities in their Statement of Net Positions. The standard, GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions*, was issued by GASB on June 12, 2012.

Under GASB 68, governmental entities need to address net pension liability in their financial statements. Net pension liability refers to the difference between the total pension liability, defined as the present value of the projected benefit payments to employees based on past service, and the pension's assets, generally considered to be the investments set aside to pay retirees and current employees. Since the City takes part in a cost-sharing plan, it needs to recognize its proportionate share of the collective net pension liability and expense for the plan.

GASB 68 also requires governments to immediately recognize annual service costs and interest on the pension liability, as well as the effects of any changes in benefit terms. Since pension expenses are now viewed over the service period of the plan member, governments also have to deal with how changes in economic and demographic assumptions used to project benefits affect the pension, as well as with differences between assumptions and actual experiences. Governmental entities also need to recognize, over a five-year period, the effects of differences between expected and actual investment returns.

The provisions in GASB 68 were effective for financial statements for periods beginning after June 15, 2014.

As of June 30, 2020, the City of Solana Beach reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows, with a comparison to the net pension liability of each Plan as of June 30, 2019:

	Proportionate Share of Net Pension Liability		
	FY 2018/19	FY 2019/20	Difference
Miscellaneous	\$ 5,177,151	\$ 5,668,839	\$ 491,688
Safety	8,884,523	9,611,934	727,411
	<u>\$ 14,061,674</u>	<u>\$ 15,280,773</u>	<u>\$ 1,219,099</u>

The City of Solana Beach's net pension liability for each Plan is measured as the proportionate shares of the net pension liability of \$15,280,773. The net pension liability of each of the Plans is measured as of June 30, 2019, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's net position as a percentage of the total pension liability for both Plans is 75.26% (funded status).

More detailed information regarding the implementation of GASB 68 can be found in the following sections of the CAFR:

1. Note 11, City Employees Retirement Plan – Pension Plans, beginning on page 77.
2. Schedule of Proportionate Share of the Net Pension Liability on page 100.
3. Schedule of Plan Contributions on page 101.

GASB Statements Regarding Other Post-Employment Benefits (OPEB)

During the fiscal year ended June 30, 2018, the City implemented GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Post-Employment Benefits other than Pensions* which is the "employer" reporting of the plan in its financial statements. GASB 75 reports a liability in the CAFR on the statement of net position for the OPEB liability which is similar to how net pension liability is reported for pensions.

The primary objective of this statement was to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (OPEB). It also improved information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaced the requirements of Statements No. 45, *Accounting for Financial Reporting by Employers for Post-Employment Benefits other than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*.

The City provides OPEB in the form of a modest retiree healthcare benefit. The City's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2018 that was rolled forward to determine the June 30, 2020 total OPEB liability, based on the actuarial methods and assumptions as explained in Note 12 in the CAFR.

In FY 2018/19, the Council changed its funding policy for the City's OPEB liability. Before FY 2018/19, the Council would use a portion of a fiscal year's ending surplus to be placed in the Public Agency Retirement Services (PARS) Section 115 irrevocable benefit trust (Trust) for OPEB. As part of the FY 2018/19 fourth quarter budget adjustment and the adoption of the FYs 2019/20 and 2020/21 budgets, both approved by Council on June 12, 2019, a funding policy was established to fund the OPEB liability.

Using the June 30, 2017 Actuarial Valuation done by Bartel and Associates (Bartel), Council approved an Actuarially Determined Contribution (ADC) with a twenty-year

amortization period. The result of this change in funding policy resulted in a reduction of \$969,628 in the City's Total OPEB Liability (TOL) from \$4,806,155 in FY 2017/18 to \$3,836,527 in FY 2018/19. The primary reason for the reduction in the TOL was the update to the discount rate from 3.82% in FY 2017/18 to 6.0% in FY 2018/19 as a result of the change in funding policy. Staff continues to use the discount rate of 6.0% in FY2020. The increase of \$215,073 in the Fiduciary Net Position (FNP) or monies held by the PARS Trust combined with the decrease in Total OPEB Liability by \$304,079 resulted in a total reduction of \$519,152 in the City's Net OPEB Liability (NOL) from FY 2018/19 to FY 2019/20 as shown in the following table:

	Net OPEB Liability		
	06/30/19	06/30/20	Difference
Total OPEB Liability (TOL)	\$ 3,836,527	\$ 3,532,448	\$ (304,079)
Fiduciary Net Position (FNP)	633,535	848,608	215,073
Net OPEB Liability (NOL)	\$ 3,202,992	\$ 2,683,840	\$ (519,152)
Funded Status (FNP/TOL)	16.5%	24.0%	7.5%
Discount Rate	6.00%	6.00%	0.0%

More detailed information regarding the implementation of GASB 75 can be found in the following sections of the CAFR:

1. Note 12, Other Post-Employment Benefits, beginning on page 82.
2. Schedule of Changes in Net OPEB Liability and Related Ratios on page 102.
3. Schedule of Plan Contributions on page 103.
4. Schedule of Investment Returns on page 104.

Fund Balance

In FY 2010/11, the City adopted the provisions of GASB Statement No. 54 (GASB 54), Fund Balance and Governmental Fund Type Definitions. GASB 54 changed how Fund Balances were previously reported in fiscal years prior to FY 2010/11 and has established Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Governmental Fund statements conform to this classification and information regarding Fund Balances can be found in Note 15 on page 89 of the CAFR.

Staff also prepared a schedule, GASB 54 Fund Balance Classifications (Attachment 2), which provides detail about the General Fund Balance categories. The Unassigned category amount of \$5,450,148 includes the Fund Balance amount of \$(2,506,737) for the Real Property Acquisition Fund. This amount reflects the balance due to the Sanitation Fund for \$2,354,301, plus \$152,436 of cash available for future property acquisitions.

The loan balance from the Sanitation Fund is reported as a liability on the General Fund's balance sheet as an "Advances from Other Funds". The loan payable to the Sanitation

fund was made at an annual interest rate of 2.78% for seven years with annual payments equal to \$445,699. As payments are made each year to the Sanitation Fund, the loan amount will decrease and the Fund Balance amount in the Real Property Acquisition Fund will increase and eventually be zero when the loan is fully paid in FY 2025/26.

Fund Activity

General Fund

The General Fund had the following activity for FY 2019/20:

Total Revenues	\$	22,738,060
Total Expenditures		(20,387,746)
Other Financing Sources		-
Other Financing (Uses)		(729,515)
Net Change in Fund Balance	\$	<u>1,620,799</u>
Fund Balance		
Beginning of Year		<u>13,833,279</u>
End of Year	\$	<u><u>15,454,078</u></u>
Non-Spendable		52,665
Restricted		2,422,056
Committed		1,179,507
Assigned		6,349,702
Unassigned		5,450,148
Fund Balance-June 30, 2020	\$	<u><u>15,454,078</u></u>

The net change in the General Fund's fund balance from FY 2018/19 to FY 2019/20 of \$1,620,799 using the GASB 54 fund balance classifications is reflected in the following table:

	06/30/19	06/30/20	Difference
Non-Spendable	\$ 23,402	\$ 52,665	\$ 29,263
Restricted	1,743,908	2,422,056	678,148
Committed	1,436,307	1,179,507	(256,800)
Assigned	6,041,593	6,349,702	308,109
Unassigned			
GF	7,462,666	7,956,885	494,219
Real Property Acquisition	(2,874,597)	(2,506,737)	367,860
Total Unassigned	<u>4,588,069</u>	<u>5,450,148</u>	<u>862,079</u>
Total General Fund	<u>\$ 13,833,279</u>	<u>\$ 15,454,078</u>	<u>\$ 1,620,799</u>

The General Fund’s revenue, expenditures, and fund balance as reported in the CAFR includes the City’s internal service funds. The net change in the General Fund’s fund balance, including the internal service fund designations, is reflected in the following table:

	06/30/19	06/30/20	Difference
General Fund	\$ 9,867,226	\$ 10,466,843	\$ 599,617
Self Insurance	792,180	923,644	131,464
Workers Comp	541,161	539,911	(1,250)
Asset Replacement	2,295,215	2,392,250	97,035
Facilities Replacement	659,462	735,493	76,031
OPEB/Pensions	2,552,632	2,902,674	350,042
Real Property Acquisition	(2,874,597)	(2,506,737)	367,860
Total General Fund	<u>\$ 13,833,279</u>	<u>\$ 15,454,078</u>	<u>\$ 1,620,799</u>

When Staff reports to the Council about the General Fund, Staff uses financial information from the “General Fund” category as reported in the above table. At its meeting on September 23, 2020, Council authorized using surplus funds to fund the PARS Trust for Pension with \$250,000 and transferring up to \$380,000 to the Camp Programs fund to bring the fund to a zero balance resulting in a remaining increase to the General Fund of \$599,617.

Other Funds

The Special Revenue Funds, which include funds such as Gas Tax, Street Lighting District and TransNet, had the following activity for FY 2019/20:

Total Revenues	\$ 3,932,704
Expenditures	(3,176,492)
Other Financing Sources (Uses)	276,015
Net Change in Fund Balance	<u>\$ 1,032,227</u>
Fund Balance	
Beginning of year	<u>5,630,747</u>
End of year	<u>\$ 6,662,974</u>
Fund Balance	
Nonspendable	-
Restricted	6,721,111
Assigned	-
Unassigned	<u>(58,137)</u>
Net Position-June 30, 2020	<u>\$ 6,662,974</u>

The Debt Service Funds had the following activity for FY 2019/20:

Total Revenues	\$ -
Expenditures	(356,639)
Other Financing Sources (Uses)	<u>353,500</u>
Net Change in Fund Balance	<u>\$ (3,139)</u>
Fund Balance	
Beginning of year	<u>25,094</u>
End of year	<u>\$ 21,955</u>
Fund Balance	
Restricted	<u>21,955</u>
Fund Balance-June 30, 2020	<u>\$ 21,955</u>

Capital Projects Funds had the following activity for FY 2019/20:

Total Revenues	\$ 430,498
Expenditures	(546,496)
Other Financing Sources (Uses)	<u>100,000</u>
Net Change in Fund Balance	<u>\$ (15,998)</u>
Fund Balance	
Beginning of year	<u>3,726,399</u>
End of year	<u>\$ 3,710,401</u>
Fund Balance	
Restricted	3,710,401
Assigned	<u>-</u>
Fund Balance-June 30, 2020	<u>\$ 3,710,401</u>

The Proprietary Funds, which include Sanitation and Solana Energy Alliance, had the following activity for FY 2019/20 as shown on the following page:

Total Revenues	\$ 9,880,342
Operating Expenses	(7,734,925)
Non Operating Revenues	423,002
Non Operating Expenses	(768,920)
Net Change in Net Position	<u>\$ 1,799,499</u>
Net Position	
Beginning of year	<u>44,603,337</u>
End of year	<u>\$ 46,402,836</u>
Net Position	
Net investment in capital assets	12,497,120
Restricted for debt service	46
Unrestricted	<u>33,905,670</u>
Net Position-June 30, 2020	<u>\$ 46,402,836</u>

The Management’s Discussion and Analysis Section of the CAFR provides a more in-depth view of the City’s current financial health. The Statement of Auditing Standards (SAS) No. 115, Communication of Internal Control Related Matters Identified in an Audit (Attachment 3), received from the auditor’s states that there were no material instances of noncompliance, no material weaknesses in internal controls, and no reportable conditions.

The auditors also performed procedures to determine whether the City Appropriations Limit worksheets were properly calculated. The auditors found no exceptions as a result of their procedures and issued an Independent Accountants’ Report on Agreed-Upon Procedures Applied to Appropriations Limit Worksheets letter (Attachment 4).

In SAS No. 114, the Auditor’s Communication with Those Charged with Governance (Communication) (Attachment 5) regarding their responsibilities under auditing standards generally accepted in the United States of America and Government Auditing Standards, the auditors reported on the implementation of various GASBs, among other findings.

The City’s audit was conducted in conformity with Generally Accepted Auditing Standards (GAAS). These are the standards that a CPA must follow when auditing financial statements. In an independent audit, the CPA expresses an opinion as to whether the financial statements present fairly the financial position and results of operations for the year ended. The Fiscal Year 2019/20 audit report contains this unmodified opinion.

The City was proud to accept the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the CAFR for the fiscal year ended June 30, 2019. Staff is confident that this report will again earn this distinction.

CEQA COMPLIANCE STATEMENT:

Not a project as defined by CEQA.

FISCAL IMPACT:

None with this action.

WORK PLAN:

N/A

OPTIONS:

- Approve Staff recommendation.
- Provide alternative direction.

DEPARTMENT RECOMMENDATION:

Staff recommends that the City Council:

1. Accept and file the City of Solana Beach Comprehensive Annual Financial Report (CAFR) for the fiscal year July 1, 2019 – June 30, 2020.
2. Accept and file the Communication of Internal Control Related Matters Identified in an Audit letter.
3. Accept and file the Independent Accountants' Report on Agreed-Upon Procedures Applied to Appropriations Limit Worksheets letter.
4. Accept and file The Auditor's Communication with Those Charged with Governance letter.

CITY MANAGER'S RECOMMENDATION:

Approve Department Recommendation



Gregory Wade, City Manager

Attachments:

1. CAFR for the year ended June 30, 2020
2. GASB 54 Fund Balance Classifications (General Fund)
3. Communication of Internal Control Related Matters Identified in an Audit letter
4. Independent Accountants' Report on Agreed-Upon Procedures Applied to Appropriations Limit Worksheets letter
5. The Auditor's Communication with Those Charged with Governance letter



CITY OF SOLANA BEACH CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL PERIOD ENDED JUNE 30, 2020

CITY OF SOLANA BEACH, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL PERIOD ENDED JUNE 30, 2020

PREPARED BY THE FINANCE DEPARTMENT
OF THE CITY OF SOLANA BEACH

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CITY OF SOLANA BEACH, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2020

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November 25, 2020

To the Honorable Mayor, Members of the City Council, and Citizens of Solana Beach:

It is with great pleasure that we present to you the City of Solana Beach (City) Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2020.

This year's report was prepared by the City's Finance Department in conformity with Generally Accepted Accounting Principles (GAAP) and has been audited in accordance with Generally Accepted Auditing Standards (GAAS) by a firm of licensed Certified Public Accountants. The report consists of management representations concerning the finances of the City. Consequently, responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position of the City. All disclosures necessary to enable an understanding of the City's financial activities have been included.

The CAFR includes the financial activity for all funds of the City. The City provides a wide range of services including planning; public works; engineering; maintenance of streets, parks and public facilities; community services and recreation; fire and marine safety; sanitation; community choice aggregation; and general administrative activities. Contracted services include building services through a third party consultant, law enforcement with the San Diego County Sheriff and animal control with the San Diego Human Society.

Internal Controls

The management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the costs of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of State, County, and Federal financial resources, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control structure is subject to periodic evaluation by the management of the City.

Annual Audit

Lance, Soll and Lunghard, LLP, appointed by the City Council, has audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2020, are free of material misstatement. As part of the City's annual audit, reviews are made to determine the adequacy of the internal control structure as well as to determine that the City has complied with applicable laws and regulations.

The results of the City's annual audit for the fiscal year ended June 30, 2020, provided no instances of material weaknesses in the internal control structure and no violations of applicable laws and regulations. The independent auditor concluded there was a reasonable basis for rendering an unmodified opinion and the City's financial statements are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MDA)

This letter of transmittal is designed to complement the Management's Discussion and Analysis (MDA) and should be read in conjunction with it. The MDA provides "financial highlights" and interprets the financial reports by analyzing trends and by explaining changes, fluctuations, and variances in the financial data. In addition, the MDA is intended to disclose any known significant events or decisions that affect the financial condition of the City. The City's MDA can be found immediately following the report of the independent auditors.

Government Profile

The City of Solana Beach was incorporated on July 1, 1986, under the general laws of the State of California and is home to a population of 13,838 residents per the State of California Department of Finance. Included within the City's financial statements is the financial information of the Solana Beach Public Facilities Corporation. The City is considered the primary government and the Public Facilities Corporation is a component unit. Additionally, since the governing boards of the City and the component unit are the same, the financial statements of the City and the component unit are blended.

The Solana Beach Public Facilities Corporation was incorporated on July 25, 1990, as a nonprofit public benefit corporation duly organized and existing under the Nonprofit Public Benefit Corporation Law. Its purpose is to benefit the City by providing financing for the planning, development, acquisition, construction, improvement, extension, repair, and renovation of public works projects, public facilities, furnishings, and equipment for use by the City.

The City of Solana Beach is a coastal community encompassing approximately 3.4 square miles and is located twenty-one miles north of the City of San Diego's downtown district. It is bordered to the North and South by the cities of Encinitas and Del Mar, respectively; to the East by the County San Diego; to the southeast by the City of San Diego; and by the Pacific Ocean to the West.

The City is a general law city that operates under the Council-Manager form of government. The City Council (Council) is comprised of five members elected at large for staggered four-year terms of office. The Mayor and Deputy Mayor are selected by the Council from among its members to serve one-year terms. The Council acts as the legislative and policy-making body of the City, enacting all laws and directing such actions as required providing for the general welfare of the community.

The City Manager, appointed by the Council, serves as the Chief Executive Officer and is responsible to the Council for the proper administration of all City affairs and for the implementation of all policies established by the Council. The City Attorney is the only other position appointed by the Council. All other department heads and employees are appointed by the City Manager.

Commissions play an important role in the governmental structure of Solana Beach. They provide many opportunities for citizens to participate in the affairs of the City. These Advisory Commissions assist in the performance of studies and the issuance of recommendations on various matters of concern to the Council.

The Advisory Commissions are the following:

- Budget & Finance Commission
- Climate Action Commission
- Parks & Recreation Commission
- Public Arts Commission
- View Assessment Commission

Budgetary Process and Controls

The process of adopting a budget for the City is generally a six-month process beginning in late December and ending in June when the Council adopts the budget and appropriates funds necessary for the City to provide services to its residents.

The process is all-inclusive as department directors work with the City Manager and representatives of the Finance Department to discuss departmental requests relative to the City's available resources.

The City's overall objectives and goals, along with the economic outlook, serve as a platform for the proposed budget that is distributed to the Council, and the Budget and Finance Commission, for preliminary review and analysis in preparation of public workshops and hearings. The public workshops and hearings are held to facilitate discussions of items contained within the proposed budget and to allow the citizenry to participate in the budget process.

In June 2019, the City Council approved a two-year budget for Fiscal Years (FY) 2019/20 and 2020/21. The same process was followed in developing the two-year budget and, as the budget is amended during this two-year budget cycle, budget adjustments are brought to the City Council for review and approval. The Fiscal Year 2020/21 portion of the two-year budget was amended in July 2020 mainly due to the impacts of COVID on City resources.

In addition to internal controls, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Council. Activities of the General, Special Revenue, Debt Service, and Capital Projects Funds are included in the annual appropriated budget.

The budget is arranged by fund, function, and department and is presented to the Council by the City Manager. The budget is then adopted annually by the Council prior to the beginning of the financial year and serves as the foundation for the City's financial planning and control. Department directors may make transfers of appropriations within their own budget units' departments with City Manager approval. The City budget is reviewed and is periodically adjusted at the middle of the fiscal year and at the end of the fiscal year. These adjustments are approved by the Council.

The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. The adopted budget for Fiscal Year 2019/20 was prepared in accordance with Generally Accepted Accounting Principles.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

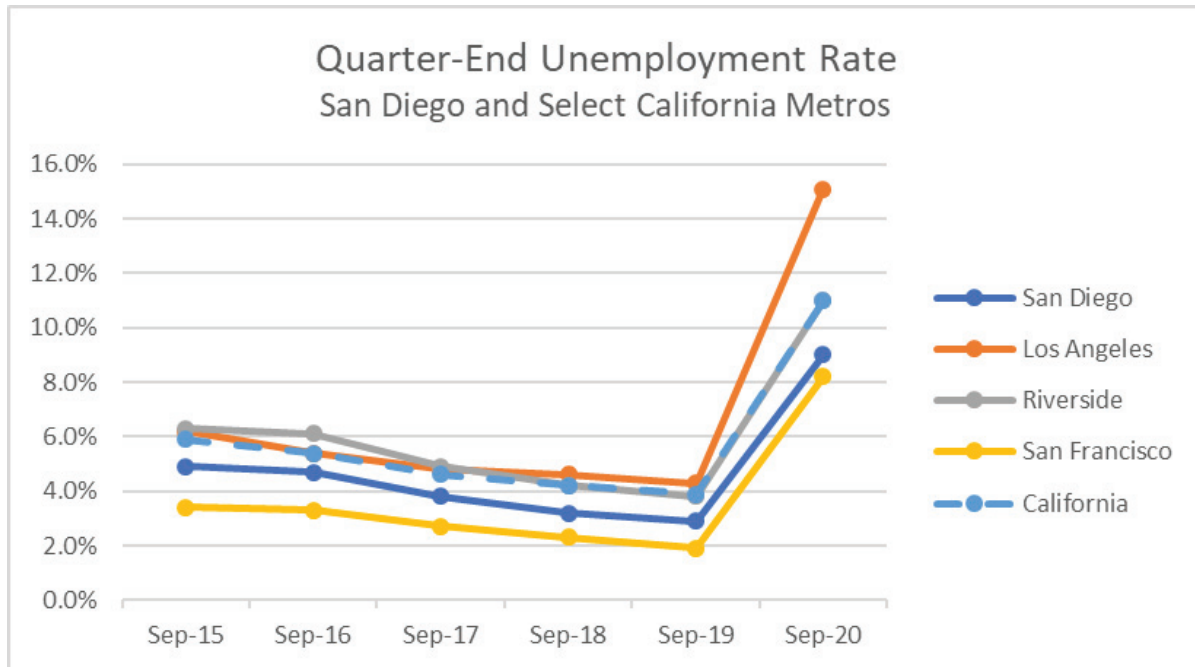
Economic Condition and Outlook

Solana Beach is home to citizens who enjoy the benefits of a coastal community that is within close proximity to the City of San Diego. The local beaches are a big attraction to both residents and non-residents. The City is comprised mainly of single-family homes and condominiums with retail, office and light industrial uses and service entities providing a tax base for the City.

As a somewhat suburban community, Solana Beach's economic base is linked primarily to the economy of the greater San Diego region. In particular, the greater San Diego economic base sustains the City's residential and industrial facilities. The local economy is primarily based on small to medium sized retail establishments and specialty stores selling general merchandise, furniture, arts and crafts, clothing, food, and gasoline. Local economic generators such as vacation tourism support a significant portion of the City's commercial base.

In regards to San Diego's local economy, the San Diego Regional Economic Development Corporation in its report on key economic indicators for the San Diego area shows that The region's unemployment rate was 9.0 percent in September down from a revised 9.5 percent in August 2020, and still three times above the year-ago estimate of 2.9 percent. Unemployment continues to increase in San Diego's unincorporated and low-income areas, while falling in wealthier areas. The highest unemployment area in the region was Bostonia at 16.5 percent and the lowest was Solana Beach at 5.0 percent. The region's unemployment rate remains lower than California's unemployment rate of 10.8 percent, but higher than the national unemployment rate of 7.7 percent. Unemployment rate trends for San Diego as compared to the State of California and its regional neighbor's trend as shown in the table on the following page.

UNEMPLOYMENT TRENDS:



Source: Bureau of Labor Statistics

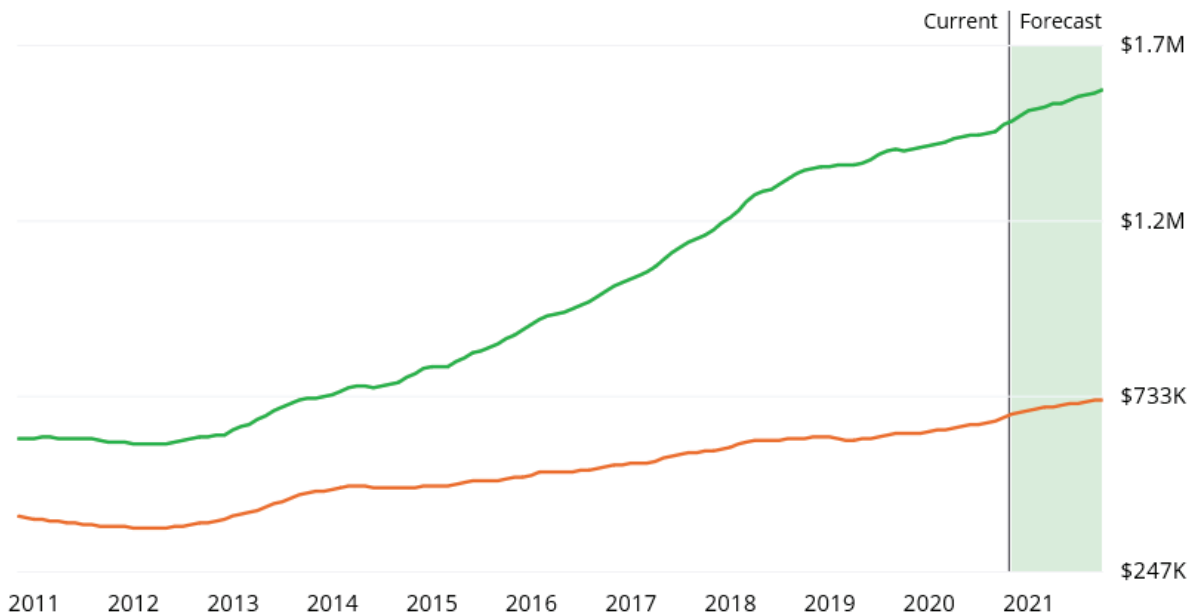
Year over year, the San Diego region had declines in employment across all industry sectors with the exception of Professional and Business services which was up by 1,500 (now at 259,000) as of the end of September 2020. The biggest losses were in Leisure and Hospitality (down 52,400 to 151,000). All government sectors experienced declines with the exception of federal which gained 2,500 to 50,400 jobs.

House prices continued to climb locally, despite record job losses from COVID. Lower mortgage rates, strong population growth, the addition of high-earning newcomers to the region, and low inventory of available houses have fueled house price growth. The median home price in the region was up in July of this year anywhere from roughly 5% to more than 10% from a year prior. Meanwhile, rents are essentially flat to just slightly down over the past year.

Housing prices continue to place the San Diego region as the third highest median home price chart, just below San Francisco and Los Angeles, as compared to the 25 most populous metropolitan areas in the United States. San Diego's median home price was \$645,000 in the third quarter 2019, a decrease of 0.8 percent as compared to the same quarter in 2018 and as compared to the national average of \$456,500.

Solana Beach's home values follow this trend. Since the 2008 recession, the City's median home value has steadily risen and in September 2020 was \$1,485,446 according to the Zillow home value index. Over the past year, home values in the City have increased by 4.9 percent and Zillow expects that they will increase 6.6 percent over the next year as illustrated in the graph on the following page.

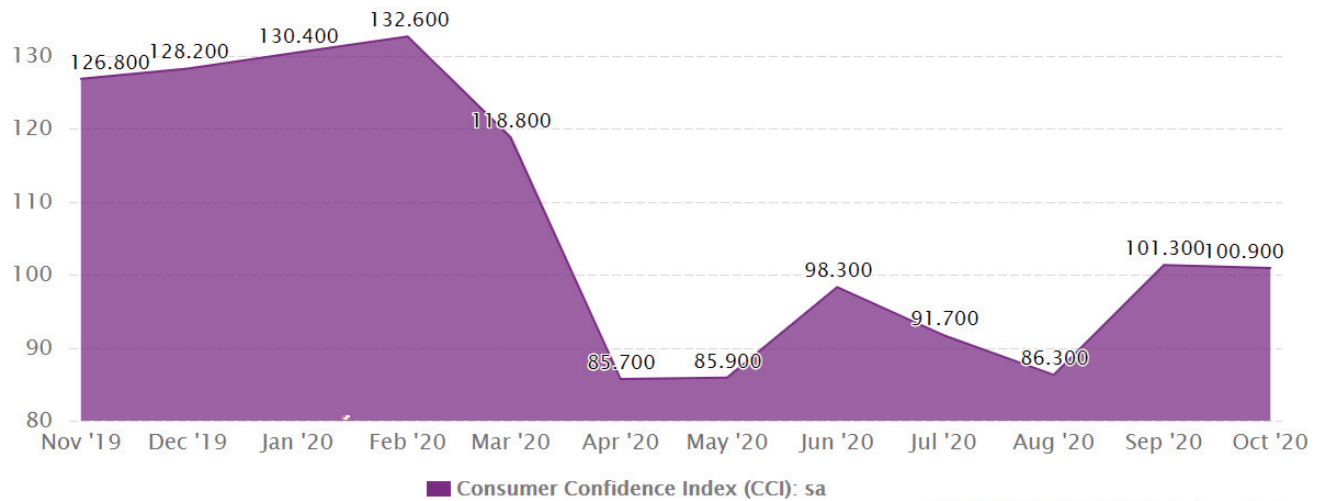
Sep 2021 — Solana Beach \$1.58M — San Diego \$725K



The median list price per square foot in Solana Beach is \$820, which is higher than the San Diego-Carlsbad Metro average of \$373. Rental costs for the City follow the same pattern - the median rent price in Solana Beach is \$3,500, which is higher than the San Diego Metro median of \$2,360 for a 2-bedroom unit.

In August 2020, sales of single-family homes increased by 10.2% over last year. This reflects the strong demand for home purchases. Pending sales also increased over the last quarter in San Diego County. Due to the pandemic, it was expected that the home prices would remain flat or drop a bit in the coming months, but instead prices have steadily increased in 2020 with the median sold price of single-family homes up 12.7% from the prior year to \$650,000.

The Conference Board’s consumer confidence assessment of current conditions improved while expectations declined, driven primarily by a softening in the short-term outlook for jobs. There is little to suggest that consumers foresee the economy gaining momentum in the final months of 2020, especially with COVID-19 cases on the rise and unemployment still high. The Index now stands at 100.9 (1985=100), down from the high of 132.6 in February 2020, but up from the low of 85.7 in April 2020. Consumers, however, are now less optimistic about the short-term outlook than a month ago. The percentage of consumers expecting business conditions will improve over the next six months decreased slightly from 36.7 percent to 36.3 percent, while those expecting business conditions will worsen increased from 15.8 percent to 17.0 percent. Consumers’ optimism regarding the job market was mixed.



The UCLA Anderson Forecast’s (Forecast) report for September 2020 stated “The decline in the second quarter has been less severe than we expected, and the recovery, from such a low base, has been significantly faster than expected,” There was a 31.7% annualized decline in real GDP during the April–June time period, the forecast now calls for annualized growth of 28.3% for the July–September time period. After the projected third-quarter increase, GDP would remain 4.5% below the fourth quarter of 2019. This compares to a 4.0% peak-to-trough decline during the Great Recession of 2008.

The economists issue a second caveat: The size and speed of the recovery have been so great, that the current forecast for 2020 is stronger than previously expected, but weaker for 2021, since some of the growth has been pulled forward into this year. However, unemployment is a concern. Following the peak of 14.7% in April, unemployment declined to 13.3% in May, 11.1% in June, 10.2% in July and 8.4% in August. The latest forecast is that the U.S. will end the year with 7.8% unemployment, and that the rate will continue to decline to 6.3% at the end of 2021 and to 4.7% by the end of 2022, but will not reach pre-pandemic rates until at least late 2024.

On June 29, 2020, Governor Gavin Newsom signed a \$202.1 billion budget for the 2020/21 fiscal year, a decrease of 3 percent from the FY 2019/20 budget. The state budget includes a \$133.9-billion general fund, a \$13 billion or 9 percent decrease, as compared to the revised FY 2019/20 budget appropriations. General Fund revenues are estimated at \$137.7 billion for FY 2020/21, remaining flat when compared with the revised FY 2019/20 revenues.

The new general fund budget allocates \$48 billion (\$98.8 billion from all sources) for K-12, and decreases higher education to \$15.8 billion. Healthcare spending is the largest portion of the budget, with a total cost of \$70.4 billion, \$44.8 billion from the general fund and \$25.6 billion from other sources including federal funds. The COVID-19 pandemic has impacted every sector of the state's economy and has caused record high unemployment—almost 1 in 5 Californians who were employed in February were out of work in May. Of the \$9.5 billion in Coronavirus Relief Fund received by the state,

\$4.5 billion is allocated to local school districts, \$1.3 billion is allocated to counties, and \$500 million to cities. The Budget also includes \$750 million General Fund to provide support for counties experiencing revenue losses due to the pandemic. Funds are available for all local governments in compliance with federal guidance and state health requirements on COVID-19 response.

The FY 2020/21 total budget projects a \$7.8 billion draw on reserves to help the state balance the budget during this economic downturn.

Long-Term Financial Planning

Solana Beach's conservative fiscal policies have helped the City build and maintain a healthy reserve and management will continue to hold costs in line with available resources.

General Fund property taxes have been, and continue to be, the highest revenue generator for the City. Sales tax is the City's second largest revenue source. During FY 2019/20, property taxes increased by \$347,713, or 4.4%, to \$8,300,130 as compared to FY 2018/19, however sales tax decreased by \$210,756, or -6.0%, to \$3,291,805 mainly due to the economic impact of COVID-19. The City's sales receipts from April through June were 4.6% below the last quarter of fiscal year 2019. Excluding reporting aberrations, including the infusion of additional tax allocations deferred last quarter by the State's relief program in support of businesses during the Covid-19 crisis, actual sales were down 19.7%.

Overall, the City's General Fund revenues increased by \$2,167,115, or 10.5%, from \$20,570,945 in FY 2018/19 to \$22,738,060 in FY 2019/20.

For FY 2019/21, budgeted property taxes are expected to increase as compared to actual amounts received for the prior fiscal year and sales tax is projected to increase only moderately due to the continuing economic impact of COVID-19. Property tax is expected to increase to \$8,561,500, or by 3.1%, and sales tax is projected to increase to \$3,493,000.

Total General Fund revenues, net of internal service charges, are budgeted at \$19,412,600. It is the City's goal not to rely on General Fund reserves to operate the City annually. The General Fund budget for FY 2020/21 was adopted on June 12, 2019 and subsequently amended on June 24, 2020 and again on July 8, 2020. The amended budget resulted in a projected \$20,000 surplus for FY 2020/21.

The City has taken steps to help maintain its fiscal sustainability over the next year by:

1. Negotiating a 2% savings on personnel budgeted within the general fund, by extending the current contracts into FY 2020/21 delaying budgeted increases.
2. Amending the Solana Beach Firefighters' Association (SBFA) agreement that modifies the salary and flex credit increases due the SBFA for Fiscal Year 2020/21.

3. A net reduction in Self Insurance and workers compensation costs due to lower than expected costs over the past two years.
4. Suspending on a one-time basis the annual transfer to the Facilities Replacement Fund of \$150,000.

Relevant Financial Policies

The City of Solana Beach has financial policies that help guide it during the preparation of the annual budget.

One such policy is the 17% reserve requirement discussed in the previous section. This policy, as in the adoption of the FYs 2019/20 and 2020/21 Budgets, is one that has been continuously adhered to by Council.

The Asset Replacement Reserve Fund is used to provide for the replacement of the City's existing equipment, vehicles, computers, and furnishings and the City's financial policy is to annually budget funds to this Reserve. During the FYs 2019/20 and 2020/21 budget process, the Council again ensured that funds were appropriated to maintain adequate reserves in the Asset Replacement Fund.

Additionally, beginning with the budget cycle for FY 2014/15, the City established an infrastructure replacement reserve to ensure that funds are available in the future for the replacement of buildings and improvements. Through FY 2020/21, the Council has approved \$850,000 to this reserve fund. This is net of the \$150,000 reduction in the amended FY2020/21 Budget.

Cash Management Policies and Practices

Cash resources of the individual funds are combined to form a pool of cash and investments. Cash temporarily idle during the year was invested primarily with Chandler Asset Management and also with the Local Agency Investment Fund (LAIF) consistent with the City's Investment Policy.

The City's longstanding Investment Policy was amended by the Council on February 10, 2016, and provides the City more flexibility to invest its excess funds to provide safety to ensure the preservation of capital in the portfolio, provide sufficient liquidity for cash needs, and to realize a market rate of return consistent with the investment program while staying within the requirements of California Government Code Section 53601.

The City's Investment Policy is designed to maximize the productive use of assets entrusted to its care and to invest and manage those funds wisely and prudently. Criteria for selecting investments and the order of priority are: (1) safety (2) liquidity and (3) yield. The basic premise underlying the City's Investment Policy is to ensure that money is safe, always available, and earning the highest and best returns.

Investment income includes appreciation/depreciation in the fair market value of investments (FMV). The total investment income for all funds for the fiscal year was \$1,505,620 (\$870,880 investment income received plus \$634,740 gain on the FMV), a decrease of \$112,139 from the prior fiscal year's amount of \$1,617,759 (\$825,375 investment income received plus \$792,384 gain on the FMV).

Major Projects and Financial Planning

Solana Energy Alliance

Community Choice Aggregation (CCA), authorized by Assembly Bill 117, is a state law that allows cities, counties and other authorized entities to aggregate electricity demand within their jurisdictions in order to purchase and/or generate alternative energy supplies for residents and businesses within their jurisdiction while maintaining the existing electricity provider for transmission and distribution services. The goal of a CCA is to provide a higher percentage of renewable energy electricity at competitive and potentially cheaper rates than existing Investor Owned Utilities (IOUs), while giving consumers local choices and promoting the development of renewable power sources and programs and local job growth.

The City's CCA, Solana Energy Alliance (SEA), was established by the City Council through adoption of Ordinance 483 on December 13, 2017 and began serving customers in June 2018. SEA is the first CCA to launch in San Diego Gas & Electric (SDG&E) territory.

The City Council established SEA with the goal of offering cleaner energy, local control, rate savings compared to SDG&E and supporting its Climate Action Plan's aggressive goal of 100% renewable energy by 2035. SEA launched with its default product, SEA Choice, sourced from 50% renewable and 75% greenhouse gas free sources. In addition, SEA offers SEA Green, it's 100% renewable energy product. SEA has been operational for one and a half years and continues to achieve the goals set out by the City Council.

Clean Energy Alliance

The City has been actively engaged in regional discussions regarding the potential development of a Joint Powers Authority (JPA) or similar governance structure that would allow the City to join with other jurisdictions to form a larger, regional CCA. The City Council (Council) had always envisioned the City would be a partner in a larger CCA JPA when neighboring cities were ready and willing to join the CCA movement. The Solana Energy Alliance (SEA) was formed as a single-city entity because there were no other feasible options in 2017. This has now changed as multiple cities are exploring CCA formation in San Diego County.

At the September 16, 2019 Council meeting, the Council directed Staff to initiate negotiations with the cities of Carlsbad and Del Mar to form a regional CCA JPA. On October 9, 2019, the Council authorized the City to join what is now called the Clean Energy Alliance (CEA) with the goal to launch in 2021. CEA will have many of the same goals as SEA, but will be a larger and more robust CCA that will take advantage of the larger economies of scale.

Solana Beach Pump Station Rehabilitation



This project added recommended upgrades, replacements and emergency overflow storage to the Solana Beach Pump Station per the 2000 Sanitary Sewer Master Plan, along with recommendations from the San Elijo Joint Powers Authority (SEJPA). This station pumps approximately 92% of the City's sewage through a force main under the San Elijo Lagoon to the SEJPA water reclamation facility on Manchester Avenue. The SEJPA maintains the pump station, which was originally constructed in 1966. Since then, the pump station was upgraded in 1982 when significant improvements were made. The City has recently entered into an agreement with the City of Del Mar to transport the majority of their flows through the City's sewer infrastructure, including this pump station, to the SEJPA water reclamation facility.

City Council awarded the sewer pump station upgrades project to PCL Construction on August 22, 2018. The City issued a notice to proceed to the contractor on November 13, 2018. Construction was completed in July 2020.

La Colonia Skate Park



On March 22, 2017 the City Council approved a Professional Services Agreement (PSA) with Van Dyke Landscape Architects (VDLA) and Site Design Group for final design services for a skate park at La Colonia Park. The Skate Park, the basketball court and the associated site improvements were constructed by California Skateparks and was completed in September 2019.

Lomas Santa Fe Drive Corridor Improvements

A recently completed transportation needs study identified several segments along the Lomas Santa Fe Drive corridor as high priority improvements. The first phase of the Lomas Santa Fe Corridor Study started in November 2016 and was intended to provide an assessment of the existing conditions which consisted of base mapping, data collection, identification of deficiencies and identification of proposed solutions to the deficiencies. The first phase has been completed. The second phase included additional technical and design analyses of the data collected in Phase I of the Feasibility Study and preparation of 30% preliminary engineering plans and cost estimates. Phase II was completed in the Fall 2018. Phase III will perform preliminary and final design of the proposed improvements. Phase III is expected to be completed in Fall 2020. The City received a grant from SANDAG for the work included in Phase III.

Marine Safety Center Renovations

The Marine Safety Center (MSC) at Fletcher Cove was constructed in or around the 1940s and is showing signs of its age. As part of the FY 2015/16 Adopted Budget, funding was allocated to perform a needs assessment and feasibility study to determine the best course of action for the renovation/replacement of the existing facility.

To accomplish this task, a Professional Services Agreement with Stephen Dalton Architects (SDA) was approved at the March 23, 2016 City Council meeting. During FY 2016/17, Staff worked with SDA on the preparation of the Fletcher Cove MSC Feasibility/Needs Assessment Study. The results of the Study indicate that nearly all building components are degraded and are past their useful lifespan. Spatially, the current building layout does not meet the functional needs of the Lifeguards.

In May 2017, the Study was presented to the City Council at which time the Council directed Staff to proceed with preparing a Request for Qualifications and Proposals (RFQ/P) for the complete removal and replacement of the existing facility. A consultant agreement for the preliminary design of the facility was approved by the City Council in October 2018. Since that time, the ongoing design has been presented at a community workshop and Council meetings.

Santa Helena Neighborhood Trail



Conceptual design work is underway for a neighborhood trail along Santa Helena, from Sun Valley Road to the northern terminus at the San Elijo Lagoon. In FY 2019/20, \$10,000 was appropriated to perform the conceptual design. This conceptual design is expected to be presented to the City Council for their consideration in the first quarter of the 2020 calendar year. An additional \$300,000 has been appropriated in the FY 2020/21 that would allow for community outreach and engineering design for the proposed project.

Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Solana Beach for its CAFR for the fiscal year ended June 30, 2019. This was the seventeenth year in the past eighteen years that the City has received this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report in accordance with the GASB 34 financial reporting model was made possible by the dedicated work of the Finance Department staff. Each member of the staff consisting of Catherine Wong, Kyle Koszewnik, Jill Thayer, and Amanda Sither has our sincerest appreciation for their contributions made in the preparation of this report. We would also like to thank the Mayor and Council for their continued support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Gregory Wade
City Manager

Respectfully submitted,



Rodney J. Greek
Interim Finance Director/Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Solana Beach
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

**CITY OF SOLANA BEACH
FISCAL YEAR 2019/20
DIRECTORY OF OFFICIALS AND ADVISORY BODIES**

CITY COUNCIL

Jewel Edson, Mayor
Judy Hegenauer, Deputy Mayor
Kristi Becker, Council Member
Kelly Harless, Council Member
David A. Zito, Council Member

TERM EXPIRES

December 2020
December 2020
December 2022
December 2022
December 2020

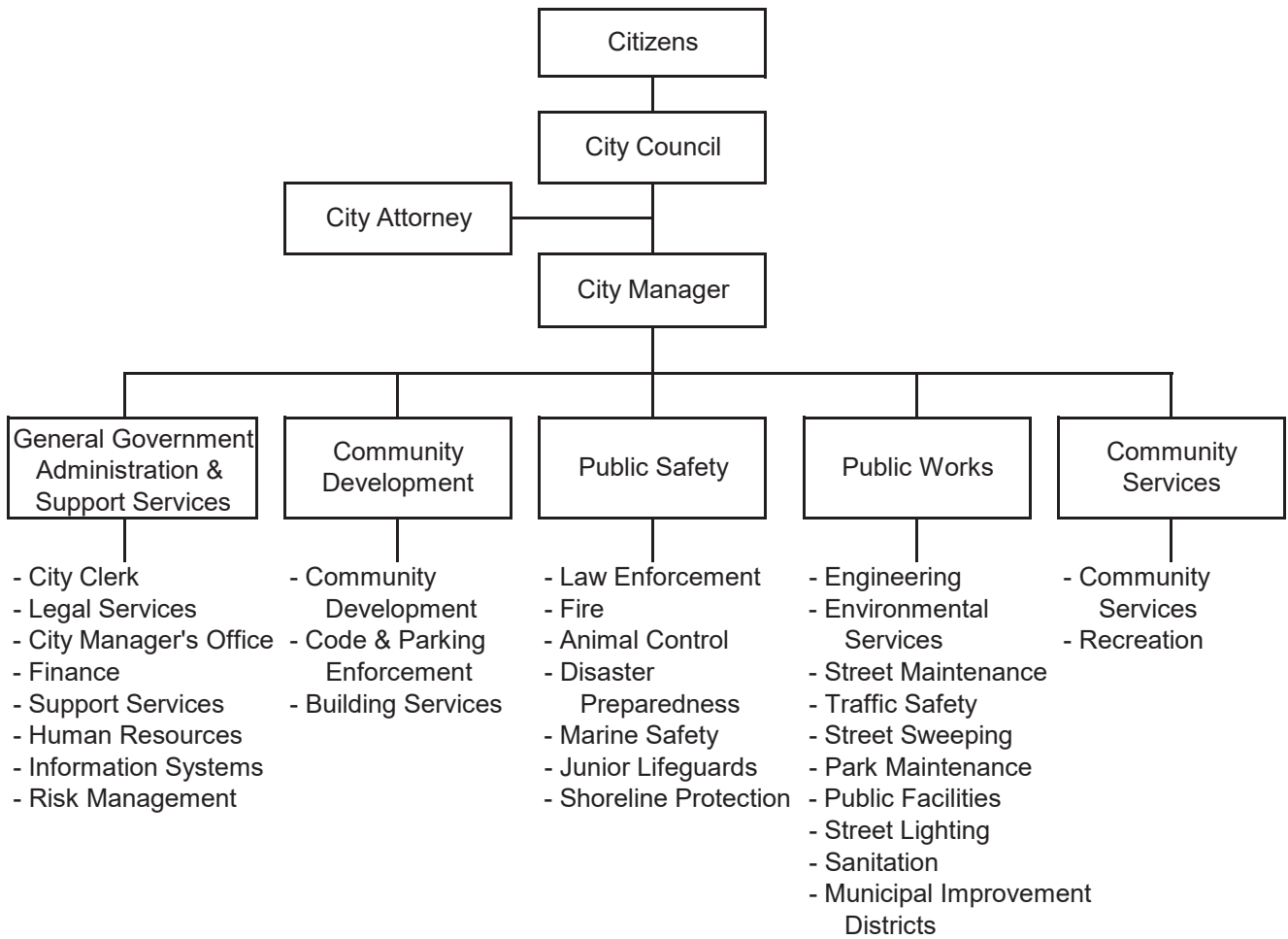
ADVISORY COMMISSIONS

Budget & Finance Commission
Climate Action Commission
Parks & Recreation Commission
Public Arts Commission
View Assessment Commission

APPOINTED OFFICIALS AND DEPARTMENT DIRECTORS

Gregory Wade	City Manager
Dan King	Assistant City Manager
Mohammed Sammak	Director of Public Works/City Engineer
Joseph Lim	Director of Community Development
Angela Ivey	City Clerk
Johanna Canlas	City Attorney
Rodney Greek	Interim Finance Director/Treasurer

CITY OF SOLANA BEACH
 CITY GOVERNMENT
 ORGANIZATIONAL CHART
 FISCAL YEAR 2019/2020



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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Solana Beach, 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 Solana Beach, California, (the City) as of and for the year ended June 30, 2020, 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 City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



To the Honorable Mayor and Members of the City Council
City of Solana Beach, California

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 Solana Beach, California, as of June 30, 2020, 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; the budgetary comparison schedules for the general fund and the Transnet fund; the schedules of proportionate shares of the net pension liabilities; the schedule of changes in net other post-employment benefits (OPEB) liability/(asset) and related ratios; the schedules of plan contributions; and the schedule of investment returns 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.

Prior Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2019, from which such partial information was derived.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.



To the Honorable Mayor and Members of the City Council
City of Solana Beach, California

The combining and individual fund financial statements and schedules 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 fund financial statements and schedules are fairly stated, in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Soll & Lughard, LLP

Brea, California
November 25, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Solana Beach (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020 (Fiscal Year (FY) 2020). It should be read in conjunction with the accompanying transmittal letter beginning on page i and the accompanying basic financial statements. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

- The City's net position increased to \$84,246, or by \$2,918, as a result of FY2020 operations.
- Governmental net position equaled \$37,843.
- The total revenues from all sources were \$37,095.
- The total cost of all City programs was \$34,177.
- The General Fund reported an excess of revenues over expenditures of \$2,350.
- The General Fund's actual resources received exceeded the final revenue budget by \$1,240 while actual expenditures were \$1,310 less than final budget before other financing sources and uses.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are:

- (1) Government-wide financial statements, which include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the City as a whole.
- (2) Fund financial statements describe how City services are financed in the short term as well as what resources are available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.
- (3) Notes to the financial statements.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities (Government-wide)

A frequently asked question regarding the City's financial health is whether the year's activities contributed positively to the City's overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the

accounting used by most private-sector companies. All of the current year's revenues and expenses are accounted for regardless of when cash is received or paid.

These two statements report the City's net position and changes thereto. Net position, the difference between assets and liabilities, are one way to measure the City's financial health, or financial position. Over time, increases or decreases in net position are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the City's property tax base or condition of the City's roads to assess accurately the overall health of the City.

The Statement of Net Position and the Statement of Activities present information about the following:

- **Governmental activities** - All of the City's basic services are considered governmental activities, including general government, community development, public safety, public works, and community services. Property taxes, transient occupancy taxes, sales taxes, and franchise fees finance most of these activities.
- **Proprietary activities/Business type activities** - The City charges a fee to customers to cover all or most of the cost of the services provided. The City's Sanitation system and Solana Energy Alliance, which provides clean energy services to the general public, are reported in this category.
- **Component units** - The City's governmental activities include the blending of the City of Solana Beach Public Facilities Corporation, a separate legal entity. Although legally separate, this "component unit" is important because the City is financially accountable for the corporation. A separate component unit financial statement was not issued for the Solana Beach Public Facilities Corporation since it has had no transactions, nor any assets, liabilities or equity over the past three fiscal years.

Reporting the City's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds that aid in the administration of resources for particular purposes or to meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The City's two kinds of funds, governmental and proprietary, use different accounting approaches:

- **Governmental funds** - Most of the City's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending.

These funds are reported using an accounting method called *modified accrual*, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* through the Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements.

- *Proprietary funds* - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

The City as Trustee

Reporting the City's Fiduciary Responsibilities

The City is the trustee, or *fiduciary*, for certain amounts held on behalf of developers, property owners, and others. These fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Assets and Liabilities. The City is responsible for ensuring that the assets are used for their intended purposes. Therefore, fiduciary activities are excluded from the City's other financial statements because the assets cannot be used to finance operations.

After the date of the dissolution of the Solana Beach Redevelopment Agency (RDA) on February 1, 2012, the assets and liabilities of the former redevelopment agency were transferred to the Successor Agency to the former Solana Beach RDA (Successor Agency) and are reported in a fiduciary fund (private-purpose trust fund).

THE CITY AS A WHOLE

Table 1
City of Solana Beach Net Position
(in Thousands)

	Governmental Activities		Business Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 31,561	\$ 28,753	\$ 47,751	\$ 48,757	\$ 79,312	\$ 77,510
Capital assets, net	35,609	36,223	18,602	15,763	54,211	51,986
Total assets	67,170	64,976	66,353	64,520	133,523	129,496
Deferred Outflows	3,392	3,337	282	354	3,674	3,691
Liabilities:						
Long-term debt outstanding	7,966	8,214	17,507	18,116	25,473	26,330
Other liabilities	22,711	21,698	2,560	2,045	25,271	23,743
Total liabilities	30,677	29,912	20,067	20,161	50,744	50,073
Deferred Inflows	2,042	1,677	165	109	2,207	1,786
Net position:						
Net investment in capital assets	26,666	29,397	12,053	8,893	38,719	38,290
Restricted	12,665	11,238	-	-	12,665	11,238
Unrestricted	(1,488)	(3,911)	34,350	35,711	32,862	31,800
Total net position	\$ 37,843	\$ 36,724	\$ 46,403	\$ 44,604	\$ 84,246	\$ 81,328

The City's combined net position for the fiscal year ended June 30, 2020 was \$84,246. The City has chosen to account for its sanitation and community choice aggregation operations in enterprise funds, which are shown as Business Activities on Table 1. The City's net position for governmental activities increased from \$36,724 to \$37,843. The following is an explanation of the governmental activity changes between fiscal years as shown in Table 1:

- Current and other assets increased \$2,808 or 9.8% primarily due to increased building and plan check fees and insurance reimbursements.
- Capital Assets net of depreciation decreased \$614 or 1.7% mainly due to current year depreciation on existing assets. More information is provided following Table 4.
- Other liabilities increased by \$1,013 mainly due to the increase in net pension liability related to changes in actuarial assumptions.

Changes related to Business activities are as follows:

- Current and other assets decreased \$1,006 or 2.0% primarily due to lower net income for the sanitation fund which reduced the cash balances in that fund.
- Capital Assets net of depreciation increased \$2,839 or 18.0% mainly due to construction on the Solana Beach Pump station. More information is provided following Table 4.
- Other liabilities increased by \$515 or 25.2% mainly due to the increase in accounts payable at year end related to the Solana Beach Pump Station project.

Governmental Activities

The cost of all Governmental activities in FY2020 was \$25,673 as shown on Tables 2 and 2.1. Of this cost, \$1,974 was paid for by those who directly benefited from the programs; \$1,514 was subsidized by grants received from other governmental organizations for both capital and operating activities; and \$23,304 was financed through general City revenues. Overall governmental program revenues, including intergovernmental aid and fees for services were \$3,488.

Table 2
City of Solana Beach Changes in Net Position
(in Thousands)

	Governmental Activities		Business Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 1,974	\$ 3,286	\$ 9,767	\$ 10,794	\$ 11,741	\$ 14,080
Operating grants and contributions	1,169	1,740	-	-	1,169	1,740
Capital grants and contributions	345	298	-	-	345	298
General revenues:						
Property taxes	9,465	9,070	-	-	9,465	9,070
Other taxes	9,120	9,861	-	-	9,120	9,861
Other	4,719	2,077	537	573	5,256	2,650
Total revenues	<u>26,792</u>	<u>26,332</u>	<u>10,304</u>	<u>11,367</u>	<u>37,096</u>	<u>37,699</u>
Expenses:						
General government	4,986	3,651	-	-	4,986	3,651
Public safety	12,616	11,051	-	-	12,616	11,051
Public works	4,895	5,937	-	-	4,895	5,937
Community development	1,586	1,482	-	-	1,586	1,482
Community services	1,227	1,178	-	-	1,227	1,178
Interest and fiscal charges	363	369	-	-	363	369
Sanitation	-	-	4,221	4,204	4,221	4,204
Solana Energy	-	-	4,283	5,211	4,283	5,211
Total expenses	<u>25,673</u>	<u>23,668</u>	<u>8,504</u>	<u>9,415</u>	<u>34,177</u>	<u>33,083</u>
Increase/(decrease) in net position	1,119	2,664	1,800	1,952	2,919	4,616
Net position - July 1	36,724	34,060	44,603	42,651	81,327	76,711
Net position - June 30	<u>\$ 37,843</u>	<u>\$ 36,724</u>	<u>\$ 46,403</u>	<u>\$ 44,603</u>	<u>\$ 84,246</u>	<u>\$ 81,327</u>

Items of significance within Table 2 are:

Revenues:

- Charges for services decreased by \$1,312 or 39.9% as compared to FY2019 primarily as a result of the COVID-19 shut down which impacted recreation and community service programs.
- Operating and Capital grants and contributions decreased by a net \$571 over the prior fiscal year amount due to an decrease in various public works grants.
- Property taxes and other taxes decreased by approximately 1.8% or \$346 due to COVID-19 and the impact to sales tax and transient occupancy tax revenue.

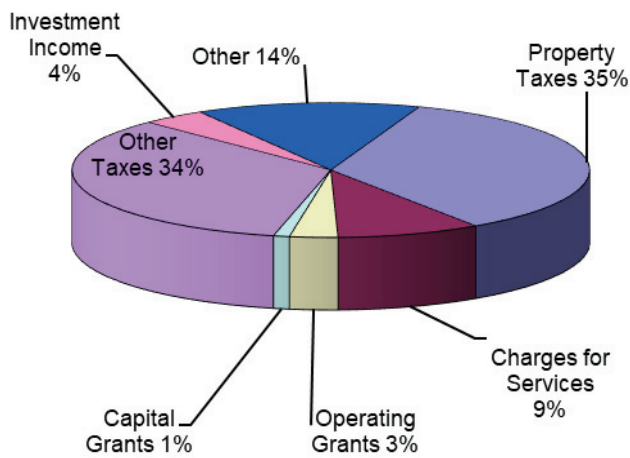
- Other general revenues increased by \$2,642 or 127% as compared to the prior fiscal year primarily due increased building and plan check fees and insurance reimbursements.

Expenses:

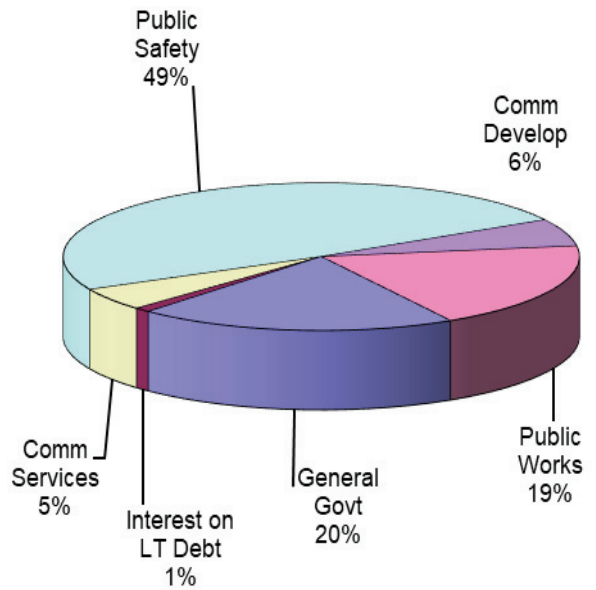
- General Government expenses increased in FY2020 by 37% or \$1,335 from the prior fiscal year primarily due to increased costs in the City's net Pension liability associated with a change in actuarial assumptions.
- Public Safety increased by 14% or \$1,565 due to a combination of increases in the Sheriff's contract with the County, equipment replacement and pension costs.
- Public Works decreased by \$1,042 or 18% mainly due to a cutback in professional services related to COVID-19.

**Fiscal Year 2020
Governmental Activities**
(Graphic representation of Table 2 in percentages)

Sources of Revenue



Program Expenses

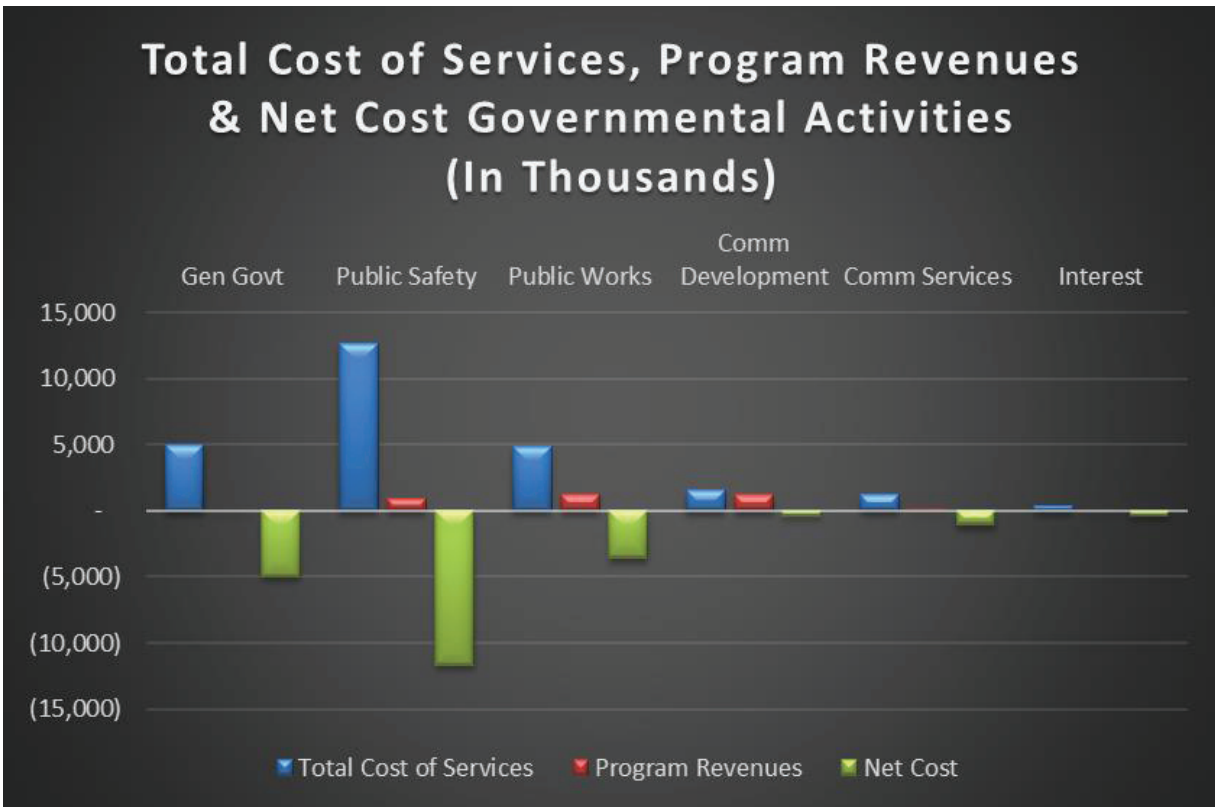


Net Cost of Governmental Activities

The City's programs include General Government, Public Safety, Public Works, Community Development, and Community Services. Each programs' net cost (total cost less revenues generated by the activities) is presented on Table 2.1. The net cost shows the extent to which the City's general taxes support each of the City's programs.

Table 2.1
Net Cost of Governmental Activities
(in Thousands)

	Total Cost of Services		Program Revenues		Net Cost of Services	
	2020	2019	2020	2019	2020	2019
General government	\$ 4,986	\$ 3,651	\$ -	\$ 194	\$ (4,986)	\$ (3,457)
Public safety	12,616	11,051	946	1,066	(11,670)	(9,985)
Public works	4,895	5,937	1,248	2,410	(3,647)	(3,527)
Community development	1,586	1,482	1,191	1,169	(395)	(313)
Community services	1,227	1,178	103	485	(1,124)	(693)
Interest on long-term debt	363	369	-	-	(363)	(369)
Totals	\$ 25,673	\$ 23,668	\$ 3,488	\$ 5,324	\$ (22,185)	\$ (18,344)



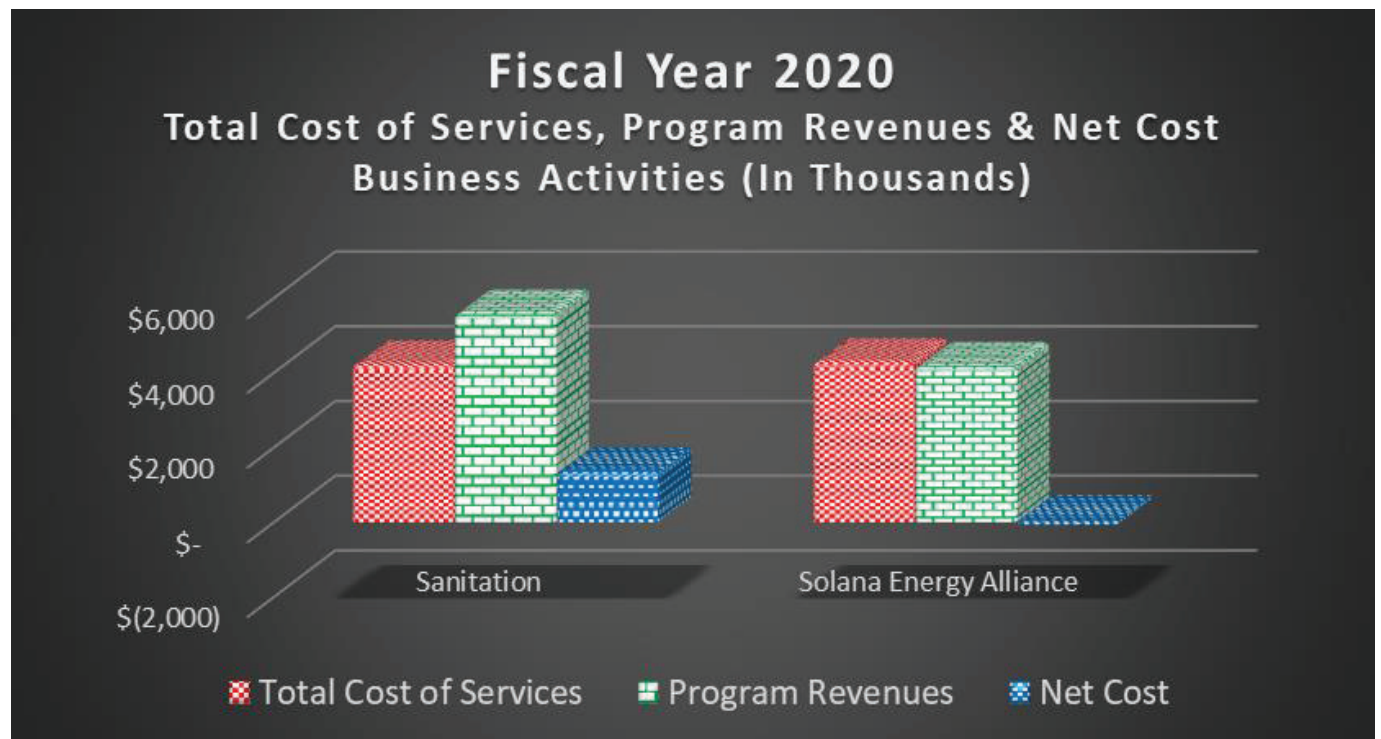
Total resources available during the year to finance governmental operations were \$63,516 consisting of a net position at July 1, 2019 of \$36,724, program revenues of \$3,488, and general revenues of \$23,304. Total governmental activities during the year were \$25,673, and as a result, net position increased by \$1,119 to \$37,843.

Business Type Activities

Net position of the Proprietary Fund (Business Type activities) at June 30, 2020 as reflected in Table 1 was \$46,403. As shown in Table 3, amounts paid by users of the Sanitation system and Solana Energy Alliance and other operating revenue were \$9,767 while the cost of providing all Proprietary (Business Type) activities in FY2020 was \$8,504 resulting in a net gain of \$1,263. With the addition of non-operating revenues of \$537, as shown on Table 2, net assets increased by \$1,800 or 4.0%.

Table 3
Net Cost of Business Activities
(in Thousands)

	Total Cost of Services		Program Revenue		Net Cost of Services	
	2020	2019	2020	2019	2020	2019
Sanitation	\$ 4,221	\$ 4,204	\$ 5,588	\$ 5,592	\$ 1,367	\$ 1,388
Solana Energy Alliance	4,283	5,211	4,179	5,202	(104)	(9)
Total Business Activities	\$ 8,504	\$ 9,415	\$ 9,767	\$10,794	\$ 1,263	\$ 1,379



Governmental Funds

The net change in Governmental Fund Balances are shown below in Table 4:

Table 4
City of Solana Beach Governmental Funds - Changes in Fund Balances
(in Thousands)

	General Fund		Special Revenue Fund Transnet		Capital Projects Fund City CIP		Other Governmental Funds		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenues:										
Taxes, Licenses, Fees and Intergovernmental	\$ 17,017	\$ 17,409	\$ 609	\$ 591	\$ -	\$ 537	\$ 2,846	\$ 2,891	\$ 20,472	\$ 21,428
Chargers for Services	1,110	953	-	-	43	394	116	884	1,269	2,231
Other	4,611	2,209	6	-	172	114	290	255	5,079	2,578
Total Revenues	22,738	20,571	615	591	215	1,045	3,252	4,030	26,820	26,237
Expenditures:										
Current	20,097	16,901	1	-	102	589	1,823	2,275	22,023	19,765
Capital Outlay	291	2,900	222	206	283	1,582	897	1,075	1,693	5,763
Debt	-	-	325	325	-	-	356	353	681	678
Total Expenditures	20,388	19,801	548	531	385	2,171	3,076	3,703	24,397	26,206
Net Transfers	(729)	(2,511)	-	-	100	2,114	629	397	-	-
Net Change in Fund Balances	\$ 1,621	\$ (1,741)	\$ 67	\$ 60	\$ (70)	\$ 988	\$ 805	\$ 724	\$ 2,423	\$ 31

The General Fund - Fund Balance increased by \$1,621 or 11.7% to \$15,454 from June 30, 2019 to June 30, 2020. This was mainly due to increases in Property Taxes (up \$347), Building Permits (up \$336), and allocation of Administrative charges (up \$522) to other funds. The Special Revenue Fund for Transnet increased 291.3% to \$90 as the main work being conducted in this fund is related to on-going street maintenance which saw modest increases from the prior year.

The Fund balance in the City CIP fund decreased by 2.5% or \$70 to \$2,753 from June 30, 2019 to June 30, 2020. Work in this fund is associated with sidewalk and storm drain repairs as well as median streetscapes. This program is managed to ensure funding is available annually to support the capital work completed during the fiscal year.

General Fund Budgetary Highlights

The actual expenditures for the City's General Fund at year-end were \$1,310 less than final appropriations prior to other financing uses. The budget to actual variance in appropriations was principally due to 1) conservative estimates at quarter-year and mid-year by management; 2) lower expenditures for the Fire Department and Public works than estimated; and 3) lower than expected capital outlay.

Actual revenues were \$1,240 greater than the final budget. Budget amendments and supplemental appropriations were made during the normal course of business to increase appropriations for unanticipated expenditures after adoption of the original budget, and adjustments to both revenues and expenditures were made near the end of the fiscal year for the anticipated impacts of COVID-19. Significant supplemental appropriations were:

- A total of \$656 in mid-year adjustments to revenue estimates were made as follows:
 - \$479 increase for Building Permits and Plan Check Fees due to the Solana Highlands and Solana 101 projects as well as an increase in the rate of Building permit applications
 - \$60 increase for a payment from the waste serves provider for a pollution discharge fee.
 - \$57 increase for Property Tax, Motor Vehicle and Franchise Fees
 - \$50 increase for interest revenue
 - \$10 increase for a community grant from Santa Fe Christian Schools

- A total of \$503 in mid-year adjustments to expenditure appropriations were made as follows:
 - \$326 increase in contracted professional services
 - \$120 increase to Fire Department overtime
 - \$57 increase for other supplies, equipment and maintenance expenditures in the general fund

- \$380 transfer out to Camp programs fund to support the Junior Lifeguard and After-school camps.

- \$199 increase to support the replacement of the City’s financial software system.

- Decrease to revenue estimates in the amount of \$1,048 were approved due to the impacts of COVID-19 as follows:
 - \$329 decrease in Sales Tax
 - \$321 decrease to Transient Occupancy Tax
 - \$301 decrease to various development related fees
 - \$97 decrease to Business Certificates and Short-Term Vacation Rental permits

- Decrease of \$467 to expenditures to partially offset the impact of COVID-19 as follows:
 - \$152 decrease to contracted Legal services
 - \$55 total decrease to Employee Salaries and Benefits
 - \$40 decrease to contracted Planning services
 - \$40 decrease to contracted Information System services
 - \$20 decrease to contracted Environmental services
 - \$48 decrease to various other professional services

- \$321 decrease to anticipated transient occupancy tax revenue due to the impacts of COVID-19.

Significant budgetary variations between final amended budget versus actual for the General Fund were:

- Sales tax came in \$362 higher than anticipated due to business opting out of the State approved timing relief for payment of taxes due to COVID-19.
- Interest earnings and rental income were higher than anticipated by \$425 due to the quicker than anticipated recovery from the economic downturn due to COVID-19 and the recording of the adjustment on investments to fair market value.
- Miscellaneous income was higher than anticipated by \$420 due to the higher than anticipated allocation of administrative service charges to other funds across the City. Included in this are pension and OPEB costs.
- Pension costs were higher than anticipated due to a deposit to the pension side fund of \$250 reported in the Finance department budget.
- Public safety costs were lower than anticipated by \$199 mainly due to savings in Fire due to lower than anticipated costs in claims and workers compensation.
- Support services were \$137 under budget mainly to savings in insurance costs due to lower than anticipated adjustments for experience rates.
- Capital Outlay: equipment purchases were delayed due to COVID-19 resulting in budgeted savings of \$830.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the City are those assets that are used in performance of City functions including infrastructure assets. Capital assets include equipment, buildings, land, park facilities, and roads.

At June 30, 2020, net capital assets of the governmental activities totaled \$35,609 and the net capital assets of the business-type activities totaled \$18,602. Depreciation on capital assets is recognized in the government-wide financial statements. (See Table 5 and Note 5 to the financial statements.)

The City's five-year Capital Improvement Plan projects to spend \$19,717 through FY2024. Over the next five years, funding will come from current fund balances and revenues such as Gas Tax and TransNet. Significant projects are rebuilding the Solana Beach Pump Station, La Colonia Park Tot Lot Improvements, Lomas Santa Fe Drive Corridor Improvements, Marine Safety Center Renovations, and ongoing pavement management, traffic calming, and storm drain and sewer pipeline improvements and replacement projects.

Table 5
City of Solana Beach Capital Assets at Year-End
(Net of Depreciation)
(In Thousands)

	Governmental Activities		Business Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 5,337	\$ 5,337	\$ 112	\$ 112	\$ 5,449	\$ 5,449
Buildings & Improvements	10,958	10,308	12,052	12,381	23,010	22,689
Equipment & Vehicles	1,222	1,137	281	297	1,503	1,434
Infrastructure	16,850	16,650	-	-	16,850	16,650
Work in Progress	1,242	2,791	6,157	2,973	7,399	5,764
	<u>\$ 35,609</u>	<u>\$ 36,223</u>	<u>\$ 18,602</u>	<u>\$ 15,763</u>	<u>\$ 54,211</u>	<u>\$ 51,986</u>

Debt

At year-end, the City had \$7,966 in governmental type debt and \$17,507 in proprietary debt (including premium on debt issuance) totaling \$25,473. This debt is a liability of the government and amounts to \$1,828 per capita.

See Table 6 and Notes 6 through 8 and Note 10 to the financial statements for detailed descriptions.

Table 6
City of Solana Beach Outstanding Debt at Year-End
(In Thousands)

	Governmental Activities		Business Activities		Total	
	2020	2019	2020	2019	2020	2019
Refunding lease	\$ 423	\$ 561	\$ -	\$ -	\$ 423	\$ 561
Capital leases	590	769	-	-	590	769
SEJPA Loan Payable-2011	-	-	60	117	60	117
SEJPA Loan Payable-2017	-	-	10,840	11,057	10,840	11,057
Sewer Revenue Bond-2006	-	-	-	-	-	-
2017 Wastewater						
Refunding Bond	-	-	6,105	6,385	6,105	6,385
TransNet Bond	5,500	5,500	-	-	5,500	5,500
Bond premiums	-	-	444	505	444	505
Bond discounts	(3)	(4)	-	-	(3)	(4)
Claims and judgements	947	994	-	-	947	994
Compensated absences	509	394	58	25	567	419
	<u>\$ 7,966</u>	<u>\$ 8,214</u>	<u>\$ 17,507</u>	<u>\$ 18,089</u>	<u>\$ 25,473</u>	<u>\$ 26,303</u>

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In June and July 2020, the City Council amended the budget for fiscal year ending June 30, 2021.

In considering the City Budget, the City Council and management focused on the challenge of balancing the budget in the midst of COVID-19. Budget decisions were made with the understanding that, although the current economic climate had taken a sharp downturn, it was already beginning to rebound. Fiscal Year 2021 was filled with uncertainty as the City's revenue stream for certain revenues was unknown and the need to manage the rate of any expenditure cost increase had to be closely evaluated and monitored. The challenge given these circumstances was to prepare a budget that held costs in line while continuing to provide high quality services and to move forward implementing the City's five-year capital improvement plan.

The result at the time of the budget amendment was that no new programs or services were added to the FY2021 budget. Departments were asked to prepare budgets with no change in their materials, supplies, and services categories and any requests for new monies needed to be justified.

The Solana Beach Firefighters' Association (SBFA) came to an agreement that modifies the salary and flex credit increases due the SBFA for Fiscal Year (FY) 2020/21. The modification to the MOU is that the 2% salary increase as well as a 5% increase will be to their flex credit and, will not be implemented until January 1, 2021. This delay resulted in a \$27,900 savings to the General Fund in salary and benefits.

Professional Services were evaluated and reduced across all departments as well as for the Travel/Meetings and Training budgets which were reduced leaving some funds remaining for public safety essential trainings and minimal monies for some City Council and City Manager travel.

Overall, the budget anticipates that Property tax revenues to the City next year will increase based upon property values, however revenues associated with transient occupancy tax being reduced by 27%, and business registrations reduced down by 20% in anticipation of being negatively impacted by COVID-19 resulting in net decrease in anticipated revenue of \$527.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's fiduciary responsibility for the funds it receives. If you have questions about this report or need additional financial information, contact the City's Finance Department, at the City of Solana Beach, 635 South Highway 101, Solana Beach, California 92075 or online: <http://www.ci.solana-beach.ca.us>.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF NET POSITION

JUNE 30, 2020

(With comparative totals for June 30, 2019)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	
			2020	2019
Assets:				
Cash and investments	\$ 29,279,786	\$ 9,805,642	\$ 39,085,428	\$ 38,041,086
Restricted cash and investments	2,422,056	46	2,422,102	1,744,767
Receivables:				
Accounts, net	336,987	690,364	1,027,351	1,270,549
Taxes	825,526	57,452	882,978	1,043,765
Interest	102,896	30,141	133,037	240,397
Prepaid costs	52,665	845	53,510	25,093
Deposits	-	100,000	100,000	100,000
Due from other governments	408,927	201,696	610,623	503,838
Inventories	47,545	-	47,545	-
Internal balances	(1,915,188)	1,915,188	-	-
Capital assets not being depreciated	6,579,186	6,268,396	12,847,582	11,213,080
Capital assets, net of depreciation	29,029,933	12,333,724	41,363,657	40,772,871
Investment in joint venture	-	34,949,555	34,949,555	34,540,199
Total Assets	67,170,319	66,353,049	133,523,368	129,495,645
Deferred Outflows of Resources:				
Deferred charge on refunding	-	68,647	68,647	137,294
	3,378,469	212,240	3,590,709	3,553,394
Deferred outflows related to other post-employment benefits	13,508	1,255	14,763	-
Total Deferred Outflows of Resources	3,391,977	282,142	3,674,119	3,690,688
Liabilities:				
Accounts payable	2,129,973	1,203,196	3,333,169	2,815,429
Accrued liabilities	326,805	23,135	349,940	368,817
Accrued interest	2,784	221,043	223,827	232,289
Unearned revenue	395,889	-	395,889	321,084
Deposits payable	3,003,499	-	3,003,499	2,739,837
Compensated absences, due within one year	295,803	29,340	325,143	326,717
Capital leases, due within one year	183,772	-	183,772	178,905
Claims payable, due within one year	236,750	-	236,750	248,500
Bonds and loans payable, due within one year	135,300	570,000	705,300	692,600
Noncurrent liabilities:				
Compensated absences	213,042	29,113	242,155	118,410
Capital leases	406,649	-	406,649	590,421
Claims payable	710,250	-	710,250	745,500
Bonds and loans payable	5,784,991	16,879,133	22,664,124	23,429,170
Net pension liability	14,396,434	884,339	15,280,773	14,061,674
Net other post-employment benefit liability	2,455,595	228,245	2,683,840	3,202,992
Total Liabilities	30,677,536	20,067,544	50,745,080	50,072,345
Deferred Inflows of Resources:				
Deferred inflows related to pensions	874,332	56,365	930,697	650,998
Deferred inflows related to other post-employment benefits	1,167,393	108,446	1,275,839	1,135,452
Total Deferred Inflows of Resources	2,041,725	164,811	2,206,536	1,786,450
Net Position:				
Net investment in capital assets	26,666,266	12,052,987	38,719,253	38,289,649
Restricted:				
Redevelopment activities	1,427,267	-	1,427,267	1,297,725
Public safety	591,923	-	591,923	641,903
Parks and recreation	13,501	-	13,501	-
Public works	3,954,924	-	3,954,924	3,485,107
Capital projects	4,232,955	-	4,232,955	4,045,008
Debt service	21,955	46	22,001	25,143
Pensions	2,422,056	-	2,422,056	1,743,908
Unrestricted	(1,487,812)	34,349,803	32,861,991	31,799,095
Total Net Position	\$ 37,843,035	\$ 46,402,836	\$ 84,245,871	\$ 81,327,538

The notes to financial statements are an integral part of this statement.

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2020
 (With comparative totals for June 30, 2019)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Primary Government:				
Governmental Activities:				
General government	\$ 4,985,418	\$ 205	\$ -	\$ -
Public safety	12,616,348	401,633	199,300	345,162
Community development	1,585,952	1,190,562	-	-
Community services	1,226,910	22,844	80,000	-
Public works	4,894,915	358,450	889,429	-
Interest on long-term debt	363,326	-	-	-
Total Governmental Activities	25,672,869	1,973,694	1,168,729	345,162
Business-Type Activities:				
Sanitation Fund	4,221,307	5,588,249	-	-
Solana Energy Alliance Fund	4,350,085	4,178,287	-	-
Total Business-Type Activities	8,571,392	9,766,536	-	-
Total Primary Government	\$ 34,244,261	\$ 11,740,230	\$ 1,168,729	\$ 345,162

General Revenues:

Taxes:

- Property taxes, levied for general purpose
- Sales taxes
- Transient occupancy taxes
- Franchise taxes
- Other taxes
- Use of money and property
- Other

Total General Revenues

Change in Net Position

Net Position at the Beginning of the Year

Net Position at the End of the Year

Net (Expenses) Revenues and Changes in Net Position

Primary Government

Governmental Activities	Activities	Total	
		2020	2019
\$ (4,985,213)	\$ -	\$ (4,985,213)	\$ (3,456,860)
(11,670,253)	-	(11,670,253)	(9,985,021)
(395,390)	-	(395,390)	(313,196)
(1,124,066)	-	(1,124,066)	(693,553)
(3,647,036)	-	(3,647,036)	(3,526,582)
(363,326)	-	(363,326)	(368,495)
<u>(22,185,284)</u>	<u>-</u>	<u>(22,185,284)</u>	<u>(18,343,707)</u>
-	1,366,942	1,366,942	1,387,541
-	(171,798)	(171,798)	(8,441)
-	1,195,144	1,195,144	1,379,100
<u>(22,185,284)</u>	<u>1,195,144</u>	<u>(20,990,140)</u>	<u>(16,964,607)</u>
9,465,402	-	9,465,402	9,070,200
3,291,805	-	3,291,805	3,502,561
1,456,897	-	1,456,897	2,019,005
751,324	-	751,324	792,575
3,619,856	-	3,619,856	3,547,175
1,132,930	423,002	1,555,932	1,657,974
3,585,904	181,353	3,767,257	991,411
<u>23,304,118</u>	<u>604,355</u>	<u>23,908,473</u>	<u>21,580,901</u>
1,118,834	1,799,499	2,918,333	4,616,294
36,724,201	44,603,337	81,327,538	76,711,244
<u>\$ 37,843,035</u>	<u>\$ 46,402,836</u>	<u>\$ 84,245,871</u>	<u>\$ 81,327,538</u>

The notes to financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Fiduciary Fund Financial Statements

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**GOVERNMENTAL FUND
FINANCIAL STATEMENTS**

CITY OF SOLANA BEACH, CALIFORNIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

(With comparative totals for June 30, 2019)

	<u>Special Revenue Fund</u>		<u>Capital Projects Fund</u>
	<u>General</u>	<u>TransNet</u>	<u>City CIP</u>
Assets:			
Cash and investments	\$ 18,370,663	\$ 90,449	\$ 2,729,943
Restricted cash and investments	2,422,056	-	-
Receivables:			
Accounts	311,416	-	-
Taxes	777,047	-	-
Accrued interest	69,028	402	10,421
Prepaid costs	52,665	-	-
Due from other governments	122,290	-	-
Due from other funds	1,012,931	-	31,171
Inventories	-	-	-
Total Assets	<u>\$ 23,138,096</u>	<u>\$ 90,851</u>	<u>\$ 2,771,535</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 1,939,563	\$ 519	\$ 9,769
Accrued liabilities	311,472	-	8,879
Unearned revenues	-	-	-
Deposits payable	2,934,273	-	-
Due to other funds	-	-	-
Advances from other funds	2,432,141	-	-
Total Liabilities	<u>7,617,449</u>	<u>519</u>	<u>18,648</u>
Deferred Inflows of Resources:			
Unavailable revenues	66,569	-	-
Total Deferred Inflows of Resources	<u>66,569</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Nonspendable	52,665	-	-
Restricted	2,422,056	90,332	2,752,887
Committed	1,179,507	-	-
Assigned	6,349,702	-	-
Unassigned	5,450,148	-	-
Total Fund Balances	<u>15,454,078</u>	<u>90,332</u>	<u>2,752,887</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 23,138,096</u>	<u>\$ 90,851</u>	<u>\$ 2,771,535</u>

The notes to financial statements are an integral part of this statement.

CITY OF SOLANA BEACH, CALIFORNIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

(With comparative totals for June 30, 2019)

	Other Governmental Funds	Total Governmental Funds	
		2020	2019
Assets:			
Cash and investments	\$ 8,088,731	\$ 29,279,786	\$ 27,722,276
Restricted cash and investments	-	2,422,056	1,744,718
Receivables:			
Accounts	25,571	336,987	403,029
Taxes	48,479	825,526	1,043,765
Accrued interest	23,045	102,896	120,303
Prepaid costs	-	52,665	23,402
Due from other governments	286,637	408,927	338,228
Due from other funds	-	1,044,102	303,048
Inventories	47,545	47,545	-
Total Assets	\$ 8,520,008	\$ 34,520,490	\$ 31,698,769
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 180,122	\$ 2,129,973	\$ 2,048,041
Accrued liabilities	6,454	326,805	333,638
Unearned revenues	395,889	395,889	321,084
Deposits payable	69,226	3,003,499	2,739,837
Due to other funds	527,149	527,149	145,859
Advances from other funds	-	2,432,141	2,800,000
Total Liabilities	1,178,840	8,815,456	8,388,459
Deferred Inflows of Resources:			
Unavailable revenues	-	66,569	94,790
Total Deferred Inflows of Resources	-	66,569	94,790
Fund Balances:			
Nonspendable	-	52,665	23,402
Restricted	7,399,306	12,664,581	11,238,745
Committed	-	1,179,507	1,436,307
Assigned	-	6,349,702	6,041,593
Unassigned	(58,138)	5,392,010	4,475,473
Total Fund Balances	7,341,168	25,638,465	23,215,520
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,520,008	\$ 34,520,490	\$ 31,698,769

The notes to financial statements are an integral part of this statement.

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CITY OF SOLANA BEACH, CALIFORNIA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds		\$ 25,638,465
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		35,609,119
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.		
Limited Tax Bonds 2010A Series	\$ (5,500,000)	
Lease revenue bond - ABAG	(423,000)	
Unamortized bond discount - ABAG	2,709	
Capital lease obligations	(590,421)	
Claims and judgments	(947,000)	
Compensated absences	(508,845)	(7,966,557)
Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds.		(2,784)
Governmental funds report all pension contributions as expenditures; however, in the statement of activities, the excess of the total pension liability over the plan fiduciary net position is reported as a net pension liability.		(14,396,434)
Pension-related deferred outflows of resources that have not been included as financial uses in the governmental fund activity are as follows:		
Contributions made after the actuarial measurement date	1,527,934	
Changes in assumptions	623,087	
Difference between expected and actual experiences	934,115	
Net difference between projected and actual earnings on plan investments		
Adjustments due to differences in proportions	293,333	3,378,469
Pension-related deferred inflows of resources that have not been included as financial resources in the governmental fund activity are as follows:		
Changes in assumptions	(159,288)	
Difference between expected and actual experiences	(2,872)	
Net difference between projected and actual earnings on plan investments	(217,456)	
Adjustments due to differences in proportions	(177,659)	
Difference in proportionate share	(317,057)	(874,332)
Governmental funds report all other post-employment benefits contributions as expenditures; however, in the statement of net position, the excess of the total other post-employment benefits liability over the plan fiduciary net position is reported as a net other post-employment benefits liability.		(2,455,595)
Other post-employment benefits-related deferred outflows of resources that have not been included as financial uses in the governmental fund activity are as follows:		
Net difference between projected and actual earnings on plan investments	13,508	13,508
Other post-employment benefits related deferred inflows of resources that have not been included as financial resources in the governmental fund activity are as follows:		
Changes in assumptions	(1,134,016)	
Differences between expected and actual experience	(33,377)	(1,167,393)
Revenues reported as unavailable revenue in the governmental funds are recognized in the statement of activities.		66,569
Net Position of Governmental Activities		\$ 37,843,035

The notes to financial statements are an integral part of this statement.

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)

	<u>Special</u>		<u>Capital</u>
	<u>Revenue Fund</u>	<u>Projects Fund</u>	
	<u>General</u>	<u>TransNet</u>	<u>City CIP</u>
Revenues:			
Taxes and assessments	\$ 14,646,098	\$ -	\$ -
Licenses, permits and fees	337,922	7,246	-
Intergovernmental	2,033,269	601,705	-
Charges for services	1,110,059	-	43,215
Use of money and property	725,551	6,142	127,291
Fines and forfeitures	359,703	-	-
Other revenues	3,525,458	-	43,951
Total Revenues	22,738,060	615,093	214,457
Expenditures:			
Current:			
General government	4,698,379	-	6,960
Public safety	10,865,888	-	-
Public works	2,404,357	461	50,191
Community development	1,392,224	-	44,997
Community services	735,885	-	-
Capital outlay	291,013	222,389	282,589
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	325,105	-
Total Expenditures	20,387,746	547,955	384,737
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,350,314	67,138	(170,280)
Other Financing Sources (Uses):			
Transfers in	-	-	100,000
Transfers out	(729,515)	-	-
Total Other Financing Sources (Uses)	(729,515)	-	100,000
Net Change in Fund Balances	1,620,799	67,138	(70,280)
Fund Balances at the Beginning of the Year	13,833,279	23,194	2,823,167
Fund Balances at the End of the Year	\$ 15,454,078	\$ 90,332	\$ 2,752,887

The notes to financial statements are an integral part of this statement.

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)

	Other Governmental Funds	Total Governmental Funds	
		2020	2019
Revenues:			
Taxes and assessments	\$ 2,196,375	\$ 16,842,473	\$ 17,275,214
Licenses, permits and fees	-	345,168	486,891
Intergovernmental	649,949	3,284,923	3,665,899
Charges for services	115,549	1,268,823	2,230,614
Use of money and property	273,946	1,132,930	1,100,795
Fines and forfeitures	-	359,703	502,249
Other revenues	16,495	3,585,904	975,510
Total Revenues	3,252,314	26,819,924	26,237,172
Expenditures:			
Current:			
General government	-	4,705,339	4,191,376
Public safety	694,120	11,560,008	10,243,546
Public works	953,601	3,408,610	2,975,518
Community development	107,181	1,544,402	1,523,428
Community services	68,025	803,910	830,315
Capital outlay	896,975	1,692,966	5,763,230
Debt service:			
Principal retirement	316,505	316,505	303,971
Interest and fiscal charges	40,134	365,239	374,519
Total Expenditures	3,076,541	24,396,979	26,205,903
Excess (Deficiency) of Revenues Over (Under) Expenditures	175,773	2,422,945	31,269
Other Financing Sources (Uses):			
Transfers in	699,915	799,915	2,636,370
Transfers out	(70,400)	(799,915)	(2,636,370)
Total Other Financing Sources (Uses)	629,515	-	-
Net Change in Fund Balances	805,288	2,422,945	31,269
Fund Balances at the Beginning of the Year	6,535,880	23,215,520	23,184,251
Fund Balances at the End of the Year	\$ 7,341,168	\$ 25,638,465	\$ 23,215,520

The notes to financial statements are an integral part of this statement.

CITY OF SOLANA BEACH, CALIFORNIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		\$ 2,422,945
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.</p>		
Capital outlay	\$ 1,697,994	
Depreciation	<u>(2,311,904)</u>	(613,910)
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>		
Lease revenue bond - ABAG principal payments	137,600	
Capital leases - principal payments	178,905	
Amortization of lease revenue bond - ABAG discount	(1,066)	
Change in compensated absences	(115,120)	
Change in claims and judgments	<u>47,000</u>	247,319
Net change in accrued interest on long-term debt for the current period reported on the statement of activities.		2,979
Pension obligation expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(1,364,307)
Other post-employment benefits obligation expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		452,029
Revenues reported as unavailable revenue in the governmental funds are recognized in the statement of activities. These are included in the operating contributions and miscellaneous income in the statement of activities.		<u>(28,221)</u>
Change in Net Position of Governmental Activities		<u>\$ 1,118,834</u>

**PROPRIETARY FUND
FINANCIAL STATEMENTS**

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2020

(With comparative totals for June 30, 2019)

	Sanitation Fund	Solana Energy Alliance Fund	Total Proprietary Funds	
			2020	2019
Assets:				
Current Assets:				
Cash and investments	\$ 9,805,642	\$ -	\$ 9,805,642	\$ 10,318,810
Receivables:				
Accounts	29,489	660,875	690,364	867,520
Taxes	57,452	-	57,452	-
Interest	30,141	-	30,141	120,094
Prepaid costs	845	-	845	1,691
Deposits	-	100,000	100,000	100,000
Due from other governments	41,319	160,377	201,696	165,610
Restricted cash and investments	46	-	46	49
Total Current Assets	9,964,934	921,252	10,886,186	11,573,774
Noncurrent Assets:				
Advances to other funds	2,432,141	-	2,432,141	2,800,000
Investment in joint venture	34,949,555	-	34,949,555	34,540,199
Capital assets, not being depreciated	6,268,396	-	6,268,396	3,084,511
Capital assets, net of accumulated depreciation	12,333,724	-	12,333,724	12,678,411
Total Noncurrent Assets	55,983,816	-	55,983,816	53,103,121
Total Assets	65,948,750	921,252	66,870,002	64,676,895
Deferred Outflows of Resources:				
Deferred charge on refunding	68,647	-	68,647	137,294
Deferred outflows related to pensions	168,704	43,536	212,240	216,350
Deferred outflows related to other post-employment benefits	1,004	-	1,255	-
Total Deferred Outflows of Resources	238,355	43,787	282,142	353,644
Liabilities:				
Current Liabilities:				
Accounts payable	965,084	238,112	1,203,196	767,388
Accrued liabilities	12,206	10,929	23,135	35,179
Interest payable	221,043	-	221,043	226,526
Due to other funds	-	516,953	516,953	157,189
Compensated absences, due within one year	29,340	-	29,340	24,594
Long-term debt, due within one year	570,000	-	570,000	555,000
Total Current Liabilities	1,797,673	765,994	2,563,667	1,765,876
Noncurrent Liabilities:				
Compensated absences	29,113	-	29,113	26,808
Long-term debt	16,879,133	-	16,879,133	17,509,945
Net other post-employment benefits liability	182,596	45,649	228,245	204,456
Net pension liability	702,936	181,403	884,339	810,742
Total Noncurrent Liabilities	17,793,778	227,052	18,020,830	18,551,951
Total Liabilities	19,591,451	993,046	20,584,497	20,317,827
Deferred Inflows of Resources:				
Deferred inflows relating to pensions	44,803	11,562	56,365	36,896
Deferred inflows relating to other post-employment benefits	86,757	21,689	108,446	72,479
Total Deferred Inflows of Resources	131,560	33,251	164,811	109,375
Net Position:				
Net investment in capital assets	12,052,987	-	12,052,987	8,892,771
Restricted for debt service	46	-	46	49
Unrestricted	34,411,061	(61,258)	34,349,803	35,710,517
Total Net Position	\$ 46,464,094	\$ (61,258)	\$ 46,402,836	\$ 44,603,337

The notes to financial statements are an integral part of this statement.

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
JUNE 30, 2020
(With comparative totals for June 30, 2019)

	Sanitation Fund	Solana Energy Alliance Fund	Total Proprietary Funds	
			2020	2019
Operating Revenues:				
Charges for services	\$ 5,588,249	\$ 4,178,287	\$ 9,766,536	\$ 10,794,420
Miscellaneous Revenue	173,507	7,846	181,353	15,901
Total Operating Revenues	5,761,756	4,186,133	9,947,889	10,810,321
Operating Expenses:				
Cost of sales and services	2,292,172	4,312,335	6,604,507	7,251,013
Administration	733,442	37,750	771,192	1,174,657
Depreciation	426,773	-	426,773	423,531
Total Operating Expenses	3,452,387	4,350,085	7,802,472	8,849,201
Operating Income (Loss)	2,309,369	(163,952)	2,145,417	1,961,120
Nonoperating Revenues (Expenses):				
Interest income	417,654	5,348	423,002	557,179
Interest expense	(674,093)	-	(674,093)	(705,008)
Amortization of bond premium/discount & refunding charge	(8,680)	-	(8,680)	(35,280)
Amortization of investment premium	(10,945)	-	(10,945)	(10,945)
Share in joint venture net gain/(loss)	(75,202)	-	(75,202)	185,114
Total Nonoperating Revenues (Expenses)	(351,266)	5,348	(345,918)	(8,940)
Changes in Net Position	1,958,103	(158,604)	1,799,499	1,952,180
Net Position at the Beginning of the Year	44,505,991	97,346	44,603,337	42,651,157
Net Position at the End of the Year	\$ 46,464,094	\$ (61,258)	\$ 46,402,836	\$ 44,603,337

The notes to financial statements are an integral part of this statement.

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 JUNE 30, 2020

(With comparative totals for June 30, 2019)

	Sanitation Fund	Solana Energy Alliance Fund	Total Proprietary Funds	
			2020	2019
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 5,869,925	\$ 4,321,959	\$ 10,191,884	\$ 10,314,146
Cash paid to suppliers for goods and services	(1,662,081)	(4,505,772)	(6,167,853)	(6,910,120)
Cash paid to employees for services	(599,586)	(20,922)	(620,508)	(613,796)
Net Cash Provided by (Used for) Operating Activities	3,608,258	(204,735)	3,403,523	2,790,230
Cash Flows from Noncapital Financing Activities:				
Proceeds from short-term interfund borrowings	-	-	-	15,885
Repayment made to other funds	367,859	-	367,859	(2,800,000)
Cash advance made to the Clean Energy Alliance	-	(160,377)	(160,377)	-
Net Cash Provided by (Used for) Noncapital Financing Activities	367,859	(160,377)	207,482	(2,784,115)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(3,267,423)	-	(3,267,423)	(2,373,894)
Principal paid on capital debt	(555,000)	-	(555,000)	(1,081,967)
Interest paid on capital debt	(691,366)	-	(691,366)	(695,521)
Repayments from other funds	-	359,764	359,764	-
Proceeds from sales of capital assets	1,452	-	1,452	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(4,512,337)	359,764	(4,152,573)	(4,151,382)
Cash Flows from Investing Activities:				
Interest received	432,405	5,348	437,753	488,449
Investment in joint venture	(409,356)	-	-	(65,630)
Net Cash Provided by Investing Activities	23,049	5,348	28,397	422,819
Net Decrease in Cash and Cash Equivalents	(513,171)	-	(513,171)	(3,722,448)
Cash and Cash Equivalents, July 1 (including \$49 for the Sanitation Fund Reported for Restricted Accounts)	10,318,859	-	10,318,859	14,041,307
Cash and Cash Equivalents, June 30 (Including \$46 for the Sanitation Fund Reported in Restricted Accounts)	\$ 9,805,688	\$ -	\$ 9,805,688	\$ 10,318,859

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 JUNE 30, 2020

(With comparative totals for June 30, 2019)

	Sanitation Fund	Solana Energy Alliance Fund	Total Proprietary Funds	
			2020	2019
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Operating income (loss)	\$ 2,309,369	\$ (163,952)	\$ 2,145,417	\$ 1,961,120
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	426,773	-	426,773	423,531
(Increase) decrease in accounts receivable	(16,122)	135,826	119,704	(230,565)
(Increase) in deposits receivable	-	-	-	(100,000)
(Increase) decrease in due from other governments	124,291	-	124,291	(165,610)
Decrease in prepaid expense	846	-	846	27,446
Increase (decrease) in accounts payable	629,245	(193,437)	435,808	127,708
Increase (decrease) in accrued liabilities	1,905	(13,949)	(12,044)	25,790
Increase in net pension liability	105,877	27,266	133,143	439,932
Increase in other post-employment benefits	19,023	3,511	22,534	276,935
Increase in compensated absences	7,051	-	7,051	3,943
Total Adjustments	1,298,889	(40,783)	1,258,106	829,110
Net Cash Provided by (Used for) Operating Activities	\$ 3,608,258	\$ (204,735)	\$ 3,403,523	\$ 2,790,230
Schedule of Non-Cash Investing, Capital, and Financing Activities:				
Amortization of bonds premium/discount	\$ 68,647	\$ -	\$ -	\$ -
Unrealized gain on investment in joint venture	(75,202)	-	(75,202)	185,114

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**FIDUCIARY FUND
FINANCIAL STATEMENTS**

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CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2020
 (With comparative totals for June 30, 2019)

	Agency Funds		OPEB Trust Fund		Private-Purpose Trust Successor Agency of the Former RDA	
	2020	2019	2020	2019	2020	2019
Assets:						
Cash and investments	\$ 379,751	\$ 519,890	\$ -	\$ -	\$ 98,862	\$ 244,663
Receivables:						
Accounts	837	1,668	-	-	-	-
Taxes	1,623	5,049	-	-	-	-
Restricted assets:						
Cash	-	-	849,021	633,829	13	198
Total Assets	\$ 382,211	\$ 526,607	849,021	633,829	98,875	244,861
Liabilities:						
Accounts payable	\$ 791	\$ 912	413	294	600	613
Accrued liabilities	-	-	-	-	1,294	1,104
Accrued interest	-	-	-	-	6,750	7,078
Due to bondholders	381,420	525,695	-	-	-	-
Long-term liabilities:						
Bonds payable, due in one year	-	-	-	-	120,900	116,900
Bonds payable, due in more than one year	-	-	-	-	2,289,900	2,410,800
Total Liabilities	\$ 382,211	\$ 526,607	413	294	2,419,444	2,536,495
Net Position:						
Restricted for other post-employment benefits			848,608	633,535	-	-
Held in trust for other purposes			-	-	(2,320,569)	(2,291,634)
Total Net Position			\$ 848,608	\$ 633,535	\$(2,320,569)	\$(2,291,634)

The notes to financial statements are an integral part of this statement.

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020
 (With comparative totals for June 30, 2019)

	OPEB Trust Fund		Private-Purpose Trust Fund	
			Successor Agency of the Former RDA	
	2020	2019	2020	2019
Additions:				
Contributions:				
Employer contributions	\$ 198,000	\$ 253,516	\$ -	\$ -
Total contributions	198,000	253,516	-	-
Investment earnings:				
Interest	23,098	25,027	47	199
Net increase in the fair value of investments	(1,817)	6,490	-	-
Net investment earnings	21,281	31,517	47	199
Taxes	-	-	100,899	141,440
Total Additions	219,281	285,033	100,946	141,639
Deductions:				
Administrative expenses	4,208	2,779	41,638	159,942
Contractual services	-	-	4,606	7,795
Interest expense	-	-	83,637	87,464
Total Deductions	4,208	2,779	129,881	255,201
Changes in Net Position	215,073	282,254	(28,935)	(113,562)
Net Position at the Beginning of the Year	633,535	351,281	(2,291,634)	(2,178,072)
Net Position at the End of the Year	\$ 848,608	\$ 633,535	\$ (2,320,569)	\$ (2,291,634)

The notes to financial statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

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Note 1: Summary of Significant Accounting Policies

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

a. Financial Reporting Entity

The City was formed July 1, 1986 after an election held June 3, 1986 in the proposed incorporated area. The City's incorporation involved a reorganization consisting primarily of the incorporation of the City of Solana Beach; the detachment of territory from the Cardiff Sanitation District and annexation of the same territory to the Solana Beach Sanitation District; the establishment of the Solana Fire Protection District and Solana Beach Sanitation District as subsidiary districts of the City; and the establishment of five improvement districts of the City, which coincided with five previously existing county service areas (CSAs). The City merged the Fire District into the City by dissolving the District and creating a separate Fire Department within the City's General Fund effective January 1, 1988. Effective July 1, 1990, the Solana Beach Sanitation District was dissolved and is now a department of the City.

The Solana Beach Public Facilities Corporation (Corporation) was incorporated on July 25, 1990 as a nonprofit public benefit corporation duly organized and existing under the Nonprofit Public Benefit Corporation Law. Its purpose is to benefit the City by providing financing for the planning, development, acquisition, construction, improvement, extension, repair, and renovation of public works projects, public facilities, furnishings, and equipment for use by the City. The Corporation does not issue separate financial statements. The City's basic financial statements have the Corporation included using the blended method since the governing bodies of the component unit is substantially the same as the governing body of the City. The Corporation provides services entirely to the City.

b. Basis of Accounting and Measurement Focus

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

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental and Business-Type Activities for the City, the primary government, accompanied by a total column. Fiduciary activities of the City are not included in these statements.

Note 1: Summary of Significant Accounting Policies (Continued)

The Government-Wide Financial Statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets and related infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to, Due from other funds
- Advances to, Advances from other funds
- Transfers in, Transfers out

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Note 1: Summary of Significant Accounting Policies (Continued)

Revenues are recorded when received in cash, except those revenues subject to accrual (generally 90 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, sales taxes, franchise taxes, gas taxes, transient occupancy taxes, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Unavailable revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unavailable revenue is removed from the balance sheet and revenue is recognized.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences.

The City reports the following major governmental fund:

General Fund - accounts for all revenues and expenditures used to finance the traditional services associated with a municipal government which are not accounted for in the other funds. In Solana Beach, these services include general government, public safety, public works, community development, and community services.

TransNet Special Revenue Fund - accounts for revenues received and expenditures made related to transportation development, transit, and related studies. Funding is provided to the City as a secondary recipient under agreement with the County of San Diego and with San Diego Association of Governments (SANDAG).

City Capital Projects Fund - accounts for the acquisition, construction and improvement of capital facilities and infrastructure. Projects are funded by transfers from the General Fund.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Change in Net Position, and a Statement of Cash Flows for all proprietary funds.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Note 1: Summary of Significant Accounting Policies (Continued)

Operating revenues, such as charges for services, in the proprietary funds are those revenues that are generated from exchange transactions as the primary operations of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. All other revenues, such as subsidies, taxes, and investment earnings, which result from non-exchange transactions or ancillary activities are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the following major proprietary fund:

Sanitation Fund - is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs of providing sewage and wastewater treatment services to the general public on a continuing basis be financed or recovered primarily through user charges.

Solana Energy Alliance Fund - is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost of providing clean energy services to the general public on a continuing basis be financed or recovered primarily through user charges.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position and a Statement of Changes in Net Position. The City's fiduciary funds include agency funds, an OPEB trust fund and one private-purpose trust fund. Agency funds are used to account for collections received from special assessment districts and their disbursement to bondholders. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Spending of agency fund resources is controlled primarily through legal agreements and applicable State and Federal laws. Agency funds are reported using the accrual basis of accounting.

The Private-Purpose Trust Fund is used to account for the assets and liabilities of the former redevelopment agency and the allocated revenue to pay estimated installment payments of enforceable obligations until the obligations of the former redevelopment agency are paid in full and assets have been liquidated.

The OPEB and Private Purpose Trust Fund funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Note 1: Summary of Significant Accounting Policies (Continued)

c. Cash, Cash Equivalents and Investments

The City pools its available cash for investment purposes. The City considers pooled cash and investment amounts, with original maturities of three months or less, to be cash equivalents.

The cash flow statements require presentation of “cash and cash equivalents”. For the purpose of the statement of cash flows, the City considers all proprietary fund pooled cash and investments as “cash and cash equivalents”, as such funds are available to the various funds as needed.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California titled *Local Agency Investment Fund* (LAIF) which has invested a portion of the pool funds in structured notes and asset-backed securities. LAIF’s investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk as to change in interest rates.

d. Restricted Cash and Investments

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt and for acquisition and construction of capital projects.

e. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value at the time of acquisition by the City. City policy has set the capitalization threshold for reporting infrastructure and all other capital assets at \$5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings and improvements	20-50 years
Equipment	3-25 years
Infrastructure - sewer lines	40-50 years
Infrastructure - other	20-60 years

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include roads and streets, curbs, gutters and sidewalks, streetlights, signs and signals, park equipment, and storm drains. The appropriate operating department maintains information regarding the infrastructure assets.

Note 1: Summary of Significant Accounting Policies (Continued)

For all infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. The City commissioned an appraisal of City owned infrastructure and property that determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition.

Original costs were developed in one of three ways: (1) historical records; (2) standard unit costs appropriate for the construction/acquisition date; or (3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

f. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and governmental fund balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has three items that qualify for reporting in this category. One is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other two are the deferred outflows relating to the net pension and other post-employment benefit (OPEB) obligations reported in the government-wide statement of net position and proprietary statement of net position. These outflows are the results of contributions made after the measurement period, which are recognized in the following year, and of differences between expected and actual experience, changes of assumptions, changes in the City's proportionate share of the net pension liability, and the net difference between projected and actual earnings on OPEB plan investments. These amounts are deferred and amortized over the expected average remaining service lifetime or five years.

In addition to liabilities, the statement of financial position or governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports one item, which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. The item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues related to resources received outside of the City's availability period. The City reports two other items that qualify for reporting in this category which are the deferred inflows related to the pensions and deferred inflows relating to other post-employment benefits reported in the government-wide statement of net position and proprietary statement of net position. These inflows are the result of differences between expected and actual experience, changes in assumptions, net differences between projected and actual earnings on pension plan investments, changes in the City's proportionate share of the net pension liability, and differences between the City's contributions and the City's share of recognized contributions. These amounts are deferred and amortized straight-line over the expected average remaining service lifetime.

Note 1: Summary of Significant Accounting Policies (Continued)

g. Long-Term Liabilities

In the government-wide financial statements, and 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. Bond premiums and discounts are 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, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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.

h. Compensated Absences

Government-Wide Financial Statements

For governmental activities, compensated absences are recorded as incurred and the related expenses and liabilities are reported.

Fund Financial Statements

In governmental funds, compensated absences are recorded as expenditures in the years paid, as it is the City's policy to liquidate any unpaid vacation or sick leave at June 30 from future resources, rather than currently available financial resources. Accordingly, the entire unpaid liability for the governmental funds is recorded in the government-wide financial statements, as these amounts will be liquidated from future resources. In the proprietary fund, compensated absences are expensed in the period they are earned, and the unpaid liability is recorded as a long-term liability of the fund.

i. Pensions

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

j. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan), the assets of which are held by Public Agency Retirement Services (PARS), and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss with the net difference between projected and actual earnings on OPEB plan investments being recognized over 5 years and all other amounts being recognized over the expected average remaining service lifetime (EARSL) of 7.0 years at June 30, 2020.

k. Net Position

In the Government-Wide and Proprietary Fund Financial Statements, net position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets, net of accumulated depreciation and reduced by outstanding debt that was issued for the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position.”

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City’s policy is to apply restricted net position first.

l. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the

Note 1: Summary of Significant Accounting Policies (Continued)

government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

m. Fund Balances

In the Governmental Fund Financial Statements, fund balances are classified in the following categories:

Nonspendable – Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body, and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City. The formal action required to establish, modify, or rescind a fund balance commitment is through a resolution.

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has authorized through a resolution the City Manager and the Director of Finance for that purpose.

Unassigned – This is the residual classification that includes all spendable amounts not contained in the other classifications. The General Fund is the only fund that reports a positive unassigned fund balance. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the City's policy is to apply restricted fund balances first, then unrestricted fund balances as they are needed.

n. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in the following order: committed, assigned, and unassigned.

o. Property Taxes

Property taxes are levied on July 1 and are payable in two installments: November 1 and February 1 of each year. Property taxes become delinquent on December 10 and April 10, for the first and second installments, respectively. The lien date is January 1. The County of San Diego, California (County) bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when received in cash except at year end when they are accrued pursuant to the modified accrual basis of accounting. The City recognizes as revenues at June 30 available taxes or those collected within 90 days. The County is permitted by State law to levy taxes at 1% of full market value (at time of purchase) and can increase the property tax rate no more than 2% per year. The City receives a share of this basic levy.

p. 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 expenses during the reporting period. Actual results could differ from those estimates.

Note 2: Stewardship, Compliance, and Accountability

a. Budgets

The Boating and Waterways Fund and Miscellaneous Grants Fund did not adopt budgets. Therefore, no budgetary comparison schedule is presented as supplementary information.

b. Deficit Fund Balances

At June 30, 2020, the following funds had deficit fund balances:

Fund	Deficit
Fire Mitigation	\$ (7,438)
Transportation Development Act	(34,696)
CDBG	(15,917)
Developer Pass-Thru	(87)

The deficits will be resolved through future fund revenue sources.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 3: Cash and Investments

The following is a summary of pooled cash and investments and restricted cash and investments at June 30, 2020:

	Government-Wide Statement of Net Position		Fiduciary Funds	Total
	Governmental Activities	Business-Type Activities	Statement of Net Position	
Cash and investments	\$ 29,279,786	\$ 9,805,642	\$ 478,613	\$ 39,564,041
Restricted cash and investments	2,422,056	46	849,034	3,271,136
Total	<u>\$ 31,701,842</u>	<u>\$ 9,805,688</u>	<u>\$ 1,327,647</u>	<u>\$ 42,835,177</u>

Cash and investments consisted of the following at June 30, 2020:

Cash:	
Cash on hand	\$ 400
Demand deposits	3,763,710
Total cash	<u>3,764,110</u>
Investments:	
Local Agency Investment Fund	6,075,031
Investments	29,724,959
Cash and investments held in PARS Section 115 Trust	3,271,077
Total investments	<u>39,071,067</u>
Total cash and investments	<u>\$ 42,835,177</u>

a. Cash Deposits

The carrying amounts of the City's cash deposits were \$3,764,110 at June 30, 2020. Bank balances were \$3,676,854 at that date. The total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name is discussed below. The \$87,256 difference represents outstanding checks and other reconciling items.

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

As of June 30, 2020, none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. For investments identified herein as held by fiscal agent, the fiscal agent selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the City.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 3: Cash and Investments (Continued)

b. Investments

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

The following table identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk and concentration of credit risk. The City has no investments held by bond trustee.

<u>Investment Types Authorized by State Law</u>	<u>Authorized by Investment Policy</u>	<u>Maximum Maturity</u>	<u>*Maximum Percentage of Portfolio</u>	<u>*Maximum Investment in One Issuer</u>
Local agency bonds	Yes	5 years	None	65,000,000
U.S. Treasury bills	Yes	5 years	None	25%
U.S. Treasury notes	Yes	5 years	None	25%
U.S. agency securities	Yes	5 years	None	25%
Banker's acceptances	Yes	180 days	25%	5%
Commercial paper	Yes	270 days	25%	10%
Non-Negotiable certificates of deposit	Yes	5 years	20%	5%
Negotiable certificates of deposit	Yes	5 years	30%	None
Certificate of Deposit Placement Services	Yes	5 years	30%	None
Collateralized Bank Deposits	Yes	1 year	None	None
Repurchase agreements	Yes	1 year	None	None
Medium-term notes	Yes	5 years	30%	5%
Mutual funds	Yes	5 years	20%	None
Money market mutual funds	Yes	5 years	20%	None
Asset backed security	Yes	5 years	20%	5%
Supranational	Yes	5 years	30%	10%
Local Agency Investment Fund (LAIF)	Yes	5 years	\$65,000,000	None

* Based on state law or investment policy requirements, whichever is more restrictive.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by fiscal agent 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 fiscal agents. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury obligations	None	None	None
U.S. agency securities	None	None	None
Banker's acceptances	360 days	None	None
Commercial paper	270 days	None	None
Money market mutual funds	90 days	None	None
Investment contracts	None	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 3: Cash and Investments (Continued)

c. External Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based on the City's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on accounting records maintained by LAIF, which are recorded on an amortized cost basis. The entire balance of the City's share of the investment pool is available for withdrawal at any time. LAIF is not registered with the Securities and Exchange Commission and is not rated. Deposits and withdrawals in LAIF are made on the basis of \$1 and not fair value. Accordingly, the City's investment in this pool is measured on uncategorized inputs not defined as Level 1, 2, or 3.

d. Risk Disclosures

Interest Rate Risk

Interest rate risk is the risk that the market value of investments in the portfolio will fall due to changes in market interest rates. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City manages this risk by investing its operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools to ensure liquidity 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.

Investments:	Fair Value	Remaining Investment Maturities		
		12 Months or Less	13 to 24 Months	25 to 60 Months
Local Agency Investment Fund	\$ 6,075,031	\$ 6,075,031	\$ -	\$ -
US Treasury	7,894,279	452,637	3,329,444	4,112,198
US Government Agency Securities				
Federal Home Loan Bank	3,982,652	-	1,344,699	2,637,953
Federal Farm Credit Bank	3,523,542	-	1,246,728	2,276,814
Federal National Mortgage Association	2,880,992	717,395	1,040,975	1,122,622
Medium Term Notes	4,232,557	1,367,736	1,859,386	1,005,435
Money Market Mutual Funds	5,794,482	5,794,482	-	-
Supranationals	207,224	207,224	-	-
Asset Backed Securities	1,209,231	-	484,409	724,822
Investments Held in Section 115 Trust:				
Money Market Mutual Funds	3,271,077	3,271,077	-	-
	<u>\$ 39,071,067</u>	<u>\$ 17,885,582</u>	<u>\$ 9,305,641</u>	<u>\$ 11,879,844</u>

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 3: Cash and Investments (Continued)

Credit Risk

Credit Risk is the risk of loss due to failure of the security issuer. The risk can be identified through the rating assigned by a nationally recognized statistical rating organization to the issuers of securities. The City minimizes this risk by investing only in investment types allowed for municipalities by the Government Code as listed on the City's investment policy and investing only in instruments that are most credit worthy. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of June 30, 2020, for each investment type.

Investments:	Total as of June 30, 2020	Minimum Legal Rating	AAA	AA+/Aa1	Not Rated
Local Agency Investment Fund	\$ 6,075,031	N/A	\$ -	\$ -	\$ 6,075,031
US Treasury	7,894,279	N/A	-	7,894,279	-
US Government Agency Securities					
Federal Home Loan Bank	3,982,652	N/A	-	3,982,652	-
Federal Farm Credit Bank	3,523,542	N/A	-	3,523,542	-
Federal National Mortgage Association	2,880,992	N/A	-	2,880,992	-
Medium Term Notes	4,232,557	A	-	4,232,557	-
Money Market Mutual Funds	5,794,482	AAA	5,794,482	-	-
Supranationals	207,224	AA	-	207,224	-
Asset Backed Securities	1,209,231	AA	-	1,209,231	-
Investments Held in Section 115 Trust:					
Money Market Mutual Funds	3,271,077	AAA	3,271,077	-	-
	<u>\$ 39,071,067</u>		<u>\$ 9,065,559</u>	<u>\$ 23,930,477</u>	<u>\$ 6,075,031</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

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. The City had investments in the following US Government Agency issuers which held more than 5% of the investment portfolio:

Issuer	Investment Amount	Percentage of Portfolio
Federal Home Loan Bank	\$ 3,982,652	10.2%
Federal Farm Credit Bank	3,523,542	9.0%
Federal National Mortgage Association	2,880,992	7.4%

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 3: Cash and Investments (Continued)

Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Except for LAIF and money market mutual funds, which are considered uncategorized, all of the City's unrestricted investments are valued using Level 2 inputs. Certificates of Deposit, any local agency, and Registered Treasury Notes or Bonds of any other 49 States are classified in Level 2 of the fair value hierarchy and value using specified fair market value factors.

The Section 115 Trust values its assets as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Money Market Mutual Funds	<u>\$ 373,759</u>	<u>\$ 2,897,318</u>	<u>\$ 3,271,077</u>

Note 4: Interfund Transactions

Due From and To Other Funds

At June 30, 2020, the City had the following short-term interfund receivables and payables:

	<u>Due from other funds</u>		
	<u>General Fund</u>	<u>City CIP</u>	<u>Total</u>
<u>Due to other funds</u>			
Non-major Governmental Funds	\$ 527,149	\$ -	\$ 527,149
Solana Energy Alliance	485,782	31,171	516,953
Total	<u>\$ 1,012,931</u>	<u>\$ 31,171</u>	<u>\$ 1,044,102</u>

Due from/to other funds balances arise from the short-term borrowing made from the City's General Fund to various other funds to cover cash shortages during the year. The General Fund and City CIP fund also provided a short-term borrowing of \$107,494 to the Solana Energy Alliance fund as part of the process of starting up the activities of that fund that will be paid back to the General Fund and City CIP fund. The remaining amount due to the General Fund by Solana Energy Alliance of \$409,459 will be paid back to the General Fund in the fiscal year ended June 30, 2021.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 4: Interfund Transactions (Continued)

Interfund Transfers

For the year ended June 30, 2020, the City had the following transfers:

Transfers Out	Transfers In		Total
	City CIP Fund	Non-Major Governmental Funds	
General Fund	\$ 100,000	\$ 629,515	\$ 729,515
Non-major governmental funds	-	70,400	70,400
	<u>\$ 100,000</u>	<u>\$ 699,915</u>	<u>\$ 799,915</u>

The most significant interfund transfers were from the General Fund to the City Capital Projects Fund for the City's construction project costs. With the non-major funds, transfers were made to various special revenue funds to public service and public works related costs, as well as debt service principal and interest payments on capital leases. During the fiscal year ended June 30, 2020, there were no significant interfund transfers that were not expected, budgeted for, unusual, nor of a non-routine nature.

Advances to, Advances from other funds

On July 11, 2018, the City Council adopted Resolution 2018-069 approving the purchase and sale agreement for 700 Stevens Avenue ("Property") for \$2.8 million; establishing an internal General Fund service fund named "Real Property Acquisition" to receive funds from the Sanitation fund to pay for the acquisition of the Property; and authorizing the transfer of \$2.8 million from the Sanitation Fund to the Real Property Acquisition fund as a loan payable to the Sanitation fund at an annual interest rate of 2.78% for seven years with annual payments equal to \$445,699.

The City is a built-out coastal community and availability of vacant land is scarce. The Property is three parcels of vacant land totaling approximately 28,978 square feet and is located immediately north of and adjacent to La Colonia Park. The purchase of the Property offered the City an opportunity to expand the existing open space, recreation and park use in the future.

The City has the ability to make this kind of transfer from one fund to another so long as there is no prohibition on the use of the funds. In this case, the Sanitation funds are not specifically prohibited for other uses (except for connection fees, which cannot be used for any other purpose). See Health & Safety Code §§ 5473 et seq.

The City elected to borrow funds from its Sanitation Fund to pay for the purchase of the Property. Repayment to the Sanitation Fund over the seven years of the loan will be as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 378,085	\$ 67,614	\$ 445,699
2022	388,596	57,103	445,699
2023	399,399	46,300	445,699
2024	410,503	35,196	445,699
2025	421,914	23,785	445,699
2026	433,644	12,055	445,699
Total	<u>\$ 2,432,141</u>	<u>\$ 242,053</u>	<u>\$ 2,674,194</u>

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 5: Capital Assets

The following is a summary of changes in capital assets for governmental activities for the year ended June 30, 2020:

	Balance June 30, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Governmental Activities:					
<i>Non-Depreciable Assets:</i>					
Land	\$ 5,337,440	\$ -	\$ -	\$ -	\$ 5,337,440
Construction in progress	2,791,129	1,309,292	-	(2,858,675)	1,241,746
Total non-depreciable assets	<u>8,128,569</u>	<u>1,309,292</u>	<u>-</u>	<u>(2,858,675)</u>	<u>6,579,186</u>
<i>Depreciable Assets:</i>					
Buildings	6,016,915	-	-	-	6,016,915
Improvements	12,474,722	-	-	1,235,087	13,709,809
Equipment	2,274,700	247,331	3,003	-	2,519,028
Vehicles	2,467,517	141,371	60,030	-	2,548,858
Infrastructure	71,769,204	-	-	1,623,588	73,392,792
Total depreciable assets	<u>95,003,058</u>	<u>388,702</u>	<u>63,033</u>	<u>2,858,675</u>	<u>98,187,402</u>
<i>Less accumulated depreciation:</i>					
Buildings	(2,999,486)	(120,791)	-	-	(3,120,277)
Improvements	(5,184,735)	(463,536)	-	-	(5,648,271)
Equipment	(1,983,567)	(148,245)	(3,003)	-	(2,128,809)
Vehicles	(1,621,949)	(155,722)	(60,030)	-	(1,717,641)
Infrastructure	(55,118,861)	(1,423,610)	-	-	(56,542,471)
Total accumulated depreciation	<u>(66,908,598)</u>	<u>(2,311,904)</u>	<u>(63,033)</u>	<u>-</u>	<u>(69,157,469)</u>
Total depreciable assets, net	<u>28,094,460</u>	<u>(1,923,202)</u>	<u>-</u>	<u>2,858,675</u>	<u>29,029,933</u>
Total capital assets, net	<u>\$ 36,223,029</u>	<u>\$ (613,910)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,609,119</u>

Governmental activities depreciation expense for capital assets for the year ended June 30, 2020, is as follows:

General Government	\$ 138,665
Public Safety	233,409
Public Works	1,482,081
Community Development	37,528
Community Services	420,221
Total Depreciation Expense	<u>\$ 2,311,904</u>

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 5: Capital Assets (Continued)

	Balance June 30, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Business-Type Activities					
<i>Non-Depreciable Assets:</i>					
Land	\$ 111,706	\$ -	\$ -	\$ -	\$ 111,706
Construction in progress	2,972,805	3,267,423	-	(83,538)	6,156,690
Total non-depreciable assets	3,084,511	3,267,423	-	(83,538)	6,268,396
<i>Depreciable Assets:</i>					
Building and improvements	19,309,841	-	(1,452)	83,538	19,391,927
Equipment	828,705	-	-	-	828,705
Total depreciable assets	20,138,546	-	(1,452)	83,538	20,220,632
<i>Less accumulated depreciation:</i>					
Building and improvements	(6,929,010)	(410,241)	-	-	(7,339,251)
Equipment	(531,125)	(16,532)	-	-	(547,657)
Total accumulated depreciation	(7,460,135)	(426,773)	-	-	(7,886,908)
Total depreciable assets, net	12,678,411	(426,773)	(1,452)	83,538	12,333,724
Total capital assets, net	<u>\$ 15,762,922</u>	<u>\$ 2,840,650</u>	<u>\$ (1,452)</u>	<u>\$ -</u>	<u>\$ 18,602,120</u>

Business-type activities depreciation expense for capital assets for the year ended June 30, 2020, is \$426,773.

Note 6: Compensated Absences

The following is a summary of changes in compensated absences for the year ended June 30, 2020:

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020	Due Within One Year
Governmental Activities	\$ 393,725	\$ 344,001	\$ 228,881	\$ 508,845	\$ 295,803
Business-Type Activities	51,402	32,852	25,801	58,453	29,340
Total	<u>\$ 445,127</u>	<u>\$ 376,853</u>	<u>\$ 254,682</u>	<u>\$ 567,298</u>	<u>\$ 325,143</u>

Compensated absences do not have a fixed repayment schedule and become payable when leave is used by employees. Governmental activities' compensated absences are typically liquidated through the General Fund, and business-type activities' compensated absences are liquidated through the Water Utility Fund.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 7: Capital Lease Obligations

The following is a summary of changes in governmental activities' capital lease obligations for the year ended June 30, 2020:

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020	Due Within One Year
Energy Efficiency/Conservation Upgrades	\$ 514,642	\$ -	\$ 53,073	\$ 461,569	\$ 54,920
Fire Truck Lease	254,684	-	125,832	128,852	128,852
Total	\$ 769,326	\$ -	\$ 178,905	\$ 590,421	\$ 183,772

a. Energy Efficiency/Conservation Upgrades

On May 9, 2012, the City entered into a capital lease with Municipal Finance Corporation for various energy efficiency/conservation upgrades at City facilities. The lease was executed in the amount of \$818,696. Rental payments are due in thirty-one semi-annual payments of \$35,187 and include interest at the rate of 3.45%. The City also executed an acquisition fund agreement with Deutsche Bank National Trust Company for distribution of the funds.

b. Fire Truck Lease

In 2016, the City entered into a capital lease with Municipal Finance Corporation for for a fire truck at the cost of \$614,759. Rental payments are due in annual installments of \$131,944 which includes interest at the rate of 2.40% per annum. Payments are due July of each year.

The debt requirements due under the terms of the leases as of June 30, 2020, are as follows:

Year Ending June 30,	Governmental Activities
2021	\$ 202,318
2022	70,374
2023	70,374
2024	70,374
2025	70,374
2026-2029	175,935
Total minimum lease payments	659,749
Less: amount representing interest	(69,328)
Present value of minimum lease payments	\$ 590,421

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 8: Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2020:

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020	Due Within One Year
Governmental Activities:					
Bonds Payable:					
Limited Tax Bonds 2010A Series	\$ 5,500,000	\$ -	\$ -	\$ 5,500,000	\$ -
Unamortized discount	(3,775)	-	(1,066)	(2,709)	-
Direct Placements:					
Lease Revenue Bonds - ABAG	560,600	-	137,600	423,000	135,300
Subtotal - Governmental Activities	6,056,825	-	136,534	5,920,291	135,300
Business-Type Activities:					
Bonds Payable:					
2017 Waste Water Refunding Bond	6,385,000	-	280,000	6,105,000	285,000
Unamortized premium	504,945	-	60,812	444,133	-
Direct Borrowings:					
SEJPA Loan Payable - 2011	117,500	-	57,500	60,000	60,000
SEJPA Loan Payable - 2017	11,057,500	-	217,500	10,840,000	225,000
Subtotal - Business Type Activities	18,064,945	-	615,812	17,449,133	570,000
Total Long-Term Debt	\$ 24,121,770	\$ -	\$ 752,346	\$ 23,369,424	\$ 705,300

a. Bonds Payable

San Diego County Regional Transportation Commission Sales Tax Revenue Bonds

On October 28, 2010, the San Diego Association of Governments (SANDAG), acting as the San Diego County Regional Transportation Commission, issued \$338,960,000 Taxable Build America Bonds 2010 Series A (Limited Tax Bonds). SANDAG is responsible for the administration of programs under the TransNet Extension ordinance, Proposition A, which sets forth the permitted uses for revenues from a half cent transaction and use tax in San Diego County (TransNet Extension Program). In fiscal year ended June 2010, the City borrowed \$5,500,000 from the TransNet debt financing program for the Highway 101 Streetscaping/Traffic Calming Project and other projects eligible under the terms of the debt financing and applicable SANDAG policies and approved projects. 2017 Wastewater Revenue Refunding Bonds. The bond is wholly secured by sales tax revenues pledged for the payment of debt service. In the event of default, all sales tax revenues pledged for the payment of the debt must be transferred to the bond trustee; however, there is no acceleration of payment on outstanding debt service.

Note 8: Long-Term Debt (Continued)

2017 Wastewater Revenue Refunding Bonds

On August 1, 2017, the City, issued \$6,865,000 of 2017 Wastewater Revenue Refunding Bonds to refund, on a current basis, the outstanding Solana Beach Public Financing Authority Subordinate Wastewater Revenue Bonds, Series 2006, which were issued to finance the improvement, betterment, renovation and expansion of certain facilities within the City's municipal wastewater enterprise. These bonds have a 19-year maturity with principal payments ranging from \$210,000 to \$485,000 with the final maturity paid on March 1, 2036. Interest on the bonds is payable semi-annually March 1 and September 1 commencing on March 1, 2018. Interest rates range from 4.00% to 4.375%. Failure by the City to make debt service payments on the Bonds constitutes an event of default under the Indenture and the Trustee is permitted to pursue remedies at law or in equity to enforce the City's obligation to make such payments. Although the Trustee has the right to accelerate the total unpaid principal amount of the debt service payments on the Bonds, there is no assurance that the City would have sufficient funds to pay the accelerated amounts.

The Bonds are paid solely from, and secured by a pledge of, installment payments and moneys in the funds and account held under the indenture. The installment payments are special limited obligations of the City payable solely from and secured by a pledge of and first lien on residual net revenues of the Wastewater System. Residual net revenues consist of revenues derived from the Wastewater System and remaining after the payment of operating and maintenance expense and debt service on the JPA Loan Payable. The loan amount outstanding at June 30, 2020, is \$6,105,000.

b. Direct Borrowings and Direct Placements

Lease Revenue Bonds – ABAG

On January 10, 2002, the City issued \$3,465,000 of Series 2002 ABAG Lease Revenue Bonds to advance refund \$2,185,000 of the outstanding Certificates of Participation, Series 1992, and \$1,125,000 of the outstanding Certificates of Participation, Series 1995, establish a reserve account for the bonds, and to pay the cost of issuing the bonds.

On November 1, 2011, the City entered into a refunding lease agreement with Municipal Financial Corporation in the amount of \$1,388,300 to current refund the outstanding balance of the ABAG Lease Revenue Bonds, Series 2002 and to take advantage of historically low interest rates. The average savings are approximately \$21,258 per fiscal year with the net present value savings equal to \$185,245. The lease matures on December 1, 2022. Principal payments are due December 1st of each year with semi-annual interest rate at 3.40%. In the event of default, the City remains liable for the continued payment of debt service and damages for breach of the refunding lease agreement.

Note 8: Long-Term Debt (Continued)

San Elijo JPA Loan Payable - 2011

On March 1, 2012, the San Elijo Joint Powers Authority issued the 2012 Refunding Revenue Bonds to refund on a current basis the 2003 Refunding Revenue Bonds and prepaid a note to the California Energy Commission. Each local agency entered into a Third Amended and Restated Loan Agreement as of January 1, 2012 to assist in the financing of the Local Agencies' respective share of the Bonds. The City of Encinitas and the City of Solana Beach will be paying approximately 52% and 48% of total debt service on the bonds, respectively. In the event of default, the trustee may accelerate the payment of outstanding principal and interest. The loan is wholly secured by revenues pledged for the payment of the loan.

The amended loan matures on March 1, 2021. The interest rates on the bonds range from 2.00% to 4.00% per year. The City of Solana Beach's portion of annual principal installments range from \$25,000 to \$751,155.

San Elijo JPA Loan Payable - 2017

On June 1, 2017, the San Elijo Joint Powers Authority issued the 2017 Revenue Bonds for the purpose of funding facilities and improvements as part of the Authority's capital improvement plan. Each local agency entered into a "Series 2017 Loan Agreement" on June 1, 2017 to assist in the financing of the Local Agencies' respective share of the Bonds. The City of Encinitas and the City of Solana Beach will each be paying 50 percent of total debt service on the bonds, respectively. In the event of default, the trustee may accelerate the payment of outstanding principal and interest. The loan is wholly secured by revenues pledged for the payment of the loan.

The loan matures on March 1, 2047. The interest rates on the bonds range from 3.00% to 5.00% per year. The City of Solana Beach's portion of annual principal installments range from \$217,500 to \$642,500.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 8: Long-Term Debt (Continued)

c. Annual Debt Service Requirements

The annual debt service requirements to maturity on the City's long-term debts as of June 30, 2020, are as follows:

Year Ending June 30,	Governmental Activities			
	Bonds Payable		Direct Placements	
	Principal	Interest	Principal	Interest
2021	\$ -	\$ 325,105	\$ 135,300	\$ 12,082
2022	-	325,105	142,700	7,356
2023	-	325,105	145,000	2,456
2024	-	325,105	-	-
2025	-	325,105	-	-
2026-2030	-	1,625,525	-	-
2031-2035	-	1,625,525	-	-
2036-2040	940,708	1,598,247	-	-
2041-2045	2,686,718	1,041,850	-	-
2046-2050	1,872,574	224,153	-	-
Total	\$ 5,500,000	\$ 7,740,825	\$ 423,000	\$ 21,894

Year Ending June 30,	Business-Type Activities			
	Bonds Payable		Direct Borrowings	
	Principal	Interest	Principal	Interest
2021	\$ 285,000	\$ 216,556	\$ 285,000	\$ 446,573
2022	300,000	208,006	230,000	438,113
2023	305,000	199,006	237,500	431,213
2024	320,000	186,806	245,000	424,088
2025	330,000	174,006	255,000	414,288
2026-2030	1,840,000	678,631	1,477,500	1,867,188
2031-2035	2,240,000	287,663	1,867,500	1,474,813
2036-2040	485,000	15,156	2,290,000	1,052,056
2041-2045	-	-	2,752,500	591,100
2046-2050	-	-	1,260,000	76,100
Total	\$ 6,105,000	\$ 1,965,830	\$ 10,900,000	\$ 7,215,532

d. Debt Covenant Compliance for JPA Loans

In Compliance with bond issuance covenants, specifically, the 2011 and 2017 San Elijo JPA Bonds, the City is including this table showing debt service coverage for the fiscal year of at least 1.30 times (i) the loan installments coming due and payable during the fiscal year, (ii) all payments required with respect to parity debt, and (iii) amount required to replenish the Reserve Fund as required by the indenture.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 8: Long-Term Debt (Continued)

The City covenants under the 2017 Wastewater Revenue Refunding Bond agreement require while the Bonds remain outstanding and to the extent permitted by law, the City will fix, prescribe, and collect rates and charges which will be at least sufficient to yield during each fiscal year Residual Net Revenues equal to one hundred thirty percent (130%) of Debt Service.

The debt coverage ratios for the 2011 and 2017 San Elijo JPA Loans Payable and the 2017 Wastewater Revenue Refunding Bonds are calculated as follows:

	2011 and 2017 JPA Loans	2017 Wastewater Bonds
Revenues:		
Operating revenues	\$ 5,588,259	\$ 5,588,259
Other operating	173,507	173,507
Non-operating	417,654	417,654
Gross revenues	<u>6,179,420</u>	<u>6,179,420</u>
Expenses:	<u>4,682,927</u>	<u>4,682,927</u>
Net Income	1,496,493	1,496,493
Add Back:		
Interest expense	674,093	674,093
Depreciation	426,773	426,773
Amortization of bond premium/discount & refunding	8,680	8,680
Amortization of investment in JPA	10,945	10,945
Net revenues available for debt service (2011 and 2017 JPA Loans)	<u>\$ 2,616,984</u>	<u>2,616,984</u>
2011 Refunding Revenue Bonds debt service:		
Principal repayment	\$ 57,500	57,500
Interest charges	3,234	3,234
2017 Refunding Revenue Bonds debt service:		
Principal repayment	280,000	280,000
Interest charges	451,388	451,388
Total debt service	<u>\$ 792,122</u>	<u>792,122</u>
Net revenues available for debt service (2017 Wastewater Bonds)		<u>\$ 1,824,862</u>
2017 Wastewater Bonds debt service:		
Principal repayment		\$ 280,000
Interest charges		224,956
Total debt service		<u>\$ 504,956</u>
Coverage ratio	<u>3.3</u>	<u>3.6</u>

Note 9: Non-City Obligations – Special Assessment Debt

Bonds issued to finance public improvement projects in certain assessment districts are liabilities of the property owners and are secured by liens against the assessed property. The City acts as an agent for collection of principal and interest payments by the property owners and remittance of such monies to the bondholders.

The City has no obligation or duty to pay any delinquency out of any available funds of the City. Neither the faith, credit, nor the taxing power of the City is pledged to the payment of the bonds. Therefore, none of the following obligations are included in the accompanying basic financial statements.

a. Undergrounding Districts

During July 2006, the Solana Beach Public Financing Authority issued Assessment District Revenue Bonds totaling \$2,112,000 (less bond issuance costs of \$244,393) to finance the undergrounding of utility lines for the Barbara/Granados Avenue Utility Undergrounding District and the Pacific Avenue/East and West Circle Drive Utility Underground Assessment District. In July 2008, the City of Solana Beach issued \$480,000 (less bond issuance costs of \$87,775) to finance the undergrounding of utility lines on Marsolan Avenue. The outstanding bonds as of June 30, 2020, were \$1,550,000.

b. South Solana Sewer District

In November 2006, the Solana Beach Public Financing Authority issued Limited Obligation Improvement Bonds totaling \$570,000 (less bond issuance costs of \$5,742) to finance the construction of sewer improvements to connect 51 properties of the South Solana Beach Sewer District assessment district to the City's sewer system. The outstanding bonds as of June 30, 2020, were \$390,000.

Note 10: Risk Management

a. General Liability Insurance

Public Risk Innovation, Solutions, and Management (PRISM), formerly known as CSAC - Excess Insurance Authority, is a member-directed risk sharing pool of counties and public entities. With the dissolution of SANDPIPA, the City elected to join the PRISM pool as a new member and procured all lines of insurance coverage for the City. PRISM is ranked as the second largest public entity risk pool and the largest property and casualty pool in the nation.

The City has a Self-Insured (SIR) of \$100,000 per claim and additional coverage above its SIR with PRISM to \$5 million per claim; there is an additional \$45 million of reinsurance above PRISM coverage bringing the total coverage to over \$50 million per claim.

b. Workers' Compensation

Beginning October 1, 2004, the City became fully self-insured with respect to Workers' Compensation. The City has a Self-Insured Retention (SIR) of \$125,000 per claim and additional coverage above its SIR with PRISM to \$5 million per claim; there is an additional \$45 million of reinsurance above PRISM coverage bringing the total coverage to over \$50 million per claim, up to the statutory workers' compensation limits set by the State of California.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 10: Risk Management (Continued)

The workers' compensation and general liability claims payable of \$947,000 reported at June 30, 2020, includes all claims for which information prior to the issuance of the financial statements indicates that it was probable that a liability had been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. During the past three fiscal (claims) years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage in the prior year. Changes in the claims liability amounts were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2017-2018	\$ 1,208,202	\$ (29,570)	\$ (152,632)	\$ 1,026,000
2018-2019	1,026,000	142,144	(174,144)	994,000
2019-2020	994,000	291,083	(338,083)	947,000

The City also maintains insurance coverage in the following specific areas: real and personal property damage, boiler and machinery, special events, cyber liability, and pollution.

Note 11: City Employees Retirement Plan - Pension Plans

a. General Information about the Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefits tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors nine rate plans (three miscellaneous and six safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 11: City Employees Retirement Plan - Pension Plans (Continued)

Below is a summary of the plans' provisions and benefits in effect at June 30, 2020, for which the City has contracted:

Major Benefit Options	Miscellaneous*	Miscellaneous Second Tier	Miscellaneous PEPRA	Safety Fire First Tier*	Safety Fire Second Tier	Safety Fire PEPRA	Safety Lifeguard First Tier*	Safety Lifeguard Second Tier*	PEPRA Other Safety
Hire Date	Prior to January 1, 2010	January 1, 2010 but prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2010	January 1, 2010 but prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2010	January 1, 2010 but prior to January 1, 2013	On or after January 1, 2013
Benefit Provision	2.5% @ 55	2.0% @ 60	2.0% @ 62	3.0% @ 50	2.0% @ 50	2.7% @ 57	3.0% @ 50	2.0% @ 50	2.7% @ 57
Benefit Formula	no	no	no	no	no	no	no	no	no
Social Security Full/ Modified	full	full	full	full	full	full	full	full	full
Benefit vesting schedule	5 yrs service	5 yrs service	5 yrs service	5 yrs service	5 yrs service	5 yrs service	5 yrs service	5 yrs service	5 yrs service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50-63	50-63	52-67	50	50-55	50-57	50-55	50-55	52-67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.092% to 2.418%	1.0% to 2.5%	3%	2.0% to 2.7%	2% to 2.7%	1.423% to 2.0%	1.423% to 2.0%	2.0% to 2.7%
Required employer contribution rates	11.432%	8.081%	6.985%	21.927%	16.636%	13.034%	21.927%	18.152%	13.034%
Required employee contribution rates	8.000%	7.000%	6.750%	9.000%	9.000%	12.000%	9.000%	9.000%	12.000%

*closed to new member entrants

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2020, the contributions recognized as a reduction to the net pension liability was \$1,379,647.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 11: City Employees Retirement Plan - Pension Plans (Continued)

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

As of June 30, 2020, the City of Solana Beach reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 5,668,839
Safety	9,611,934
Total	<u>\$ 15,280,773</u>

The net pension liability of each of the Plans is measured as of June 30, 2019, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan measured as of June 30, 2018 and 2019, respectively, was as follows:

Proportions as a percentage of the CalPERS Miscellaneous risk pool:

	<u>Miscellaneous</u>
Proportion - June 30, 2018	0.05550%
Proportion - June 30, 2019	<u>0.05532%</u>
Change - Increase (Decrease)	-0.32432%

Proportions as a percentage of the CalPERS Safety risk pool:

	<u>Safety</u>
Proportion - June 30, 2018	0.09361%
Proportion - June 30, 2019	<u>0.09380%</u>
Change - Increase (Decrease)	0.20297%

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 11: City Employees Retirement Plan - Pension Plans (Continued)

For the year ended June 30, 2020, the City recognized pension expense as follows:

<u>Miscellaneous</u>	<u>Safety</u>	<u>Total Plans</u>
\$ 1,150,374	\$ 1,783,256	\$ 2,933,630

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Miscellaneous Plan		
Pension contributions subsequent to measurement date	\$ 636,152	\$ -
Adjustment due to differences in proportions	92,151	-
Difference between expected and actual experience	393,725	3,340
Difference between actual contributions and the proportionate share of contributions	-	204,168
Changes in assumptions	270,316	95,825
Net difference between projected and actual earnings on plan investments	-	99,109
Total Miscellaneous Plan	<u>1,392,344</u>	<u>402,442</u>
Safety Plan		
Pension contributions subsequent to measurement date	988,753	-
Adjustment due to differences in proportions	215,229	2,086
Difference between expected and actual experience	600,407	-
Difference between actual contributions and the proportionate share of contributions	-	317,057
Changes in assumptions	393,976	76,884
Net difference between projected and actual earnings on plan investments	-	132,228
Total Safety Plan	<u>2,198,365</u>	<u>528,255</u>
Total All Plans	<u>\$ 3,590,709</u>	<u>\$ 930,697</u>

The \$1,624,905 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	<u>Deferred Outflows/(Inflows) of Resources</u>		
	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>	<u>Total</u>
2021	\$ 387,642	\$ 604,152	\$ 991,794
2022	(74,960)	(61,134)	(136,094)
2023	17,459	116,194	133,653
2024	23,609	22,145	45,754
	<u>\$ 353,750</u>	<u>\$ 681,357</u>	<u>\$ 1,035,107</u>

Note 11: City Employees Retirement Plan - Pension Plans (Continued)

c. Actuarial Methods and Assumptions

Actuarial Assumptions

For the measurement period ended June 30, 2019 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2018 total pension liability. The June 30, 2018, total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

⁽¹⁾ The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2017 experience study report on the CalPERS' website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 11: City Employees Retirement Plan - Pension Plans (Continued)**

The expected real rates of return by asset class are as followed:

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ⁽¹⁾	Real Return Years 11+ ⁽²⁾
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%

(1) An expected inflation of 2.00% used for this period.

(2) An expected inflation of 2.92% used for this period.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability of the Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.15 percent) or 1% point higher (8.15 percent) than the current rate:

Plan Type	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
Miscellaneous	\$ 8,686,935	\$ 5,668,839	\$ 3,177,613
Safety	14,267,323	9,611,934	5,795,244
Total	\$ 22,954,258	\$ 15,280,773	\$ 8,972,857

d. Pension Plan Fiduciary Net Position

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

Note 12: Other Post-Employment Benefits**a. Plan Description**

The City of Solana Beach Retiree Healthcare Plan ("Plan") is a single employer defined benefit healthcare plan administered by the City. The Plan provides healthcare benefits to eligible retirees and their dependents through the California Public Employees' Retirement System healthcare program (PEMHCA). Benefit provisions are established and may be amended through agreements and memorandums of understanding between the City, its non-represented employees and the unions representing City employees. The Retiree Healthcare Plan does not issue a financial report.

The City provides the PEMHCA minimum benefit (\$136 per month for 2020) but no less than \$325 per month for employees retired before January 1, 2007 and \$290 per month for employees hired before January 1, 2007.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 12: Other Post-Employment Benefits (Continued)

b. Plan Membership

At June 30, 2020, the measurement date, the following numbers of participants were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	47
Inactive plan members entitled to but not yet receiving benefit payments	11
Active plan members	65
	<u>123</u>

c. Contributions

The contribution requirements of the Plan participants and the City are established by and may be amended by the City pursuant to agreements with its non-represented employees and the unions representing City Employees. The City pays cash and implied subsidy benefit payments and PEMHCA administrative fees directly from City assets. Contributions made to the trust are on an ad-hoc basis. On average over the past 5 years, 0.98 percent of payroll was contributed to the trust each year.

The City contributed \$446,751 during the 2020 fiscal year which consisted of \$167,751 of pay-as-you-go benefit payments, \$198,000 in contributions to the trust, and \$81,000 in implied subsidy benefits. Retired plan members and their beneficiaries pay the annual premium cost not paid by the employer.

d. Net OPEB Liability of the City

	Fiscal Year Ending	
	June 30, 2020	June 30, 2019
Total OPEB Liability (TOL)	\$ 3,532,448	\$ 3,836,527
Fiduciary Net Position (FNP)	848,608	633,535
Net OPEB Liability (NOL)	<u>\$ 2,683,840</u>	<u>\$ 3,202,992</u>
Funded Status (FNP/TOL)	24.0%	16.5%

The City's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 that was rolled forward to determine the June 30, 2020 total OPEB liability, based on the following actuarial methods and assumptions:

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 12: Other Post-Employment Benefits (Continued)

e. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumption	June 30, 2020 Measurement Date
Actuarial Valuation Date	June 30, 2019
Contribution Policy	City contributes at least the full ADC
Discount Rate and Long-Term Expected Rate of Return on Assets	- 6.00% at June 30, 2020 - 6.00% at June 30, 2019 - Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust
General Inflation	2.75% annually
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019
Salary Increases	- Aggregate - 3% annually - Merit - CalPERS 1997-2015 Experience Study
Medical Trend	- Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4% in 2076 - Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4% in 2076
PEMHCA Minimum Increases	4.25% annually
Cap Increases	0%
Healthcare Participation for Future Retirees	- Actives & surviving spouses: - Hired < 1/1/07: Covered - 90%; Waived - 70% - Hired > 1/1/07: Covered - 60%; Waived - 50% - Retirees & surviving spouses: Covered - 100% Waived < 65 - 20% at 65; Waived > 65 - 0%
Changes of assumptions	- Demographic assumptions were updated to CalPERS 1997-2015 Experience Study - Mortality improvement scale was updated to Scale MP-2019 - Active & surviving spouse participation at retirement
Change of benefit terms	None

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 12: Other Post-Employment Benefits (Continued)

f. Changes in the OPEB Liability

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2019	\$ 3,836,527	\$ 633,535	\$ 3,202,992
Changes for the year			
Service Cost	140,334	-	140,334
Interest	231,171	-	231,171
Assumption changes	(384,986)	-	(384,986)
Actual vs. Expected Experience	(42,558)	-	(42,558)
Contributions - employer	-	446,751	(446,751)
Net investment income	-	20,418	(20,418)
Benefit payments*	(248,040)	(248,040)	-
Administrative Expenses	-	(4,056)	4,056
Net changes	<u>(304,079)</u>	<u>215,073</u>	<u>(519,152)</u>
Balance at June 30, 2020	<u>\$ 3,532,448</u>	<u>\$ 848,608</u>	<u>\$ 2,683,840</u>

*Benefit payments include an implied subsidy of \$81,000 for the measurement date June 30, 2020

g. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (5.00%)	Current Rate (6.00%)	1% Increase (7.00%)
Net OPEB liability	\$ 3,098,505	\$ 2,683,840	\$ 2,342,644

h. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend	1% Increase
Net OPEB liability	\$ 2,424,835	\$ 2,683,840	\$ 3,054,898

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 12: Other Post-Employment Benefits (Continued)

i. OPEB Plan Fiduciary Net Position

The plan fiduciary net position is reported in the OPEB Trust Fund included in the City's Statement of Fiduciary Net Position.

j. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the City recognized OPEB expense of \$54,613. As of fiscal year ended June 30, 2020, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 36,478
Changes in assumptions	-	1,239,361
Net difference between projected and actual earnings on plan investments	14,763	-
Total	<u>\$ 14,763</u>	<u>\$ 1,275,839</u>

Amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ (278,528)
2022	(278,530)
2023	(277,437)
2024	(249,858)
2025	(115,647)
Thereafter	(61,076)

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 13: Investment in Joint Venture

On June 17, 1987, the Cardiff Sanitation District and the City of Solana Beach established the San Elijo Joint Powers Authority (SEJPA), a separate legal entity, whose function is to manage, operate, maintain and expand a plant for the treatment and disposal of sewage or wastewater and to determine the joint and separate obligations of the members concerning the transmission, treatment, disposal and reclamation of sewage and wastewater within the respective service territories. The SEJPA's governing board consists of two members from each entity. The City of Solana Beach's investment in the SEJPA has been recorded using the equity method of accounting and is shown as an investment in joint venture in the City's financial statements. Summarized audited information of the SEJPA for the fiscal year ended June 30, 2020, is as follows:

Operating revenues	\$ 8,615,174
Operating expenses	(9,608,197)
Net non-operating income	842,619
Capital contributions	<u>1,172,279</u>
Change in net position	<u>\$ 1,021,875</u>
Total assets and deferred outflows of resources	\$ 104,717,703
Total liabilities and deferred inflows of resources	<u>(34,830,283)</u>
Net position- total fund equity	<u>\$ 69,887,420</u>

Prior to the formation of the San Elijo Joint Powers Authority, the Cardiff Sanitation District and the City of Solana Beach operated the San Elijo water pollution control facility under an agreement whereby operating costs were shared based on usage and capital expansions were funded 56% by Cardiff and 44% by Solana Beach. Upon formation of the SEJPA in June 1987 the members continued funding SEJPA activities in this manner until May 1989, when the equity interests in the joint venture were revised to 50% Cardiff and 50% Solana Beach. To effect the change in equity interests, the City of Solana Beach agreed to pay Cardiff Sanitation District \$750,680, which included a premium on the value of the equity interest in the amount of \$437,782. This premium is being amortized over the estimated useful life of the facility of forty years.

A summary of the changes in the City's investment in the San Elijo Joint Powers Authority for the year ended June 30, 2020, is as follows:

Investment at June 30, 2019	\$ 34,540,199
Capital contribution	486,139
Current year share in the joint venture net income	510,938
Net position resatement	181
Amortization of JPA	<u>(587,902)</u>
Investment at June 30, 2020	<u>\$ 34,949,555</u>

At June 30, 2020, the SEJPA had \$294,886 in 2012 Refunding Revenue Bonds outstanding. The financial statements of the SEJPA can be obtained from the Solana Beach Finance Department located at Solana Beach City Hall, 635 S. Highway 101, Solana Beach, California 92075.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 14: Commitments and Contingencies

a. Litigation

The City is a defendant in certain legal actions arising in the normal course of operations. The accompanying basic financial statements reflect a liability for the probable amounts of loss associated with these claims.

b. Construction Commitments

Construction Commitments

The following material construction commitments existed at June 30, 2020:

<u>Project Name</u>	<u>Contract Amount</u>	<u>Expenditures as of June 30, 2020</u>	<u>Remaining Commitments</u>
Pump Station	\$ 570,000	\$ 384,509	\$ 185,491
LSF Corridor	684,500	339,579	344,921
MS Center	138,000	63,636	74,364
	<u>\$ 1,392,500</u>	<u>\$ 787,724</u>	<u>\$ 604,776</u>

c. Sales Tax – TransNet Debt Commitment

On November 10, 2010, Solana Beach executed an agreement with The San Diego Association of Governments (SANDAG) relating to the 2010 Series A Bonds Build American Bonds (BABs) for the completion of several projects including the Highway 101 streetscape and traffic calming project and other eligible projects. In the agreement, SANDAG withholds one-sixth of the interest due each month when Sales Tax is sent from the Board of Equalization (BOE) in an effort to have the full amount with the Trustee by the 1st of April and 1st of October.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 15: Classification of Fund Balances

The City has adopted the provisions of GASB Statement No. 54 Fund Balance and Governmental Fund Type Definitions. GASB 54 establishes Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Governmental Fund statements conform to this new classification.

Fund Name	General	TransNet	City CIP	Other Governmental Funds	Total
Nonspendable:					
Prepays	\$ 52,665	\$ -	\$ -	\$ -	\$ 52,665
Total Nonspendable	<u>52,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,665</u>
Restricted:					
Transnet	-	90,332	-	-	90,332
Pensions	2,422,056	-	-	-	2,422,056
Gas tax	-	-	-	197,835	197,835
Municipal Improvement Districts	-	-	-	1,209,769	1,209,769
Assessment Districts	-	-	-	104,077	104,077
Lighting District	-	-	-	2,797,445	2,797,445
COPS	-	-	-	250,945	250,945
Public Safety	-	-	-	278,751	278,751
Coastal area business/ Visitor assistance & Enhancement	-	-	-	784,151	784,151
Sand Replenishment	-	-	-	880,094	880,094
Boating and Waterways	-	-	-	62,229	62,229
Miscellaneous grants	-	-	-	6,240	6,240
Housing	-	-	-	637,265	637,265
SB1 streets & roads	-	-	-	165,724	165,724
Capital projects	-	-	2,752,887	-	2,752,887
Debt Service	-	-	-	24,781	24,781
Total Restricted	<u>2,422,056</u>	<u>90,332</u>	<u>2,752,887</u>	<u>7,399,306</u>	<u>12,664,581</u>
Committed:					
Public Facilities	539,047	-	-	-	539,047
Public Art	26,858	-	-	-	26,858
OPEB	197,870	-	-	-	197,870
Pensions	282,748	-	-	-	282,748
In-Lieu Housing	100,786	-	-	-	100,786
Parks & Recreation	32,198	-	-	-	32,198
Total Committed	<u>1,179,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,179,507</u>
Assigned:					
Park Fee	38,703	-	-	-	38,703
Community Television	90,564	-	-	-	90,564
Street Sweeping	129,637	-	-	-	129,637
Housing	1,499,500	-	-	-	1,499,500
Self-Insurance	923,644	-	-	-	923,644
Worker's Comp	539,911	-	-	-	539,911
Asset Replacement	2,392,250	-	-	-	2,392,250
Facilities Replacement	735,493	-	-	-	735,493
Total Assigned	<u>6,349,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,349,702</u>
Unassigned	5,450,148	-	-	(58,138)	5,392,010
Total Fund Balances	<u>\$ 15,454,078</u>	<u>\$ 90,332</u>	<u>\$ 2,752,887</u>	<u>\$ 7,341,168</u>	<u>\$ 25,638,465</u>

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 15: Classification of Fund Balances (Continued)

	General Fund	Self Insurance	Worker's Compensation	Asset Replacement	Facilities Replacement	Real Property Acquisition	PARS - OPEB	PARS - Pension	Total Classification
Non-Spendable									
Prepays	\$ 52,665	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,665
Total Non-Spendable	52,665	-	-	-	-	-	-	-	52,665
Restricted									
Pensions	-	-	-	-	-	-	-	2,422,056	2,422,056
Total Restricted	-	-	-	-	-	-	-	2,422,056	2,422,056
Committed									
Public Facilities	539,047	-	-	-	-	-	-	-	539,047
Public Art	26,858	-	-	-	-	-	-	-	26,858
OPEB	-	-	-	-	-	-	197,870	-	197,870
Pensions	-	-	-	-	-	-	-	282,748	282,748
In-Lieu Housing	100,786	-	-	-	-	-	-	-	100,786
Parks & Recreation	32,198	-	-	-	-	-	-	-	32,198
Total Committed	698,889	-	-	-	-	-	197,870	282,748	1,179,507
Assigned									
Park Fee	38,703	-	-	-	-	-	-	-	38,703
Community Television	90,564	-	-	-	-	-	-	-	90,564
Street Sweeping	129,637	-	-	-	-	-	-	-	129,637
Housing	1,499,500	-	-	-	-	-	-	-	1,499,500
Self-Insurance	-	923,644	-	-	-	-	-	-	923,644
Worker's Comp	-	-	539,911	-	-	-	-	-	539,911
Asset Replacement	-	-	-	2,392,250	-	-	-	-	2,392,250
Facilities Replacement	-	-	-	-	735,493	-	-	-	735,493
Total Assigned	1,758,404	923,644	539,911	2,392,250	735,493	-	-	-	6,349,702
Unassigned	7,956,885	-	-	-	-	(2,506,737)	-	-	5,450,148
Total Fund Balances	\$ 10,466,843	\$ 923,644	\$ 539,911	\$ 2,392,250	\$ 735,493	\$ (2,506,737)	\$ 197,870	\$ 2,704,804	\$ 15,454,078

The General Fund for financial reporting purposes consists of the General Fund and the following funds that act as internal funds: Self Insurance Liability, Worker's Compensation, Asset Replacement, Facilities Replacement, OPEB/Pensions, and Real Property Acquisition.

The fund balances for the internal service funds are classified as Assigned with the exception of the OPEB/Pension funds where the fund balance is either Restricted because the fund balance is invested in a Section 115 Trust or Committed because the City Council has limited the use of the funds to either OPEB or Pension purposes and the Real Property Acquisition fund. This fund has a deficit fund balance of \$2,506,737 and because the fund balance amount is a deficit, GASB 54 requires this amount to be classified as Unassigned instead of Assigned.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 16: Successor Agency Trust for Assets of Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Solana Beach that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

a. Cash and Investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments pooled with the City	\$	98,862
Cash and investments with fiscal agent		<u>13</u>
	<u>\$</u>	<u>98,875</u>

b. Long-Term Debt

The following debt was transferred from the Redevelopment Agency to the Successor Agency as of February 1, 2012, as a result of the dissolution. A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2020, follows:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
Fiduciary Funds:					
2017 Tax Allocation					
Refunding Bonds	<u>\$ 2,527,700</u>	<u>\$ -</u>	<u>\$ 116,900</u>	<u>\$ 2,410,800</u>	<u>\$ 120,900</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 16: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

2017 Tax Allocation Refunding Bonds

On November 10, 2017, the Agency issued the 2017 Tax Allocation Bonds to be used for the purpose of providing funds to the Successor Agency to refund, on a current basis, the Solana Beach Redevelopment Agency, Solana Beach Redevelopment Project, Tax Allocation Bonds, Series and pay the costs of issuing the Bonds. These bonds have an 18-year maturity with the final maturity paid on December 1, 2035 and interest rate of 3.360% Interest on the bonds is payable semi-annually on June 1 and December 1, commencing December 1, 2035.

The annual debt service requirements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 120,900	\$ 80,005	\$ 200,905
2022	124,900	75,909	200,809
2023	129,100	71,677	200,777
2024	133,500	67,302	200,802
2025	138,200	62,778	200,978
2026 - 2030	763,800	240,458	1,004,258
2031 - 2035	902,400	101,984	1,004,384
2036 - 2040	98,000	146	98,146
Total	<u>\$ 2,410,800</u>	<u>\$ 700,259</u>	<u>\$ 3,111,059</u>

Pledged Revenue

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low- and Moderate-Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low- and Moderate-Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$3,111,059 with annual debt service requirements as indicated above. For the current year, the total property tax revenue recognized by the City for the payment of indebtedness incurred by the dissolved redevelopment agency was \$100,899 and the debt service obligation on the bonds was \$200,865.

c. Insurance

The Successor Agency is covered under the City of Solana Beach's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 6.

Note 17: CARES Act Funding

On March 27, 2020, in response to the economic fallout of the Coronavirus pandemic in the United States, Congress passed the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, which provided \$2.2 trillion in economic stimulus funding through a variety of channels. The State of California received a \$500 million allocation to provide cities which did not receive a direct federal allocation through the CARES Act. The City entered into an agreement with the State of California in July 2020 to receive their allocation of the CARES Act funding. The total amount of CARES Act funding to be received by the City is \$341,724. This funding was for the reimbursement of costs incurred by the City since the start of the pandemic.

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REQUIRED SUPPLEMENTARY INFORMATION

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Note 1: Budgetary Information

The City is required by its municipal code to adopt an annual budget on or before June 30 for the ensuing fiscal year. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. From the effective date of the budget adoption, the amounts budgeted become the "annual appropriated budget." Annual appropriated budget is adopted for the General Fund, special revenue funds, capital projects funds and debt service funds.

The City Council may amend the budget by motion during the fiscal year. The appropriations constitute the budget for the 2019-2020 fiscal year and the City Manager is authorized to transfer monies between accounts within a department, provided that the total budget for the department is not exceeded. Transfer of monies from one department of the City to another, or from one fund to another, shall be approved by the City Council. However, any revisions that alter total expenditures of any fund must be approved by the City Council.

Expenditures may not legally exceed appropriations at the fund level. Appropriations lapse at the end of the fiscal year. Selected appropriations are carried over. Project-length financial plans are adopted for the City capital projects. Supplemental appropriations, which increase appropriations, may be made during the fiscal year.

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)**

	2020			Variance with Final Budget Positive (Negative)	2019
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary Fund Balance, July 1	\$ 13,833,279	\$ 13,833,279	\$ 13,833,279	\$ -	\$ 15,574,516
Resources (Inflows):					
Taxes:					
Property	8,257,200	8,257,200	8,300,130	42,930	7,952,416
Transient occupancy	1,420,000	1,099,000	1,120,664	21,664	1,553,081
Sales	3,259,200	2,930,200	3,291,805	361,605	3,502,561
Franchise and other	1,973,900	2,074,700	1,933,499	(141,201)	2,007,491
Licenses and permits	418,000	290,100	337,922	47,822	440,510
Intergovernmental	1,997,500	2,013,500	2,033,269	19,769	1,952,837
Charges for services	748,800	958,100	1,110,059	151,959	953,305
Use of money and property	251,000	301,000	725,551	424,551	822,401
Fines and forfeitures	468,000	468,000	359,703	(108,297)	502,249
Miscellaneous	2,891,700	3,105,950	3,525,458		884,094
Amounts Available for Appropriations	35,518,579	35,331,029	36,571,339	1,240,310	36,145,461
Charges to Appropriations (Outflows):					
General Government:					
City Council	322,300	337,300	328,172	9,128	311,582
City Clerk	504,000	488,100	446,243	41,857	561,303
Legal Services	528,400	376,400	348,069	28,331	460,813
City Manager	410,900	415,500	374,001	41,499	283,236
Finance	1,251,600	1,247,500	1,445,974	(198,474)	763,261
Personnel	326,900	256,600	219,862	36,738	202,784
Information Systems	473,500	437,500	393,313	44,187	295,796
Support Services	1,477,800	1,279,505	1,142,745	136,760	1,261,071
Total General Government	5,295,400	4,838,405	4,698,379	140,026	4,139,846
Public Safety:					
Marine safety	910,100	917,100	941,300	(24,200)	710,252
Law enforcement	4,324,400	4,328,400	4,322,787	5,613	4,087,358
Code & parking enforcement	255,900	255,900	207,168	48,732	213,324
Fire department	5,124,500	5,243,300	5,082,555	160,745	4,294,375
Animal regulation	88,600	88,600	85,142	3,458	84,922
Civil defense	32,800	230,800	225,936	4,864	26,663
Environmental services	1,100	1,100	1,000	100	1,000
Total Public Safety	10,737,400	11,065,200	10,865,888	199,312	9,417,894
Public Works:					
Street and other	1,728,700	1,695,900	1,551,966	143,934	1,397,694
Engineering	422,800	419,700	398,926	20,774	346,016
Public Facilities	450,500	483,400	453,465	29,935	277,263
Total Public Works	2,602,000	2,599,000	2,404,357	194,643	2,020,973
Community Development:					
Planning	846,900	836,900	798,376	38,524	711,621
Building services	355,500	527,600	593,848	(66,248)	385,896
Total Community Development	1,202,400	1,364,500	1,392,224	(27,724)	1,097,517
Community Services:					
Community services	92,600	92,800	75,763	17,037	73,091
Recreation programs	615,100	616,000	660,122	(44,122)	151,496
Total Community Services	707,700	708,800	735,885	(27,085)	224,587
Capital Outlay	354,300	1,121,383	291,013	830,370	2,900,137
Total Charges to Appropriations	20,899,200	21,697,288	20,387,746	1,309,542	19,800,954
Other Financing Uses:					
Transfers out	(383,100)	(723,890)	(729,515)	(5,625)	(2,511,228)
Total Financing Uses	(383,100)	(723,890)	(729,515)	(5,625)	(2,511,228)
Budgetary Fund Balance, June 30	\$ 14,236,279	\$ 12,909,851	\$ 15,454,078	\$ 2,544,227	\$ 13,833,279

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 TRANSNET FUND
 FOR THE YEAR ENDED JUNE 30, 2020
 (With comparative totals for the year ended June 30, 2019)

	2020			Variance with Final Budget Positive (Negative)	2019
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary Fund Balance, July 1	\$ 23,194	\$ 23,194	\$ 23,194	\$ -	\$ -
Resources (Inflows):					
Service fees	-	-	7,246	7,246	46,381
Intergovernmental	150,000	150,000	601,705	451,705	544,505
Use of money and property	-	-	6,142	6,142	-
Amounts Available for Appropriations	173,194	173,194	638,287	465,093	590,886
Charges to Appropriations (Outflows):					
Public works	75,000	75,000	461	74,539	-
Capital outlay	75,000	209,570	222,389	(12,819)	205,581
Debt service:					
Interest and fiscal charges	-	-	325,105	(325,105)	325,105
Total Charges to Appropriations	150,000	284,570	547,955	(263,385)	530,686
Budgetary Fund Balance (Deficit), June 30	\$ 23,194	\$ (111,376)	\$ 90,332	\$ 201,708	\$ 60,200

The notes to required supplementary information are an integral part of this schedule.

CITY OF SOLANA BEACH, CALIFORNIA

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MISCELLANEOUS AND SAFETY PENSION PLANS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS ⁽¹⁾**

Measurement Date	<u>2020</u> 6/30/2019	<u>2019</u> 6/30/2018	<u>2018</u> 6/30/2017	<u>2017</u> 6/30/2016	<u>2016</u> 6/30/2015	<u>2015</u> 6/30/2014
<u>Miscellaneous Plan:</u>						
Proportion of the Net Pension Liability	0.05532%	0.05550%	0.05313%	0.05241%	0.05706%	0.04245%
Proportionate Share of the Net Pension Liability	\$ 5,668,839	\$ 5,177,151	\$ 5,268,836	\$ 4,534,940	\$ 3,550,604	\$ 2,651,591
Covered Payroll	\$ 3,312,829	\$ 3,058,602	\$ 2,879,582	\$ 2,593,354	\$ 2,409,776	\$ 2,517,165
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	171.12%	169.27%	182.97%	174.87%	147.34%	105.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.26%	75.26%	72.59%	75.87%	79.82%	78.40%
<u>Safety Plan:</u>						
Proportion of the Net Pension Liability	0.09380%	0.09361%	0.08816%	0.08774%	0.09490%	0.07208%
Proportionate Share of the Net Pension Liability	\$ 9,611,934	\$ 8,884,523	\$ 8,742,997	\$ 7,592,101	\$ 5,905,301	\$ 4,940,589
Covered Payroll	\$ 2,270,208	\$ 2,270,208	\$ 2,115,191	\$ 2,116,065	\$ 1,997,991	\$ 1,925,616
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	423.39%	391.35%	413.34%	358.78%	295.56%	256.57%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.26%	75.26%	72.59%	75.87%	79.82%	78.40%

Notes to Schedule of Proportionate Share of the Net Pension Liability:

Benefit Changes: There were no changes in benefit terms.

Changes of Assumptions: None

⁽¹⁾ Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only six years are shown.

CITY OF SOLANA BEACH, CALIFORNIA

**SCHEDULE OF PLAN CONTRIBUTIONS
MISCELLANEOUS AND SAFETY PENSION PLANS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS ⁽¹⁾**

	2020	2019	2018	2017	2016	2015
Miscellaneous Plan:						
Actuarially Determined Contribution	\$ 636,152	\$ 541,582	\$ 460,816	\$ 417,318	\$ 385,634	\$ 330,415
Contribution in Relation to the Actuarially Determined Contribution	(636,152)	(541,582)	(460,816)	(417,318)	(385,634)	(330,415)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 3,312,829	\$ 3,058,602	\$ 2,879,582	\$ 2,721,499	\$ 2,593,359	\$ 2,409,776
Contributions as a Percentage of Covered Payroll	19.20%	17.71%	16.00%	15.33%	14.87%	13.71%
Safety Plan:						
Actuarially Determined Contribution	\$ 988,753	\$ 838,065	\$ 717,659	\$ 673,212	\$ 619,022	\$ 519,933
Contribution in Relation to the Actuarially Determined Contribution	(988,753)	(838,065)	(717,659)	(673,212)	(619,022)	(519,933)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 2,389,544	\$ 2,270,208	\$ 2,249,144	\$ 2,115,191	\$ 2,116,065	\$ 1,997,991
Contributions as a Percentage of Covered Payroll	41.38%	36.92%	31.91%	31.83%	29.25%	26.02%

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 were derived from the June 30, 2017 funding valuation report.

Actuarial Cost Method:	Entry Age Normal Cost Method
Amortization Method/Period:	Level Percent of Pay, Direct Rate Smoothing, not more than 30 years
Asset Valuation Method:	Market Value of Assets
Inflation:	2.625%
Salary Increases:	Varies by Entry Age and Service
Investment Rate of Return:	7.25% (Net of Administrative Expense)
Mortality:	Derived using CalPERS' Membership Data for all Funds. The post-retirement mortality rates includes 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

⁽¹⁾ Historical information is required only for measurement for which GASB 68 is applicable. Fiscal year 2015 was the first year of implementation; therefore only six years are shown.

CITY OF SOLANA BEACH, CALIFORNIA

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OTHER POST-EMPLOYMENT BENEFITS PLAN
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS ⁽¹⁾**

	2020	2019	2018	2017
Total OPEB Liability:				
Service Cost	\$ 140,334	\$ 218,793	\$ 231,577	\$ 225,000
Interest	231,171	187,559	172,035	164,000
Actual vs. expected experience	(42,558)	-	-	-
Assumption changes	(384,986)	(1,145,939)	(242,883)	-
Benefit payments	(248,040)	(230,041)	(219,042)	(148,000)
Net Changes	(304,079)	(969,628)	(58,313)	241,000
Total OPEB Liability (beginning of year)	3,836,527	4,806,155	4,864,468	4,623,000
Total OPEB Liability (end of year) (a)	\$ 3,532,448	\$ 3,836,527	\$ 4,806,155	\$ 4,864,000
Plan Fiduciary Net Position:				
Contributions - employer ⁽²⁾	\$ 446,751	\$ 484,191	\$ 307,582	\$ 233,000
Net investment income	20,418	27,769	23,652	-
Benefit payments	(248,040)	(227,210)	(219,042)	(148,000)
Administrative expenses	(4,056)	(2,496)	(2,062)	-
Net Changes	215,073	282,254	110,130	102,000
Plan Fiduciary Net Position (beginning of year)	633,535	351,281	241,151	139,000
Plan Fiduciary Net Position (end of year) (b)	848,608	633,535	351,281	241,000
Plan Net OPEB Liability - Ending (a) - (b)	\$ 2,683,840	\$ 3,202,992	\$ 4,454,874	\$ 4,623,000
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.0%	16.5%	7.3%	5.0%
Covered-Employee Payroll	\$ 7,506,736	\$ 7,050,741	\$ 6,666,082	\$ 6,406,137
Plan Net OPEB Liability as a Percentage of Covered-Employee Payroll	35.8%	45.4%	66.8%	72.2%

Notes to Schedule of Changes in Net OPEB Liability and Related Ratios:

Benefit Changes: There were no benefit changes.

Changes of Assumptions: In 2020, demographic assumptions were updated to CalPERS 1997-2015 Experience Study, mortality improvement scale was updated to Scale MP-2019, and active and surviving spouse participation at retirement.

⁽¹⁾ Historical information is required only for years for which GASB 74/75 are applicable. Fiscal Year 2017 was the first year of implementation; therefore, only four years are shown.

⁽²⁾ Contributions include pay-as-you-go benefit payments, contributions to the trust, and an implied subsidy.

CITY OF SOLANA BEACH, CALIFORNIA

**SCHEDULE OF PLAN CONTRIBUTIONS
OTHER POST-EMPLOYMENT BENEFITS PLAN
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS ⁽¹⁾**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially Determined Contribution	\$ 378,000	\$ 484,191	\$ 220,491	\$ 531,000
Contribution in Relation to the Actuarially Determined Contribution	<u>(446,751)</u>	<u>(484,191)</u>	<u>(252,055)</u>	
Contribution Deficiency (Excess)	<u>\$ (68,751)</u>	<u>\$ -</u>	<u>\$ (31,564)</u>	<u>\$ 298,000</u>
Covered-Employee Payroll	\$ 7,506,736	\$ 7,050,741	\$ 6,666,082	\$ 6,406,137
Contributions as a Percentage of Covered-Employee Payroll	6.0%	6.9%	3.8%	3.6%

Notes to Schedule of Plan Contributions:

Valuation Date:	June 30, 2017
Actuarial Cost Method:	Entry Age Normal, Level % of pay
Amortization Method:	Level % of pay
Amortization Period:	20-year fixed period for 2019/20
Asset Valuation Method:	Market value of assets
Discount Rate:	6.00%
General Inflation:	2.75%
Medical Trend:	Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4% in 2076 Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4% in 2076
Mortality, Retirement, Disability, and Retirement:	CalPERS 1997-2011 experience study
Mortality Improvement:	Mortality projected fully generational with Scale MP-2016

⁽¹⁾ Historical information is required only for years for which GASB 74/75 are applicable. Fiscal Year 2017 was the first year of implementation; therefore, only four years are shown.

CITY OF SOLANA BEACH, CALIFORNIA

SCHEDULE OF INVESTMENT RETURNS
OTHER POST-EMPLOYMENT BENEFITS PLAN
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS ⁽¹⁾

<u>Fiscal Year Ending June 30</u>	<u>Net Money-Weighted Rate of Return</u>
2020	3.97%
2019	5.94%
2018	5.62%
2017	10.55%

Notes to Schedule of Investment Returns:

⁽¹⁾ GASB Statement No. 74, which requires ten years of history for this schedule, was implemented during Fiscal Year 2016/17. Additional years will be added as they become available in the future.

SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

Gas Tax Fund - accounts for revenues received and expenditures made for street related activities. Revenues are received from the State of California for the City's share of gasoline taxes pursuant to California Streets and Highways Code Sections 2105, 2106, 2107 and 2107.5.

Municipal Improvement Districts Fund - accounts for receipts and expenditure related to landscape maintenance within the various improvement districts. Budgets for maintenance cost are determined by property owners who are then assessed on a per parcel basis. The assessments are collected via the County tax roll.

Lighting District Fund - accounts for the revenues received and expenditures made related to street lights on the City's streets. The City determines the yearly budget and property owners are charged their proportionate share based on a per unit basis. The assessments are collected via the County tax roll.

COPS Fund - accounts for federal and state grants received for police services.

Public Safety Fund - accounts for federal and state grants received for public safety.

Fire Mitigation Fund - accounts for fire mitigation fees collected during new structural development based on construction type and size. The fees are restricted to equipment purchases only.

Transportation Development Act - accounts for the revenues and expenditures of the Transportation Development Act.

CDBG Fund - accounts for the revenues and expenditures of the Community Development Block Grant program.

Coastal Area Business/Visitor Assistance and Enhancement Fund - this fund is for expenditures that include local visitor and business promotion such as assistance to the Chamber of Commerce and North County Convention and Visitor's Bureau, special events such as the Fiesta Del Sol, public art, and visitor enhancements to the Highway 101 business corridor or the Cedros Design District.

NON-MAJOR GOVERNMENTAL FUNDS

Boating and Waterways Fund - accounts for grants received from the Department of Boating and Waterways. These funds are being used to fund the US Army Corps of Engineers beach replenishment study.

Miscellaneous Grants Fund - accounts for grant received to fund various ongoing capital projects.

Developer Pass-Thru Fund - accounts for resources reserved to developer deposits.

Housing Fund - accounts for resources reserved to provide for low and moderate income housing.

Camp Programs Fund - accounts for camp programs in the City.

SB1 Streets & Roads - accounts for revenues received and expenditures made for street related activities. Revenues are received from the State of California for the City's share of SB1 taxes pursuant.

Assessment Districts CIP Fund - accounts for capital projects in the assessment districts.

Sand Replenish / Retention and Coastal CIP - is limited to sand replenishment, sand retention, and coastal improvement project. Seewall expenditures are excluded from this CIP fund.

City Debt Service Fund - accounts for debt service in the City.

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020
 (With comparative totals for June 30, 2019)

	Special Revenue Funds		Capital Projects Funds	
	2020	2019	2020	2019
Assets:				
Cash and investments	\$ 6,976,742	\$ 6,033,011	\$ 1,090,034	\$ 998,601
Receivables:				
Accounts	25,571	35,038	-	11,100
Taxes	48,479	59,379	-	-
Interest	20,040	22,282	3,005	3,002
Due from other governments	286,637	191,659	-	-
Inventories	47,545	-	-	-
Total Assets	\$ 7,405,014	\$ 6,341,369	\$ 1,093,039	\$ 1,012,703
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 156,771	\$ 218,313	\$ 23,351	\$ 40,244
Accrued liabilities	6,454	20,339	-	-
Unearned revenues	395,889	321,084	-	-
Deposits payable	-	-	69,226	69,226
Due to other funds	527,149	145,859	-	-
Total Liabilities	1,086,263	705,595	92,577	109,470
Deferred Inflows of Resources:				
Unavailable revenues	-	28,221	-	-
Total Deferred Inflows of Resources	-	28,221	-	-
Fund Balances:				
Restricted	6,376,889	5,720,149	1,000,462	903,233
Unassigned	(58,138)	(112,596)	-	-
Total Fund Balances	6,318,751	5,607,553	1,000,462	903,233
Total Liabilities Deferred Inflows of Resources and Fund Balances	\$ 7,405,014	\$ 6,341,369	\$ 1,093,039	\$ 1,012,703

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020
 (With comparative totals for June 30, 2019)

	Debt Service Funds		Total Nonmajor Governmental Funds	
	2020	2019	2020	2019
Assets:				
Cash and investments	\$ 21,955	\$ 25,094	\$ 8,088,731	\$ 7,056,706
Receivables:				
Accounts	-	-	25,571	46,138
Taxes	-	-	48,479	59,379
Interest	-	-	23,045	25,284
Due from other governments	-	-	286,637	191,659
Inventories	-	-	47,545	-
Total Assets	\$ 21,955	\$ 25,094	\$ 8,520,008	\$ 7,379,166
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 180,122	\$ 258,557
Accrued liabilities	-	-	6,454	20,339
Unearned revenues	-	-	395,889	321,084
Deposits payable	-	-	69,226	69,226
Due to other funds	-	-	527,149	145,859
Total Liabilities	-	-	1,178,840	815,065
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	28,221
Total Deferred Inflows of Resources	-	-	-	28,221
Fund Balances:				
Restricted	-	25,094	7,399,306	6,648,476
Unassigned	-	-	(58,138)	(112,596)
Total Fund Balances	21,955	25,094	7,341,168	6,535,880
Total Liabilities Deferred Inflows of Resources and Fund Balances	\$ 21,955	\$ 25,094	\$ 8,520,008	\$ 7,379,166

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020
 (With comparative totals for June 30, 2019)

Special Revenue Funds

	Gas Tax	Municipal Improvement Districts	Lighting District
Assets:			
Cash and investments	\$ 197,216	\$ 1,195,079	\$ 2,809,552
Receivables:			
Accounts	-	-	-
Taxes	-	5,738	5,890
Interest	632	3,832	10,035
Due from other governments	-	-	-
Inventories	-	-	-
Total Assets	\$ 197,848	\$ 1,204,649	\$ 2,825,477
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)			
Liabilities:			
Accounts payable	\$ 14	\$ 50,305	\$ 21,476
Accrued liabilities	-	583	2,838
Unearned revenues	-	-	-
Deposits payable	-	-	-
Due to other funds	-	-	-
Total Liabilities	14	50,888	24,314
Deferred Inflows of Resources:			
Unavailable revenues	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances (Deficits):			
Restricted	197,834	1,153,761	2,801,163
Unassigned	-	-	-
Total Fund Balances (Deficits)	197,834	1,153,761	2,801,163
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 197,848	\$ 1,204,649	\$ 2,825,477

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

(With comparative totals for June 30, 2019)

(CONTINUED)

	Special Revenue Funds			
	COPS	Public Safety	Fire Mitigation	Transportation Development Act
Assets:				
Cash and investments	\$ 251,070	\$ 133,230	\$ -	\$ -
Receivables:				
Accounts	-	14,930	-	-
Taxes	-	-	-	-
Interest	893	-	-	-
Due from other governments	24,000	152,593	-	107,216
Inventories	-	-	-	-
Total Assets	\$ 275,963	\$ 300,753	\$ -	\$ 107,216
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)				
Liabilities:				
Accounts payable	\$ 25,020	\$ 19,491	\$ -	\$ 4,590
Accrued liabilities	-	2,511	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	7,438	137,322
Total Liabilities	25,020	22,002	7,438	141,912
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances (Deficits):				
Restricted	-	278,751	-	-
Unassigned	-	-	(7,438)	(34,696)
Total Fund Balances (Deficits)	250,943	278,751	(7,438)	(34,696)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 275,963	\$ 300,753	\$ -	\$ 107,216

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020
 (With comparative totals for June 30, 2019)

	Special Revenue Funds		
	CDBG	Coastal Area Business / Visitor Assistance & Enhancement	Boating & Waterways
Assets:			
Cash and investments	\$ -	\$ 794,774	\$ 62,229
Receivables:			
Accounts	-	-	-
Taxes	-	-	-
Interest	-	2,790	-
Due from other governments	2,828	-	-
Inventories	-	-	-
Total Assets	\$ 2,828	\$ 797,564	\$ 62,229
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)			
Liabilities:			
Accounts payable	\$ -	\$ 7,562	\$ -
Accrued liabilities	-	-	-
Unearned revenues	-	-	-
Deposits payable	-	-	-
Due to other funds	18,745	-	-
Total Liabilities	18,745	7,562	-
Deferred Inflows of Resources:			
Unavailable revenues	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances (Deficits):			
Restricted	-	790,002	62,229
Unassigned	(15,917)	-	-
Total Fund Balances (Deficits)	(15,917)	790,002	62,229
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,828	\$ 797,564	\$ 62,229

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020
(With comparative totals for June 30, 2019)

(CONTINUED)

	Special Revenue Funds			
	Miscellaneous Grants	Developer Pass- Thru	Housing	Camp Programs
Assets:				
Cash and investments	\$ 6,240	\$ 402,171	\$ 636,556	\$ 340,790
Receivables:				
Accounts	-	-	-	10,641
Taxes	-	-	-	-
Interest	-	-	1,333	-
Due from other governments	-	-	-	-
Inventories	-	-	-	47,545
Total Assets	\$ 6,240	\$ 402,171	\$ 637,889	\$ 398,976
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)				
Liabilities:				
Accounts payable	\$ -	\$ 6,369	\$ 624	\$ 21,309
Accrued liabilities	-	-	-	522
Unearned revenues	-	395,889	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	363,644
Total Liabilities	-	402,258	624	385,475
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances (Deficits):				
Restricted	6,240	-	637,265	13,501
Unassigned	-	(87)	-	-
Total Fund Balances (Deficits)	6,240	(87)	637,265	13,501
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,240	\$ 402,171	\$ 637,889	\$ 398,976

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020
 (With comparative totals for June 30, 2019)

	Special Revenue Funds	Capital Projects Funds	
	SB1 Streets & Roads	Assessment Districts CIP	
Assets:			
Cash and investments	\$ 147,835	\$ 206,239	\$ 883,795
Receivables:			
Accounts	-	-	-
Taxes	36,851	-	-
Interest	525	-	3,005
Due from other governments	-	-	-
Inventories	-	-	-
Total Assets	\$ 185,211	\$ 206,239	\$ 886,800
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)			
Liabilities:			
Accounts payable	\$ 11	\$ 16,644	\$ 6,707
Accrued liabilities	-	-	-
Unearned revenues	-	-	-
Deposits payable	-	69,226	-
Due to other funds	-	-	-
Total Liabilities	11	85,870	6,707
Deferred Inflows of Resources:			
Unavailable revenues	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances (Deficits):			
Restricted	185,200	120,369	880,093
Unassigned	-	-	-
Total Fund Balances (Deficits)	185,200	120,369	880,093
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 185,211	\$ 206,239	\$ 886,800

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020
 (With comparative totals for June 30, 2019)

	Debt Service Funds	Total Nonmajor Governmental Funds	
	City Debt Service	2020	2019
Assets:			
Cash and investments	\$ 21,955	\$ 8,088,731	\$ 7,056,706
Receivables:			
Accounts	-	25,571	46,138
Taxes	-	48,479	59,379
Interest	-	23,045	25,284
Due from other governments	-	286,637	191,659
Inventories	-	47,545	-
Total Assets	\$ 21,955	\$ 8,520,008	\$ 7,379,166
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)			
Liabilities:			
Accounts payable	\$ -	\$ 180,122	\$ 258,557
Accrued liabilities	-	6,454	20,339
Unearned revenues	-	395,889	321,084
Deposits payable	-	69,226	69,226
Due to other funds	-	527,149	145,859
Total Liabilities	-	1,178,840	815,065
Deferred Inflows of Resources:			
Unavailable revenues	-	-	28,221
Total Deferred Inflows of Resources	-	-	28,221
Fund Balances (Deficits):			
Restricted	21,955	7,399,306	6,648,476
Unassigned	-	(58,138)	(112,596)
Total Fund Balances (Deficits)	21,955	7,341,168	6,535,880
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 21,955	\$ 8,520,008	\$ 7,379,166

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)

	Special Revenue Funds		Capital Projects Funds	
	2020	2019	2020	2019
Revenues:				
Taxes and assessments	\$ 1,972,220	\$ 1,949,049	\$ 224,155	\$ 310,616
Intergovernmental	649,949	631,476	-	-
Charges for services	115,549	883,694	-	-
Use of money and property	239,111	189,399	34,835	25,904
Other revenues	16,495	28,544	-	11,334
Total Revenues	2,993,324	3,682,162	258,990	347,854
Expenditures:				
Current:				
General government	-	5,832	-	44,030
Public safety	596,013	689,986	98,107	94,030
Public works	953,601	950,832	-	30
Community development	107,181	420,778	-	-
Community services	68,025	68,647	-	-
Capital outlay	833,321	989,259	63,654	86,144
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	2,558,141	3,125,334	161,761	224,234
Excess (Deficiency) of Revenues Over (Under) Expenditures	435,183	556,828	97,229	123,620
Other Financing Sources (Uses):				
Transfers in	346,415	168,970	-	-
Transfers out	(70,400)	(125,142)	-	-
Total Other Financing Sources (Uses)	276,015	43,828	-	-
Net Change in Fund Balance	711,198	600,656	97,229	123,620
Fund Balance at the Beginning of the Year	5,607,553	5,006,897	903,233	779,613
Fund Balance at the End of the Year	\$ 6,318,751	\$ 5,607,553	\$ 1,000,462	\$ 903,233

CITY OF SOLANA BEACH, CALIFORNIA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)**

	Debt Service Funds		Total Nonmajor Governmental Funds	
	2020	2019	2020	2019
Revenues:				
Taxes and assessments	\$ -	\$ -	\$ 2,196,375	\$ 2,259,665
Intergovernmental	-	-	649,949	631,476
Charges for services	-	-	115,549	883,694
Use of money and property	-	-	273,946	215,303
Other revenues	-	-	16,495	39,878
Total Revenues	-	-	3,252,314	4,030,016
Expenditures:				
Current:				
General government	-	-	-	49,862
Public safety	-	-	694,120	784,016
Public works	-	-	953,601	950,862
Community development	-	-	107,181	420,778
Community services	-	-	68,025	68,647
Capital outlay	-	-	896,975	1,075,403
Debt service:				
Principal retirement	316,505	303,971	316,505	303,971
Interest and fiscal charges	40,134	49,414	40,134	49,414
Total Expenditures	356,639	353,385	3,076,541	3,702,953
Excess (Deficiency) of Revenues Over (Under) Expenditures	(356,639)	(353,385)	175,773	327,063
Other Financing Sources (Uses):				
Transfers in	353,500	353,500	699,915	522,470
Transfers out	-	-	(70,400)	(125,142)
Total Other Financing Sources (Uses)	353,500	353,500	629,515	397,328
Net Change in Fund Balance	(3,139)	115	805,288	724,391
Fund Balance at the Beginning of the Year	25,094	24,979	6,535,880	5,811,489
Fund Balance at the End of the Year	\$ 21,955	\$ 25,094	\$ 7,341,168	\$ 6,535,880

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)

	<u>Special Revenue Funds</u>		
	<u>Gas Tax</u>	<u>Municipal Improvement Districts</u>	<u>Lighting District</u>
Revenues:			
Taxes and assessments	\$ 309,784	\$ 683,090	\$ 625,950
Intergovernmental	15,664	2,835	3,349
Charges for services	-	-	-
Use of money and property	7,051	47,674	107,447
Other revenues	-	-	-
Total Revenues	332,499	733,599	736,746
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	7,273	599,173	330,955
Community development	-	-	-
Community services	-	-	-
Capital outlay	279,909	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	287,182	599,173	330,955
Excess (Deficiency) of Revenues Over (Under) Expenditures	45,317	134,426	405,791
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	-	(70,400)
Total Other Financing Sources (Uses)	-	-	(70,400)
Net Change in Fund Balance	45,317	134,426	335,391
Fund Balance (Deficit) at the Beginning of the Year	152,517	1,019,335	2,465,772
Fund Balance (Deficit) at the End of the Year	\$ 197,834	\$ 1,153,761	\$ 2,801,163

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

(With comparative totals for the year ended June 30, 2019)

(CONTINUED)

	Special Revenue Funds			
	COPS	Public Safety	Fire Mitigation	Transportation Development Act
Revenues:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	80,000	345,162	-	150,616
Charges for services	-	-	15,272	-
Use of money and property	9,112	-	-	-
Other revenues	-	13,003	-	-
Total Revenues	89,112	358,165	15,272	150,616
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	100,236	253,482	5,000	-
Public works	-	-	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	144,452	-	157,091
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	100,236	397,934	5,000	157,091
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,124)	(39,769)	10,272	(6,475)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(11,124)	(39,769)	10,272	(6,475)
Fund Balance (Deficit) at the Beginning of the Year	262,067	318,520	(17,710)	(28,221)
Fund Balance (Deficit) at the End of the Year	\$ 250,943	\$ 278,751	\$ (7,438)	\$ (34,696)

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)

	Special Revenue Funds		
	CDBG	Coastal Area Business / Visitor Assistance & Enhancement	Boating & Waterways
Revenues:			
Taxes and assessments	\$ -	\$ 112,078	\$ -
Intergovernmental	52,323	-	-
Charges for services	-	-	-
Use of money and property	-	32,225	913
Other revenues	-	3,492	-
Total Revenues	52,323	147,795	913
Expenditures:			
Current:			
General government	-	-	-
Public safety	567	-	-
Public works	-	-	-
Community development	-	31,665	-
Community services	-	-	-
Capital outlay	52,100	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	52,667	31,665	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(344)	116,130	913
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balance	(344)	116,130	913
Fund Balance (Deficit) at the Beginning of the Year	(15,573)	673,872	61,316
Fund Balance (Deficit) at the End of the Year	\$ (15,917)	\$ 790,002	\$ 62,229

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

(With comparative totals for the year ended June 30, 2019)

(CONTINUED)

	Special Revenue Funds			
	Miscellaneous Grants	Developer Pass- Thru	Housing	Camp Programs
Revenues:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	77,433	-	22,844
Use of money and property	142	12,150	15,545	-
Other revenues	-	-	-	-
Total Revenues	142	89,583	15,545	22,844
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	236,728
Public works	-	16,200	-	-
Community development	-	73,383	2,133	-
Community services	-	-	-	68,025
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	89,583	2,133	304,753
Excess (Deficiency) of Revenues Over (Under) Expenditures	142	-	13,412	(281,909)
Other Financing Sources (Uses):				
Transfers in	-	-	-	346,415
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	346,415
Net Change in Fund Balance	142	-	13,412	64,506
Fund Balance (Deficit) at the Beginning of the Year	6,098	(87)	623,853	(51,005)
Fund Balance (Deficit) at the End of the Year	\$ 6,240	\$ (87)	\$ 637,265	\$ 13,501

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)

	Special Revenue Funds		
	SB1 Streets & Roads	Assessment Districts CIP	Sand Replenish/ Retention and Coastal Access CIP
Revenues:			
Taxes and assessments	\$ 241,318	\$ -	\$ 224,155
Intergovernmental	-	-	-
Charges for services	-	-	-
Use of money and property	6,852	-	34,835
Other revenues	-	-	-
Total Revenues	248,170	-	258,990
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	98,107
Public works	-	-	-
Community development	-	-	-
Community services	-	-	-
Capital outlay	199,769	-	63,654
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	199,769	-	161,761
Excess (Deficiency) of Revenues Over (Under) Expenditures	48,401	-	97,229
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balance	48,401	-	97,229
Fund Balance (Deficit) at the Beginning of the Year	136,799	120,369	782,864
Fund Balance (Deficit) at the End of the Year	\$ 185,200	\$ 120,369	\$ 880,093

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)

	<u>Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>	
	<u>City Debt Service</u>	<u>2020</u>	<u>2019</u>
Revenues:			
Taxes and assessments	\$ -	\$ 2,196,375	\$ 2,259,665
Intergovernmental	-	649,949	631,476
Charges for services	-	115,549	883,694
Use of money and property	-	273,946	215,303
Other revenues	-	16,495	39,878
Total Revenues	-	3,252,314	4,030,016
Expenditures:			
Current:			
General government	-	-	49,862
Public safety	-	694,120	784,016
Public works	-	953,601	950,862
Community development	-	107,181	420,778
Community services	-	68,025	68,647
Capital outlay	-	896,975	1,075,403
Debt service:			
Principal retirement	316,505	316,505	303,971
Interest and fiscal charges	40,134	40,134	49,414
Total Expenditures	356,639	3,076,541	3,702,953
Excess (Deficiency) of Revenues Over (Under) Expenditures	(356,639)	175,773	327,063
Other Financing Sources (Uses):			
Transfers in	353,500	699,915	522,470
Transfers out	-	(70,400)	(125,142)
Total Other Financing Sources (Uses)	353,500	629,515	397,328
Net Change in Fund Balance	(3,139)	805,288	724,391
Fund Balance (Deficit) at the Beginning of the Year	25,094	6,535,880	5,811,489
Fund Balance (Deficit) at the End of the Year	\$ 21,955	\$ 7,341,168	\$ 6,535,880

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 GAS TAX FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 152,517	\$ 152,517	\$ 152,517	\$ -
Resources (Inflows):				
Taxes	357,200	357,200	309,784	(47,416)
Intergovernmental	15,700	15,700	15,664	(36)
Use of money and property	2,000	2,000	7,051	5,051
Amounts Available for Appropriations	527,417	527,417	485,016	(42,401)
Charges to Appropriations (Outflows):				
Public works	2,600	8,600	7,273	1,327
Capital outlay	245,000	431,656	279,909	151,747
Total Charges to Appropriations	247,600	440,256	287,182	153,074
Budgetary Fund Balance, June 30		\$ 87,161	\$ 197,834	\$ 110,673

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
MUNICIPAL IMPROVEMENT DISTRICTS FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,019,335	\$ 1,019,335	\$ 1,019,335	\$ -
Resources (Inflows):				
Taxes	652,700	652,700	683,090	30,390
Intergovernmental	2,500	2,500	2,835	335
Use of money and property	800	800	47,674	46,874
Amounts Available for Appropriations	1,675,335	1,675,335	1,752,934	77,599
Charges to Appropriations (Outflows):				
Public works	636,400	642,479	599,173	43,306
Total Charges to Appropriations	636,400	642,479	599,173	43,306
Budgetary Fund Balance, June 30	\$ 1,038,935	\$ 1,032,856	\$ 1,153,761	\$ 120,905

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 LIGHTING DISTRICT FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,465,772	\$ 2,465,772	\$ 2,465,772	\$ -
Resources (Inflows):				
Taxes	587,900	587,900	625,950	38,050
Intergovernmental	3,200	3,200	3,349	149
Use of money and property	30,000	30,000	107,447	77,447
Amounts Available for Appropriations	3,086,872	3,086,872	3,202,518	115,646
Charges to Appropriations (Outflows):				
Public works	350,100	352,438	330,955	21,483
Transfers out	70,400	70,400	70,400	-
Total Charges to Appropriations		422,838	401,355	21,483
Budgetary Fund Balance, June 30	\$ 2,666,372	\$ 2,664,034	\$ 2,801,163	\$ 137,129

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 COPS FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 262,067	\$ 262,067	\$ 262,067	\$ -
Resources (Inflows):				
Intergovernmental	100,000	100,000	80,000	(20,000)
Use of money and property	400	400	9,112	8,712
Amounts Available for Appropriations	362,467	362,467	351,179	(11,288)
Charges to Appropriations (Outflows):				
Public safety	100,000	100,000	100,236	(236)
Total Charges to Appropriations	100,000	100,000	100,236	(236)
Budgetary Fund Balance, June 30	\$ 262,467	\$ 262,467	\$ 250,943	\$ (11,524)

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 PUBLIC SAFETY FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 318,520	\$ 318,520	\$ 318,520	\$ -
Resources (Inflows):				
Intergovernmental	49,500	179,324	345,162	165,838
Miscellaneous	-	-	13,003	13,003
Amounts Available for Appropriations	368,020	497,844	676,685	178,841
Charges to Appropriations (Outflows):				
Public safety	95,000	209,136	253,482	(44,346)
Capital outlay	-	117,688	144,452	(26,764)
Total Charges to Appropriations		326,824	397,934	(71,110)
Budgetary Fund Balance, June 30	\$ 273,020	\$ 171,020	\$ 278,751	\$ 107,731

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 FIRE MITIGATION FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Deficit, July 1	\$ (17,710)	\$ (17,710)	\$ (17,710)	\$ -
Resources (Inflows):				
Charges for services	5,000	5,000	15,272	10,272
Amounts Available for Appropriations	(12,710)	(12,710)	(2,438)	10,272
Charges to Appropriations (Outflows):				
Public safety	5,000	5,000	5,000	-
Total Charges to Appropriations	5,000	5,000	5,000	-
Budgetary Fund Deficit, June 30	\$ (17,710)	\$ (17,710)	\$ (7,438)	\$ 10,272

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 TRANSPORTATION DEVELOPMENT ACT FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Deficit, July 1	\$ (28,221)	\$ (28,221)	\$ (28,221)	\$ -
Resources (Inflows):				
Intergovernmental	-	-	150,616	150,616
Amounts Available for Appropriations	(28,221)	(28,221)	122,395	150,616
Charges to Appropriations (Outflows):				
Capital outlay	-	467,520	157,091	310,429
Total Charges to Appropriations	-	467,520	157,091	310,429
Budgetary Fund Deficit, June 30	\$ (28,221)	\$ (495,741)	\$ (34,696)	\$ 461,045

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CDBG FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Deficit, July 1	\$ (15,573)	\$ (15,573)	\$ (15,573)	\$ -
Resources (Inflows):				
Intergovernmental	-	60,325	52,323	(8,002)
Amounts Available for Appropriations	(15,573)	44,752	36,750	(8,002)
Charges to Appropriations (Outflows):				
Public safety	-	-	567	(567)
Capital outlay	-	60,325	52,100	8,225
Total Charges to Appropriations	-	60,325	52,667	7,658
Budgetary Fund Deficit, June 30	\$ (15,573)	\$ (15,573)	\$ (15,917)	\$ (344)

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
COASTAL AREA BUSINESS / VISITOR ASSISTANCE AND ENHANCEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 673,872	\$ 673,872	\$ 673,872	\$ -
Resources (Inflows):				
Taxes	142,000	142,000	112,078	(29,922)
Use of money and property	2,500	2,500	32,225	29,725
Miscellaneous	-	-	3,492	3,492
Amounts Available for Appropriations	818,372	818,372	821,667	3,295
Charges to Appropriations (Outflows):				
Community development	59,100	59,100	31,665	27,435
Total Charges to Appropriations	59,100	59,100	31,665	27,435
Budgetary Fund Balance, June 30	\$ 759,272	\$ 759,272	\$ 790,002	\$ 30,730

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 DEVELOPER PASS-THRU FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Deficit, July 1	\$ (87)	\$ (87)	\$ (87)	\$ -
Resources (Inflows):				
Charges for services	100,000	100,000	77,433	(22,567)
Use of money and property	-	-	12,150	12,150
Amounts Available for Appropriations	99,913	99,913	89,496	(10,417)
Charges to Appropriations (Outflows):				
Community development	100,000	136,803	73,383	63,420
Public works	-	46,051	16,200	29,851
Total Charges to Appropriations		182,854	89,583	93,271
Budgetary Fund Deficit, June 30	\$ (87)	\$ (82,941)	\$ (87)	\$ 82,854

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 HOUSING FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 623,853	\$ 623,853	\$ 623,853	\$ -
Resources (Inflows):				
Use of money and property	2,500	2,500	15,545	13,045
Amounts Available for Appropriations	626,353	626,353	639,398	13,045
Charges to Appropriations (Outflows):				
Community development	10,000	65,276	2,133	63,143
Total Charges to Appropriations	10,000	65,276	2,133	63,143
Budgetary Fund Balance, June 30	\$ 616,353	\$ 561,077	\$ 637,265	\$ 76,188

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CAMP PROGRAMS FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Deficit, July 1	\$ (51,005)	\$ (51,005)	\$ (51,005)	\$ -
Resources (Inflows):				
Charges for services	537,900	537,900	22,844	(515,056)
Transfers in	-	340,790	346,415	5,625
Amounts Available for Appropriations	486,895	827,685	318,254	(509,431)
Charges to Appropriations (Outflows):				
Public safety	478,100	473,300	236,728	236,572
Parks and recreation	77,000	77,000	68,025	8,975
Total Charges to Appropriations	555,100	550,300	304,753	245,547
Budgetary Fund Balance (Deficit), June 30	\$ (68,205)		\$ 13,501	\$ (263,884)

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
SB1 STREETS & ROADS
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 136,799	\$ 136,799	\$ 136,799	\$ -
Resources (Inflows):				
Taxes	229,100	229,100	241,318	12,218
Use of money and property	-	-	6,852	6,852
Amounts Available for Appropriations	365,899	365,899	384,969	19,070
Charges to Appropriation (Outflow):				
Capital outlay	200,000	200,000	199,769	231
Total Charges to Appropriations	200,000	200,000	199,769	231
Budgetary Fund Balance, June 30	\$ 165,899	\$ 165,899	\$ 185,200	\$ 19,301

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CITY CIP CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 2,823,167	\$ 2,823,167	\$ 2,823,167	\$ -
Resources (Inflows):				
Charges for services	50,000	50,000	43,215	(6,785)
Use of money and property	37,000	37,000	127,291	90,291
Miscellaneous	-	74,873	43,951	(30,922)
Transfers in	100,000	(840,000)	100,000	940,000
Amounts Available for Appropriations	3,010,167	2,145,040	3,137,624	992,584
Charges to Appropriations (Outflows):				
General government	60,000	60,000	6,960	53,040
Public safety	63,400	63,400	-	63,400
Community development		120,000	44,997	75,003
Public works	10,000	40,909	50,191	(9,282)
Capital outlay	495,000	884,043	282,589	601,454
Total Charges to Appropriations	748,400	1,168,351	384,737	783,614
Budgetary Fund Balance, June 30	\$ 2,261,767	\$ 976,689	\$ 2,752,887	\$ 1,776,198

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
SAND REPLENISHMENT / RETENTION AND COASTAL ACCESS CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 782,864	\$ 782,864	\$ 782,864	\$ -
Resources (Inflows):				
Taxes	284,000	284,000	224,155	(59,845)
Use of money and property	400	400	34,835	34,435
Amounts Available for Appropriations	1,067,264	1,067,264	1,041,854	(25,410)
Charges to Appropriations (Outflows):				
Public safety	150,300	161,474	98,107	63,367
Capital outlay	250,000	345,788	63,654	282,134
Total Charges to Appropriations	400,300	507,262	161,761	345,501
Budgetary Fund Balance, June 30	\$ 666,964		\$ 880,093	\$ 320,091

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CITY DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 25,094	\$ 25,094	\$ 25,094	\$ -
Resources (Inflows):				
Transfers in	353,500	353,500	353,500	-
Amounts Available for Appropriations	378,594	378,594	378,594	-
Charges to Appropriations (Outflows):				
Debt service:				
Principal retirement	316,600	316,600	316,505	95
Interest and fiscal charges	38,200	38,200	40,134	(1,934)
Total Charges to Appropriations	354,800	354,800	356,639	(1,839)
Budgetary Fund Balance, June 30	\$ 23,794	\$ 23,794	\$ 21,955	\$ (1,839)

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FIDUCIARY FUNDS

Undergrounding District Funds - the Barbara/Granados Avenue, Pacific Avenue/East and West Circle Drive, and Marsalan Avenue Utility Underground Assessment Districts are utility districts created to finance the undergrounding of utility lines. These funds account for payments from property owners as well debt service on bonds that were issued to pay for the undergrounding improvements within the assessment districts. This is accounted for as an agency fund because the City has no responsibility for the debt service on the bonds.

South Solana Sewer District Fund - this fund was formed to finance the construction of sewer improvements to connect the 51 properties of the assessment district to the City's sewer system. This fund accounts for payments from property owners as well as debt service on the bonds that were issued to pay for the sewer improvements. This is accounted as an agency fund because the City has no responsibility for the debt service on the bonds.

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING STATEMENT OF NET POSITION
 ALL AGENCY FUNDS
 JUNE 30, 2020
 (With comparative totals for June 30, 2019)

	Undergrounding Districts	South Solana Sewer District	Total Agency Funds	
			2020	2019
Assets:				
Cash and investments	\$ 320,810	\$ 58,941	\$ 379,751	\$ 519,890
Receivables:				
Accounts	837	-	837	1,668
Taxes	1,432	191	1,623	5,049
Total Assets	\$ 323,079	\$ 59,132	\$ 382,211	\$ 526,607
Liabilities:				
Accounts payable	\$ 787	\$ 4	\$ 791	\$ 912
Due to bondholders	322,292	59,128	381,420	525,695
Total Liabilities	\$ 323,079	\$ 59,132	\$ 382,211	\$ 526,607

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
<u>Undergrounding Districts</u>				
Assets:				
Cash and investments	\$ 440,575	\$ 317,948	\$ 437,713	\$ 320,810
Receivables:				
Accounts	1,668	8,312	9,143	837
Taxes	4,097	1,432	4,097	1,432
Total Assets	<u>\$ 446,340</u>	<u>\$ 327,692</u>	<u>\$ 450,953</u>	<u>\$ 323,079</u>
Liabilities:				
Accounts payable	\$ 909	\$ 394,008	\$ 394,130	\$ 787
Due to bondholders	445,431	338,286	461,425	322,292
Total Liabilities	<u>\$ 446,340</u>	<u>\$ 732,294</u>	<u>\$ 855,555</u>	<u>\$ 323,079</u>
<u>South Solana Sewer District</u>				
Assets:				
Cash and investments	\$ 79,315	\$ 132,185	\$ 152,559	\$ 58,941
Receivables:				
Taxes	952	2,906	3,667	191
Total Assets	<u>\$ 80,267</u>	<u>\$ 135,091</u>	<u>\$ 156,226</u>	<u>\$ 59,132</u>
Liabilities:				
Accounts payable	\$ 3	\$ 63,503	\$ 63,502	\$ 4
Due to bondholders	80,264	69,371	90,507	59,128
Total Liabilities	<u>\$ 80,267</u>	<u>\$ 132,874</u>	<u>\$ 154,009</u>	<u>\$ 59,132</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 519,890	\$ 450,133	\$ 590,272	\$ 379,751
Receivables:				
Accounts	1,668	8,312	9,143	837
Taxes	5,049	4,338	7,764	1,623
Total Assets	<u>\$ 526,607</u>	<u>\$ 462,783</u>	<u>\$ 607,179</u>	<u>\$ 382,211</u>
Liabilities:				
Accounts payable	\$ 912	\$ 457,511	\$ 457,632	\$ 791
Due to bondholders	525,695	407,657	551,932	381,420
Total Liabilities	<u>\$ 526,607</u>	<u>\$ 865,168</u>	<u>\$ 1,009,564</u>	<u>\$ 382,211</u>

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**STATISTICAL SECTION
(UNAUDITED)**

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Statistical Section

This part of the City of Solana Beach's Statistical comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

- * **Net Position by Component**
- * **Changes in Net Position**
- * **Fund Balances of Governmental Funds**
- * **Changes in Fund Balances of Governmental Funds**

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property taxes.

- * **Assessed Value and Estimated Actual Value of Taxable Property**
- * **Direct and Overlapping Property Tax Rates**
- * **Principal Property Tax Payers**
- * **Property Tax Levies and Collections**

Debt Capacity

These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.

- * **Ratios of Outstanding Debt by Type**
- * **Direct and Overlapping Debt**
- * **Legal Debt Margin Information**
- * **Pledged-Revenue Coverage**

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.

- * **Demographic and Economic Statistics**
- * **Principal Employers**

Operating Information

These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.

- * **Full-time Equivalent City Government Employees by Function/Program**
- * **Operating Indicators by Function/Program**
- * **Capital Assets Statistics by Function/Program**

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.*

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Financial Trends

CITY OF SOLANA BEACH

Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
Government activities					
Net Investment in Capital					
Assets					
Restricted	\$ 32,138,178	\$ 34,301,049	\$ 39,384,623	\$ 34,095,894	\$ 32,415,836
Unrestricted	6,747,340	6,370,933	4,688,776	5,183,814	4,979,850
	4,479,958	5,275,012	1,418,151	6,871,872	(85,816)
Total governmental activities net position	\$ 43,365,476	\$ 45,946,994	\$ 45,491,550	46,151,580	37,309,870
Business-type activities					
Net Investment in Capital					
Assets					
Restricted	6,389,844	5,470,469	5,682,518	6,324,862	6,798,584
Unrestricted	-	-	-	-	-
	22,974,310	24,794,121	25,769,871	27,155,489	26,759,779
Total business-type activities net position	\$ 29,364,154	\$ 30,264,590	\$ 31,452,389	33,480,351	33,558,363
Primary government					
Net Investment in Capital					
Assets					
Restricted	\$ 38,528,022	\$ 39,771,518	\$ 45,067,141	\$ 40,420,756	\$ 39,214,420
Unrestricted	6,747,340	6,370,933	4,688,776	5,183,814	4,979,850
	27,454,268	30,069,133	27,188,022	34,027,361	26,673,963
Total primary government net position	\$ 72,729,630	\$ 76,211,584	\$ 76,943,939	79,631,931	70,868,233

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

		Fiscal Year				
2016	2017	2018	2019	2020		
\$ 30,365,711	\$ 28,412,121	\$ 27,241,251	\$ 29,396,878	\$ 29,098,407		
5,825,595	6,619,853	9,139,181	11,238,745	11,867,430		
1,230,929	1,795,456	(2,320,375)	(3,911,422)	(3,122,802)		
37,422,235	36,827,430	\$ 34,060,057	\$ 36,724,201	\$ 37,843,035		
5,594,350	6,195,352	\$ 5,929,088	\$ 8,892,771	\$ 12,497,120		
-	-	54	49	46		
29,711,194	32,866,729	36,722,015	35,710,517	33,905,670		
35,305,544	39,062,081	\$ 42,651,157	\$ 44,603,337	\$ 46,402,836		
\$ 35,960,061	\$ 34,607,473	\$ 33,170,339	\$ 38,289,649	\$ 41,595,527		
5,825,595	6,619,853	9,139,235	11,238,794	11,867,476		
30,942,123	34,662,185	34,401,640	31,799,095	30,782,868		
72,727,779	75,889,511	\$ 76,711,214	\$ 81,327,538	\$ 84,245,871		

CITY OF SOLANA BEACH

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
Expenses					
Governmental Activities:					
General government	4,943,119	3,509,970	3,521,929	3,712,734	3,344,429
Public safety	9,730,398	7,801,875	8,177,235	8,416,330	8,441,144
Public works	4,207,981	4,499,601	5,070,916	5,008,665	5,181,223
Community development	1,078,141	957,995	957,303	1,361,588	1,281,059
Community services	569,907	561,563	604,445	579,088	622,608
Interest on long-term debt	543,852	139,345	78,156	439,918	388,144
Total Governmental Activities expenses	21,073,398	17,470,349	18,409,984	19,518,323	19,258,607
Business-Type Activities:					
Sanitation	3,942,484	4,038,404	3,456,455	2,855,368	4,566,357
Solana Energy Alliance Fund	-	-	-	-	-
Total Business-Type Activities Expenses	3,942,484	4,038,404	3,456,455	2,855,368	4,566,357
Total Primary Government Expenses	\$ 25,015,882	21,508,753	21,866,439	22,373,691	23,824,964
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ -	\$ 21,370	\$ -	\$ -	\$ -
Public safety	471,722	439,523	376,156	402,670	464,533
Public works	689,658	251,766	511,843	743,210	238,587
Community development	506,927	796,475	648,280	830,429	852,578
Community services	151,189	229,571	357,877	303,070	347,698
Operating Contributions:					
General government	14,213	-	-	-	-
Public safety	251,237	273,048	270,428	286,687	285,399
Public works	1,351	173,664	583,136	1,577,961	920,807
Community development	-	-	-	-	109,689
Community services	13,500	30,331	-	-	-
Capital Contributions and Grants:					
Public safety	65,696	78,590	162,672	129,740	53,091
Public works	414,003	25,000	-	-	-
Community services	21,001	-	-	-	-
Total Governmental Activities Program Revenues	2,600,497	2,319,338	2,910,392	4,273,767	3,272,382
Business-Type Activities:					
Charges for services:					
Sanitation	4,501,364	4,517,005	4,708,765	4,775,489	4,949,069
Solana Energy Alliance Fund	-	-	-	-	-
Total Business-Type Activities Program Revenues	4,501,364	4,517,005	4,708,765	4,775,489	4,949,069
Total Primary Government Program Revenues	\$ 7,101,861	\$ 6,836,343	\$ 7,619,157	\$ 9,049,256	\$ 8,221,451
Net (Expense)/Revenue					
Governmental Activities	(18,472,901)	(15,151,011)	(15,499,592)	(15,244,556)	(15,986,225)
Business-Type Activities	558,880	478,601	1,252,310	1,920,121	382,712
Total primary Government Net Expense	(17,914,021)	(14,672,410)	(14,247,282)	(13,324,435)	(15,603,513)
General Revenues and Other Charges in Net Position					
Governmental Activities:					
Taxes:					
Property taxes, levied for general purpose	\$ 6,813,559	\$ 6,597,393	\$ 6,655,138	\$ 6,880,916	\$ 7,247,202
Transient occupancy taxes	978,840	1,118,592	1,186,197	1,220,075	1,467,373
Sales taxes	2,813,228	2,963,507	3,077,691	2,814,702	2,808,203
Intergovernmental, unrestricted:					
Franchise taxes	663,660	685,336	698,672	714,991	765,995
Other taxes	2,353,883	2,670,333	2,643,515	2,736,146	2,747,073
Investment income	161,701	-	-	-	-
Use of money and property	-	102,469	84,903	137,906	136,763
Other	218,377	494,008	722,094	1,399,850	914,672
Loss on sale of property	(57,159)	-	-	-	-
Extraordinary Gain/(Loss) on dissolution on redevelopment agency	-	2,933,995	-	-	-
	13,946,089	17,617,717	15,068,210	15,904,586	16,087,281
Business-Type Activities:					
Investment income	51,294	-	-	-	-
Use of money and property	-	152,477	78,615	71,541	71,973
Share in joint venture net loss	-	-	-	-	-
Other	-	269,358	46,470	36,300	28,939
Miscellaneous	173,122	-	-	-	-
Total Business-Type Activities	224,416	421,835	125,085	107,841	100,912
Total Primary Government	14,170,505	18,039,552	15,193,295	16,012,427	16,188,193
Changes in Net Position					
Governmental Activities	(4,526,812)	2,466,706	(431,382)	660,030	101,056
Business-Type Activities	783,296	900,436	1,377,395	2,027,962	483,624
Total Primary Government	\$ (3,743,516)	\$ 3,367,142	\$ 946,013	\$ 2,687,992	\$ 584,680

2016	2017	Fiscal Year		
		2018	2019	2020
3,944,303	4,309,372	4,101,170	3,650,982	4,985,418
9,162,345	9,628,140	10,539,671	11,050,684	12,616,348
5,438,407	5,487,183	5,944,432	5,937,131	4,894,915
1,378,130	1,745,101	1,754,910	1,482,428	1,585,952
627,748	1,122,128	730,645	1,178,128	1,226,910
398,408	389,077	381,634	368,495	363,326
<u>20,949,341</u>	<u>22,681,001</u>	<u>23,452,462</u>	<u>23,667,848</u>	<u>25,672,869</u>
3,568,901	1,602,359	2,100,256	4,204,504	4,221,307
-	-	390,533	5,210,816	4,282,538
<u>3,568,901</u>	<u>1,602,359</u>	<u>2,490,789</u>	<u>9,415,320</u>	<u>8,503,845</u>
<u>24,518,242</u>	<u>24,283,360</u>	<u>25,943,251</u>	<u>33,083,168</u>	<u>34,176,714</u>

\$ -	\$ -	\$ -	\$ 194,122	\$ 205
578,282	620,990	577,351	581,313	401,633
416,524	449,962	698,999	1,005,828	358,450
928,065	1,252,126	1,300,411	1,169,232	1,190,562
365,289	400,353	336,079	335,828	22,844
-	-	-	-	-
270,152	-	177,936	186,145	199,300
1,045,301	1,241,379	1,106,636	1,404,721	889,429
200,388	-	100,000	-	-
-	129,324	139,416	148,747	80,000
160,372	158,370	420,005	298,205	345,162
-	-	-	-	-
-	-	-	-	-
<u>3,964,373</u>	<u>4,451,119</u>	<u>4,856,833</u>	<u>5,324,141</u>	<u>3,487,585</u>

5,151,671	5,255,483	5,415,690	5,592,045	5,588,249
-	-	494,307	5,202,375	4,178,287
<u>5,151,671</u>	<u>5,255,483</u>	<u>5,909,997</u>	<u>10,794,420</u>	<u>9,766,536</u>
<u>\$ 9,116,044</u>	<u>\$ 9,706,602</u>	<u>\$ 10,766,830</u>	<u>\$ 16,118,561</u>	<u>\$ 13,254,121</u>

(16,984,968)	(18,229,882)	(18,595,629)	(18,343,707)	(22,185,284)
1,582,770	3,653,124	3,419,208	1,379,100	1,262,691
<u>(15,402,198)</u>	<u>(14,576,758)</u>	<u>(15,176,421)</u>	<u>(16,964,607)</u>	<u>(20,922,593)</u>

\$ 7,705,956	\$ 8,095,383	\$ 8,586,838	\$ 9,070,200	\$ 9,465,402
1,605,685	1,740,208	1,827,753	2,019,005	1,456,897
3,255,104	3,127,803	3,191,410	3,502,561	3,291,805
-	-	-	-	-
736,042	733,354	723,164	792,575	751,324
2,797,559	2,868,629	3,170,331	3,547,175	3,619,856
-	-	-	-	-
261,446	283,828	286,867	1,100,795	1,132,930
735,521	785,872	722,186	975,510	3,585,904
-	-	-	-	-
-	-	-	-	-
<u>17,097,313</u>	<u>17,635,077</u>	<u>18,508,549</u>	<u>21,007,821</u>	<u>23,304,118</u>

-	-	-	-	-
115,321	88,940	81,629	557,179	423,002
-	-	-	-	-
49,090	14,473	88,239	15,901	113,806
-	-	-	-	-
<u>164,411</u>	<u>103,413</u>	<u>169,868</u>	<u>573,080</u>	<u>536,808</u>
<u>17,261,724</u>	<u>17,738,490</u>	<u>18,678,417</u>	<u>21,580,901</u>	<u>23,840,926</u>

112,345	(594,805)	(87,080)	2,664,114	1,118,834
1,747,181	3,756,537	3,589,076	1,952,180	1,799,499
<u>\$ 1,859,526</u>	<u>\$ 3,161,732</u>	<u>\$ 3,501,996</u>	<u>\$ 4,616,294</u>	<u>\$ 2,918,333</u>

CITY OF SOLANA BEACH

Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis Of Accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
General Fund					
Unreserved	-	-	-	-	-
Nonspendable	32,550	6,482	9,276	7,523	9,382
Restricted	-	-	-	-	-
Committed	346,990	264,534	278,377	324,083	454,048
Assigned	4,553,037	4,486,177	4,579,527	5,102,543	5,324,048
Unassigned	1,600,449	2,573,592	4,014,144	4,369,152	5,580,686
Total General Fund	<u>\$ 6,533,026</u>	<u>\$ 7,330,785</u>	<u>\$ 8,881,324</u>	<u>9,803,301</u>	<u>11,368,164</u>
All Other Governmental Funds					
Nonspendable	69,226	-	-	-	-
Restricted	6,169,355	6,241,182	4,588,670	5,107,900	4,979,850
Committed	-	-	-	-	-
Assigned	782,116	539,450	525,735	-	589,120
Unassigned	(273,357)	(315,857)	(5,333,420)	(222,713)	(213,005)
Total all other Governmental Funds	<u>\$ 6,747,340</u>	<u>\$ 6,464,775</u>	<u>\$ (219,015)</u>	<u>5,310,603</u>	<u>5,355,965</u>

2016	2017	Fiscal Year			2020
		2018	2019	2020	
-	-	-	-	-	-
7,471	20,164	72,579	23,402	52,665	
508,897	893,185	1,294,957	1,743,908	1,624,905	
787,790	914,846	1,015,354	1,436,307	1,976,658	
5,520,890	5,690,381	5,805,890	6,041,593	6,349,702	
6,200,244	6,805,201	7,385,736	4,588,069	5,450,148	
<u>13,025,292</u>	<u>14,323,777</u>	<u>15,574,516</u>	<u>13,833,279</u>	<u>15,454,078</u>	
-	-	200	-	-	
5,316,698	5,726,668	7,844,224	9,494,837	10,242,525	
-	-	-	-	-	
849,917	1,385,099	-	-	-	
<u>(184,544)</u>	<u>(336,475)</u>	<u>(234,689)</u>	<u>(112,596)</u>	<u>(58,138)</u>	
<u>5,982,071</u>	<u>6,775,292</u>	<u>7,609,735</u>	<u>9,382,241</u>	<u>10,184,387</u>	

CITY OF SOLANA BEACH

Changes In Fund Balances Of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis Of Accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
Revenues:					
Taxes and assessments	\$ 12,700,086	\$ 12,881,767	\$ 13,046,917	\$ 13,135,199	\$ 13,727,132
Intergovernmental	1,623,918	1,822,705	2,230,532	3,217,319	2,674,057
Licenses and permits	323,091	420,339	361,573	429,464	461,687
Charges for services	607,354	799,836	830,907	959,935	1,001,943
Fines and forfeitures	385,394	342,136	323,961	348,337	392,683
Use of money and property	162,086	102,469	84,903	137,906	136,763
Other	1,132,388	604,953	1,099,809	1,941,493	961,755
Total revenues	16,934,317	16,974,205	17,978,602	20,169,653	19,356,020
Expenditures:					
General government	4,363,499	3,230,362	3,057,761	3,085,499	3,222,933
Public safety	9,531,715	7,614,262	7,945,912	8,238,659	8,315,766
Public works	2,263,950	2,301,953	2,075,777	2,215,596	2,322,090
Community development	1,103,618	953,383	955,907	1,360,192	1,291,073
Community services	268,603	244,955	284,884	259,809	275,790
Capital outlay	1,644,750	2,048,301	7,638,942	3,452,914	1,773,690
Debt service:					
Principal retirement	444,385	239,900	280,700	155,925	155,930
Interest	265,360	155,519	77,283	439,464	388,523
Payment to refunded bond escrow agent	-	1,545,000	-	-	-
Pass-through payments	281,387	7,147	-	-	-
Total expenses	20,167,267	18,340,782	22,317,166	19,208,058	17,745,795
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,232,950)	(1,366,577)	(4,338,564)	961,595	1,610,225
Other financing sources (uses):					
Transfers in	874,996	2,560,970	742,322	1,319,473	446,865
Transfers out	(874,996)	(2,560,970)	(742,322)	(1,319,473)	(446,865)
Contributions to Successor Agency	-	-	(834,007)	(10,000)	-
Refunding Bonds issued	-	1,388,300	-	-	-
Other Debts Issued	-	818,696	-	-	-
Bond Discount	-	(10,650)	-	-	-
Contributions to OPEB Trust Fund	-	-	-	-	-
Long-term debt issued	-	(24,062)	-	5,500,000	-
Total other financing sources (uses)	-	2,172,284	(834,007)	5,490,000	-
Extraordinary Gain/(Loss) on dissolution of Redevelopment Agency (Note 16)	\$ -	\$ (366,005)	\$ -	\$ -	\$ -
Net change in fund balances/ net position	\$ (3,232,950)	\$ 439,702	\$ (5,172,571)	\$ 6,451,595	\$ 1,610,225
Capital assets used in debt service calculation*	\$ 1,364,025	\$ 2,055,611	\$ 7,859,585	\$ 3,527,607	\$ 1,764,750
Debt service as a percentage of noncapital expenditures	3.8%	2.4%	2.5%	3.8%	3.4%

* The amount of capital outlay used to calculate the ratio of total debt service expenditures to noncapital expenditures is the same as the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures and changes in fund balance.

		Fiscal Year							
2016		2018		2019		2020			
\$	14,719,229	\$	15,109,053	\$	15,945,223	\$	17,275,214	\$	16,842,473
	3,069,673		3,185,272		3,498,266		3,665,899		3,284,923
	471,581		527,146		508,549		486,891		345,168
	1,313,658		1,699,140		1,584,561		2,230,614		1,268,823
	502,921		495,885		479,933		502,249		359,703
	261,466		283,828		286,867		1,100,795		1,132,930
	735,521		785,872		1,061,983		975,510		3,585,904
	21,074,049		22,086,196		23,365,382		26,237,172		26,819,924
	3,500,443		3,777,819		3,820,029		4,191,376		4,705,339
	8,912,742		9,070,746		9,831,070		10,243,546		11,560,008
	2,463,442		2,509,194		2,628,777		2,975,518		3,408,610
	1,380,934		1,721,715		1,574,333		1,523,428		1,544,402
	278,481		760,475		328,755		830,315		803,910
	2,190,316		1,473,835		2,417,383		5,763,230		1,692,966
	161,086		288,487		296,366		303,971		316,505
	383,130		392,219		383,487		374,519		365,239
	-		-		-		-		-
	-		-		-		-		-
	19,270,574		19,994,490		21,280,200		26,205,903		24,396,979
	1,803,475		2,091,706		2,085,182		31,269		2,422,945
	743,400		1,576,800		997,300		2,636,370		799,915
	(743,400)		(1,576,800)		(997,300)		(2,636,370)		(799,915)
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	(135,000)		-		-		-		-
	614,759		-		-		-		-
	479,759		-		-		-		-
\$	-	\$	-	\$	-	\$	-	\$	-
\$	2,283,234	\$	2,091,706	\$	2,085,182	\$	31,269	\$	2,422,945
\$	2,194,361	\$	1,440,550	\$	2,432,556	\$	5,754,228	\$	1,697,994
	3.2%		3.7%		3.6%		3.3%		3.0%

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Revenue Capacity

CITY OF SOLANA BEACH

**Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)**

Fiscal Year	Residential Property	Commercial Property	Other Property	Less: Tax-Exempt Property
2011	2,925,829	343,837	158,782	-
2012	2,990,970	352,417	158,210	-
2013	3,053,864	459,003	156,019	-
2014	3,150,064	457,092	154,207	-
2015	3,348,897	471,453	159,027	-
2016	3,549,149	490,565	161,797	-
2017	3,750,959	504,604	173,545	-
2018	3,974,035	567,922	182,779	-
2019	4,237,025	598,064	202,769	-
2020	4,479,369		254,522	-

(a) The County of San Diego does not compile Estimated Actual Valuations

N/A - Data not available

Source: San Diego County Assessor 2010/1 - 2019/20 Combined Tax Rolls
HdL Coren & Cone.
City of Solana Beach Finance Department

Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value^a	Taxable Assessed Value as a Percentage of Actual Taxable Value
3,428,448	0.1780%	N/A	N/A
3,501,597	0.1800%	N/A	N/A
3,668,886	0.1800%	N/A	N/A
3,761,363	0.1803%	N/A	N/A
3,979,377	0.1779%	N/A	N/A
4,201,511	0.1778%	N/A	N/A
4,429,108	0.1779%	N/A	N/A
4,724,736	0.1778%	N/A	N/A
5,037,858	0.1778%	N/A	N/A
5,353,760	0.1779%	N/A	N/A

CITY OF SOLANA BEACH

**Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years
(rate per \$100 of taxable value)**

City's Share of 1% Levy Per Prop 13

Fiscal Year	General Basic Tax Levy	Municipal Improvement District	Lighting District	Total City's Share of 1% Levy per Prop 13
2011	0.1602	0.0037	0.00955	0.1735
2012	0.1602	0.0037	0.00955	0.1735
2013	0.1602	0.0037	0.00955	0.1735
2014	0.1602	0.0037	0.00955	0.1735
2015	0.1602	0.0037	0.09600	0.1735
2016	0.1602	0.0037	0.09600	0.1735
2017	0.1602	0.0037	0.09600	0.1735
2018	0.1602	0.0037	0.00955	0.1735
2019	0.1602	0.0037	0.00955	0.1735
2020	0.1602	0.0037	0.00955	0.1735

Overlapping Rates

Fiscal Year	San Diego County (1)	Carlsbad/Oceanside/Vista Projects	School Districts	Community College	Santa Fe Irrigation District (2)
2011	0.167550	0.0004	0.40281	0.10486	0.025350
2012	0.167550	0.0004	0.40281	0.10486	0.025350
2013	0.167550	0.0004	0.40281	0.10486	0.025350
2014	0.167550		0.40281	0.10486	0.025350
2015	0.167550	0.0004	0.40281	0.10486	0.025340
2016	0.167550	0.0004	0.40281	0.10486	0.025340
2017	0.167550	0.0004	0.40281	0.10486	0.025340
2018	0.167490	0.0004	0.40285	0.10490	0.025330
2019	0.167490	0.0004	0.40293	0.10490	0.025330
2020	0.167490	0.0004	0.40293	0.10490	0.025330

(1) Includes County School Services, Library, Childrens Institution Tuition, and Regional Occupational Centers.

(2) Includes Cwa Santa Fe Irrigation District (.00423) and Santa Fe Irrigation (.02111)

(3) Includes only rate(s) from indebtedness adopted prior to 1989 per California State Statute

Source: San Diego County Assessor 2019/20 Annual Tax Increment Tables and HdL Coren and Cone.

Overlapping Rates

Educational Revenue Augmentation	Voter Approved (3)					Total Direct & Overlapping Tax Rate
	Solana Beach School District Prop JJ Debt Service	Metropolitan Water District Debt Service	Santa Fe Irrigation Tax Rate Reduction	Mira Costa Comm College 2016A	San Dieguito Prop Aa 11/6/2013 2013A A1	
0.12551	-	0.0037	-	-	-	1.00370
0.12551	-	0.0037	-	-	-	1.00370
0.12551	-	0.0035	-	-	-	1.00350
0.12551	-	0.0035	-	-	0.0378	1.04131
0.12551	-	0.0035	-	-	0.0215	1.02497
0.12551	-	0.0035	-	-	0.0227	1.02622
0.12551	-	0.0035	-	-	0.0228	1.02625
0.12550	0.03093	0.0035	-	0.01443	0.0223	1.07115
	0.02886	0.0035	-	0.01294	0.0230	1.06828
0.12550	0.02800	0.0035	-	0.01299	0.0232	1.06767

CITY OF SOLANA BEACH

**Principal Property Tax Payers,
Current Year and Nine Years Ago**

<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>
<u>For the Fiscal Year Ended June 30, 2020</u>		
S B T C Holdings LLC	\$ 101,399,465	1.94%
Pacific Solana Beach Holdings LP	70,687,746	1.35%
SB Coporate Centre III-IV LLC	58,681,653	1.12%
GRE Beachwalk LLC (Pending Appeals on Parcels)	34,593,300	0.66%
Sanyo Foods Corporation of America	33,320,834	0.64%
Fenton Solana Highlands LLC	31,667,207	0.61%
E R P Operating LP	20,321,930	0.39%
Lavida Delmar Asscs LP	18,276,008	0.35%
Solana Mar LLC	16,328,060	0.31%
Showprop Monrovia II LLC	16,448,722	0.31%
Total	<u>\$ 401,724,925</u>	<u>7.68%</u>
<u>For the Fiscal Year Ended June 30, 2011</u>		
SB Corporate Centre III-IV LLC	\$ 68,668,267	2.03%
Sanyo Foods Corporation of America	29,052,948	0.86%
Pacific Solana Beach Holdings LP	28,957,513	0.85%
Fenton Solana Highlands LLC	27,463,728	0.81%
Muller-Beachwalk LLC	22,300,000	0.66%
E R P Operating LP	17,580,179	0.52%
Lavida Delmar Asscs LP	15,524,069	0.46%
445 Marine View LLC	15,000,000	0.44%
Urschel Laboratories Inc	12,727,852	0.38%
Price Self Storage Solana Beach	12,401,224	0.37%
Total	<u>\$ 249,675,780</u>	<u>7.37%</u>

Source: HdL Coren & Cone and San Diego
County Assessor 2010/11 & 2019/20

CITY OF SOLANA BEACH

Property Tax Levies and Collections,
Last Ten Fiscal Years

Fiscal Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	5,741,547	5,440,612	94.8%	-	5,440,612	95%
2012	5,770,042	5,489,946	95.1%	-	5,489,946	95%
2013	6,110,404	5,832,325	95.4%	258,145	6,090,470	100%
2014	6,303,038	6,033,082	95.7%	252,973	6,286,055	100%
2015	6,576,197	6,257,093	95.1%	215,422	6,472,515	98%
2016	6,931,466	6,635,180	95.7%	80,163	6,715,343	97%
2017	7,300,293	7,017,400	96.1%	27,141	7,044,541	96%
2018	7,741,663	7,444,166	96.2%	33,622	7,477,788	97%
2019	8,232,844	7,949,648	96.6%	27,740	7,977,388	97%
2020	8,622,755	8,306,418	96.3%	36,401	8,342,819	97%

Sources: City of Solana Beach Finance Department, County of San Diego
Office of Auditor-Controller.

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Debt Capacity

CITY OF SOLANA BEACH

Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years

Fiscal Year	Government Activities				Business-type Activities	Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	2002 ABAG Lease Revenue Bonds	Refunding Lease ABAG	Bonds	Capital Leases	Loans			
2011**	1,640,000	-	3,300,000	295,535	15,409,277	20,644,812	3.20%	0.0023
2012*	-	1,388,300	-	958,681	14,132,771	16,479,752	4.20%	0.0032
2013*	-	1,279,300	-	787,950	13,095,631	15,162,881	4.58%	0.0035
2014*	-	1,166,600	5,500,000	745,693	12,175,456	19,587,749	3.56%	0.0027
2015*	-	1,055,400	5,500,000	701,931	11,273,883	18,531,214	3.95%	0.0030
2016	-	940,600	5,500,000	1,271,372	10,339,405	18,051,377	4.05%	0.0031
2017	-	817,200	5,500,000	1,113,062	9,373,587	16,803,849	4.85%	0.0036
2018	-	690,400	5,500,000	943,496	19,146,912	26,280,808	3.10%	0.0023
2019	-	560,600	-	769,326	18,064,945	24,891,096	3.52%	0.0025
2020	-	423,000	5,497,291	590,421	17,449,133	23,959,845	3.66%	0.0026

Notes:

Details regarding the city's outstanding debt can be found in the notes to the financial statements.

^a See Demographic and Economic Statistics schedule for personal income and population data.

These ratios are calculated using personal income and population for the prior calendar year.

* Prior years adjusted to comply with GASB comment Q&A 9.24- Included the Premiums/Discounts and Bonds

** Prior year adjusted to comply with GFOA comment GASB-S44 23- included bonds to schedule

CITY OF SOLANA BEACH

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2020**

Fiscal Year 2019-20 Assessed Valuation : \$5,288,502,801

<u>Direct Debt:</u>	<u>Gross Bonded Debt Balance</u>	<u>Percent Applicable to City (1)</u>	<u>Net Bonded Debt</u>
City of Solana Beach Lease Agreement	\$ 423,000	100.000%	(3) \$ 423,000
Limited Tax Bonds Series 2010A	5,497,291	100.000%	5,497,291
City of Solana Beach Capital Lease Obligation	590,421	100.000%	590,421
Total Direct Debt			<u>\$ 6,510,712</u>
 <u>Overlapping Debt:</u>			
Metropolitan Water District	\$ 37,300,000	0.171%	\$ 63,783
Mira Costa Community College District	71,270,000	4.636%	3,304,077
San Dieguito Union High School District	347,365,000	7.636%	26,524,791
	28,720,000	3.274%	940,293
Solana Beach School District School Facilities Improvement District No. 2016-1	96,215,000	32.030%	30,817,665
City of Solana Beach 1915 Act Bonds	2,305,000	100.000%	2,305,000
Olivenhain Municipal Water District, Assessment District No. 96-1	8,865,000	0.59%	52,126
San Diego County General Fund Obligations	231,350,000	0.951%	2,200,139
San Diego County Pension Obligations	456,040,000	0.951%	4,336,940
San Diego County Superintendent of Schools General Fund Obligations	9,350,000	0.951%	88,919
San Dieguito Union High School District Certificates of Participation	12,730,000	7.636%	972,063
Overlapping Tax Increment Debt	2,410,800	100.000%	2,410,800
Total Overlapping Debt			<u>\$ 74,016,595</u>
Total Direct and Overlapping Debt			(2) <u><u>\$ 80,527,307</u></u>

Debt to Assessed Valuation Ratios :

Direct Debt	0.12%
Overlapping Debt	1.40%
Total Debt	1.52%

Note:

- (1) - Percentage of overlapping agency's assess valuation located within the boundaries of the city.
- (2) - Excludes tax and revenue anticipation notes, enterprise revenues, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.
- (3) Includes the Unamortized Bond Discount

Source: California Municipal Statistics, Inc.

CITY OF SOLANA BEACH

**Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)**

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed value	\$ 5,288,503
Debt limit (15% of assessed value)	793,275
Debt applicable to limit:	
General obligation bonds	<u>-</u>
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u><u>\$ 793,275</u></u>

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total net debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Legal Debt Margin Percentage of Debt Limit</u>
2011	502,577	-	502,577	100.00%
2012	513,291	-	513,291	100.00%
2013	550,417	-	550,417	100.00%
2014	564,290	-	564,290	100.00%
2015	597,013	-	597,013	100.00%
2016	630,359	-	630,359	100.00%
2017	664,464	-	664,464	100.00%
2018	708,810	-	708,810	100.00%
2019	755,767	-	755,767	100.00%
2020	793,275	-	793,275	100.00%

CITY OF SOLANA BEACH

Pledged-Revenue Coverage
Last Ten Fiscal Years

2011 ABAG Refunded Lease Revenue Bonds

<u>Fiscal Year</u>	<u>Use of Money & Property</u>	<u>Lease/Rents</u>	<u>Less: Expenditures</u>	<u>Available Revenue</u>
2011*	8,210	321,263	1,627	327,846
2012*	4,122	154,349	-	158,471
2013*	-	154,280	-	154,280
2014*	-	148,974	-	148,974
2015*	-	148,732	-	148,732
2016*	-	153,283	-	153,283
2017*	-	152,429	-	152,429
2018*	-	151,067	-	151,067
2019*	-	154,321	-	154,321
2020*	-	147,382	-	147,382

<u>Fiscal Year</u>	<u>Debt Service</u>		<u>Coverage</u>
	<u>Principal</u>	<u>Interest</u>	
2011*	235,000	86,263	1.00
2012*	109,000	45,349	1.03
2013*	112,700	41,580	1.00
2014*	111,200	37,774	1.00
2015*	114,800	33,932	1.00
2016*	123,400	29,883	1.00
2017*	126,800	25,629	1.00
2018*	129,800	21,267	1.00
2019*	137,600	16,721	1.00
2020*	135,300	12,082	1.00

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Expenditures do not include interest, depreciation, or amortization expenses.

* 2002 ABAG Lease Revenue Bonds

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Demographic and Economic Information

CITY OF SOLANA BEACH

**Demographic and Economic Statistics
Last Ten Calendar Years**

Calendar Year	Population	Personal Income <i>(thousands of dollars)</i>	Per Capita Personal Income	Unemployment Rate
2010	13,783	659,875	47,876	7.2%
2011	13,000	691,899	53,223	6.8%
2012	12,987	695,142	53,526	4.7%
2013	13,099	697,561	53,253	4.1%
2014	13,059	731,200	55,992	6.0%
2015	13,494	778,568	57,697	4.8%
2016	13,527	815,210	60,265	4.3%
2017	13,938	830,408	59,578	1.7%
2018	13,933	875,833	62,860	1.7%
2019	13,838	873,757	63,141	1.7%

Sources: HdL Coren & Cone report prepared on 08/05/20

CITY OF SOLANA BEACH

25 MAJOR EMPLOYERS - SAN DIEGO COUNTY
AS OF 2020

Employer		Business category
Barona Resort & Casino	1	Casinos
Employee's Association SDG-E	1	Associations
General Dynamics Nassco	1	Ship Builders & Repairers (Mfrs)
Illumina Inc	1	Biotechnology Products & Services
Kaiser Permanente Zion Med Ctr	1	Health Services
Merchants Building Maintenance	1	Janitor Service
Palomar Medical Ctr Downtown	1	Hospitals
Palomar Pomerodo Health Rehab	1	Rehabilitation Services
Rady's Children's Hospital	1	Hospitals
San Diego County Sheriff	1	Police Departments
Scripps Mercy Hospital	1	Hospitals
Scripps Research Institute	1	Laboratories-Research & Development
Sea World-San Diego	1	Amusement & Theme Parks
Sharp Mary Birch Hospital	1	Hospitals
Sharp Memorial Hospital	1	Hospitals
Sony Electronics	1	Electronic Equipment & Supplies-Retail
US Navy Med Ctr- OrthoPedics	1	Clinics
Kaiser Permanente Vandever Med	2	Physicians & Surgeons
San Diego Community College	2	Junior-Community College- Tech Institutes
UC San Diego Health	2	Hospitals
32nd St Naval Station	3	Federal Government-National Security
Mccs Mcrd	3	Military Bases
UCSD	3	College & University Placement Svc
University of California	3	University-College Dept/Facility/Office
Univesity-California Sn Diego	3	University-College Dept/Facility/Office

Source:

State of California- Employee Development Department- Major Employers in San Diego for 2020

Categories

- 1 1,000-4,999 Employees
- 2 5,000-9,999 Employees
- 3 10,000+ Employees

Employer information specific to the City of Solana Beach is not readily available*

* Due to unreliable data, the Top Employer Report is no longer offered by HdL Coren & Cone

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Operating Information

CITY OF SOLANA BEACH

Full-time-Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Fiscal Years:	2011	2012	2013	2014	2015
<u>Function/Program</u>					
General government					
City Council	0.20	0.20	0.20	0.20	0.20
City Clerk	2.75	2.65	2.60	3.10	3.10
City Manager	1.92	1.84	1.74	2.05	2.05
Legal Services	0.25	0.25	0.25	0.25	0.25
Finance	3.40	3.35	3.80	3.55	3.55
Personnel	1.10	0.98	0.95	1.00	1.00
Info/Communication Systems	1.00	1.00	1.00	1.00	1.00
Community Development	5.50	5.50	5.40	6.00	6.00
Public Safety					
Fire	19.22	19.95	19.95	19.95	19.95
Code Enforcement	1.78	1.75	1.75	1.80	1.80
Marine Safety	8.08	8.06	8.06	8.06	9.49
Junior Lifeguards	3.73	3.73	3.73	3.73	3.53
Public Works					
Engineering	2.31	2.48	2.41	2.28	2.13
Environmental/Flood Control	1.10	1.10	1.10	1.10	1.10
Street Maintenance	2.90	2.90	2.90	2.95	2.95
Park Maintenance	1.35	1.35	1.35	1.35	1.35
Recreation & Community Services					
Community Services	0.95	0.95	0.95	0.95	0.95
Recreation	2.59	2.59	2.59	2.46	2.48
Sanitation		2.93	2.98	2.93	3.22
Improvement Districts	0.95	0.95	0.95	0.9	0.9
Redevelopment Agency	0.50	0.60	1.05	0.90	0.90
Solana Energy Alliance*	-	-	-	-	-
Total Personnel	- 64.51	65.11	65.71	66.51	67.90

N/A - Data Not Available

Notes: A full-time employee is scheduled to work 2,080 hours per Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

*Solana Energy Alliance started mid FY18

(1) Includes Camp Recreation

Source: City of Solana Beach's Annual Budget

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
0.20	0.20	0.20	0.20	0.20
3.10	3.10	3.10	3.10	3.23
1.80	1.90	1.90	1.90	2.48
0.25	0.25	0.25	0.25	0.25
3.55	3.45	3.45	3.05	3.30
1.15	0.95	0.95	0.95	0.95
1.00	1.00	1.00	1.00	1.00
5.80	5.80	5.80	5.80	6.00
19.95	20.20	20.20	20.20	20.20
1.80	1.80	1.80	1.80	1.80
9.49	9.29	9.29	9.29	9.71
4.03	4.23	4.23	4.23	4.7
2.73	2.73	2.73	2.73	2.73
1.05	1.05	1.05	1.05	1.00
2.95	2.95	2.95	2.95	2.95
1.35	1.35	1.35	1.35	1.35
0.90	0.90	0.90	0.65	0.65
2.43	2.43	2.43	2.38	2.40
3.12	3.37	3.37	3.37	3.37
0.9	0.9	0.9	0.9	0.9
1.10	0.80	0.80	0.80	0.14
-	-	-	0.75	0.75
<u>68.65</u>	<u>68.65</u>	<u>68.65</u>	<u>68.70</u>	<u>70.06</u>

CITY OF SOLANA BEACH

Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Community development					
Number of:					
Business licenses (A)	1943	1877	2023	2147	1957
Plan checks (B)	125	211	225	276	275
Code violations (calendar basis)	1184	1277	1458	1467	1016
Police (Calendar basis)					
Number of calls for service (C):					
Priority 1	11	12	11	27	12
Priority 2	426	501	480	498	467
Priority 3	1777	1689	1711	1624	1712
Priority 4	1110	1199	1156	1037	1225
FBI Index Crimes	276	337	321	210	305
Fire					
Emergency Responses	1588	1093	1736	1702	1798
Training Hours	5304	n/a	5090	7079.67	6178
Plan Checks	62	161	335	92	289
Public works					
Miles of:					
Street resurfacing/ repair	60000**	180000**	150000**	150000**	550000**
Street sweeping	900	900	900	900	900*
Number of:					
Street signal maintained	168	168	168	192	192
Trees pruned per year	10	158		158	40
Recreation & community services					
Number of enrollees:					
Day camp (Calendar basis)	271	315	385	280	329
Classes (classes offered to san diego adult school)	48	35	35	N/A	144
Mira Costa College Community Education, # of students	N/A	N/A	N/A	N/A	N/A
Special events (attendees)	10200	11250	N/A	7350	10600

N/A - Data not available

(A) - Includes new & renewal licenses, excludes temporary licenses

(B) - Excludes temporary plan checks.

(C) - Numbers adjusted and updated on CAFR FY16-17 for FY08-FY17 numbers to count only complete calls for service.

Sources: Various city departments.

* Street Repair in Miles

** Street repair in Square Feet (SF)

*** Classes offered by Mira Costa College

Fiscal Year

2016	2017	2018	2019	2020
2068	2007	2055	2345	2677
304	284	319	319	399
1240	1124	2513	2656	N/A
13	7	11	218	161
437	343	470	1321	1226
1740	1141	1825	394	513
1110	826	1181	703	619
240	173	227	139	117
1810	1883	1859	1792	1792
5997	4695.6	4687	6350	6350
380	390	375	375	375
5.3*	1.7*	1.9	3.8	1
900*	900*	504	504	504
192	192	192	192	192
40	500	274	280	280
266	315	322	315	312
***N/A	***N/A	***N/A	***N/A	***N/A
N/A	N/A	720	700	400
7800	8300	7400	7700	6500

CITY OF SOLANA BEACH

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Public Safety					
Code enforcement vehicles	2	2	2	2	2
Fire					
Stations	1	1	1	1	1
Fire Engines	4	4	4	4	3
Other vehicles	2	2	2	1	2
Public works					
Streets (miles)	46	46	46	46	42
Street lights (city-owned)	748	748	748	748	527
Traffic signals	13	13	16	18	16
Public works vehicles	7	7	7	8	11
Public works Corporation Yard	1	1	1	1	1
Recreation & community service					
Community centers	2	2	2	2	2
Parks	3	3	3	3	3
Marine Safety					
Lifeguard Stations (Temporary)	3	3	3	3	3
Vehicles	N/A	N/A	N/A	N/A	N/A
	5	5	5	4	4

Notes: No capital asset indicators are available for the general government.

Sources: Various city departments.

* Both Fixed and Portable Towers up FY18. FY19 broke out number of temporary stations.

Fiscal Year

2016				
Fiscal Year				
2016	2018	2019	2020	2020
2	2	2	2	2
1	1	1	1	1
3	3	3	2	2
2	2	2	3	3
42	42	42	42	42
527	527	525	525	525
16	16	16	16	16
11	12	8	8	8
1	1	1	1	1
2	2	2	2	2
3	3	2	2	2
3	6	6	3	3
N/A	N/A	N/A	3	4
4	5	5	5	5

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The City of Solana Beach
GASB 54 Fund Balance Classifications (General Fund)
FYE 06/30/2020

Fund Name	General Fund	Self Insurance	Worker's Compensation	Asset Replacement	Facilities Replacement	Real Property Acquisition	PARS - OPEB	PARS - Pension	Total Classification
Non-Spendable									
Prepays	\$52,665								\$52,665
Total Non-Spendable	<u>52,665</u>	-	-	-	-	-	-	-	<u>\$52,665</u>
Restricted									
Pensions								2,422,056	\$2,422,056
Total Restricted	-	-	-	-	-	-	-	<u>2,422,056</u>	<u>\$2,422,056</u>
Committed									
Public Facilities	539,047								539,047
Public Art	26,858								26,858
OPEB							197,870		197,870
Pensions								282,748	282,748
In-Lieu Housing	100,786								100,786
Parks & Recreation	32,198								32,198
Total Committed	<u>698,889</u>	-	-	-	-	-	<u>197,870</u>	<u>282,748</u>	<u>1,179,507</u>
Assigned									
Park Fee	38,703								38,703
Community Television	90,564								90,564
Street Sweeping	129,637								129,637
Housing	1,499,500								1,499,500
Self-Insurance		923,644							923,644
Worker's Comp			539,911						539,911
Asset Replacement				2,392,250					2,392,250
Facilities Replacement					735,493				735,493
Total Assigned	<u>1,758,404</u>	<u>923,644</u>	<u>539,911</u>	<u>2,392,250</u>	<u>735,493</u>	-	-	-	<u>6,349,702</u>
Unassigned	<u>7,956,885</u>					<u>(2,506,737)</u>	-	-	<u>5,450,148</u>
Total Fund Balances (deficit)	<u>\$10,466,843</u>	<u>\$923,644</u>	<u>\$539,911</u>	<u>\$2,392,250</u>	<u>\$735,493</u>	<u>(2,506,737)</u>	<u>\$197,870</u>	<u>\$2,704,804</u>	<u>\$15,454,078</u>



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

To the Honorable Mayor and Members of the City Council
City of Solana Beach, 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 Solana Beach, California (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 25, 2020.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

ATTACHMENT 3





To the Honorable Mayor and Members of the City Council
City of Solana Beach, California

Purpose of this Report

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

Lance, Solt & Lughard, LLP

Brea, California
November 25, 2020



INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON
PROCEDURES APPLIED TO APPROPRIATIONS LIMIT WORKSHEETS

To the Honorable Mayor and Members of the City Council
City of Solana Beach, California

We have performed the procedures enumerated below to the accompanying Appropriations Limit Worksheet No. 6 (or other alternative computation) of the City of Solana Beach, California, for the year ended June 30, 2020. These procedures, which were agreed to by the City and the League of California Cities (as presented in the publication entitled Agreed-Upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution), were performed solely to assist the City in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The City's management is responsible for the Appropriations Limit Worksheet No. 6 (or other alternative computation).

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the completed Worksheets No. 1 through No. 7 (or other alternative computations) and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the City Council. We also compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of the City Council.

Finding: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit Worksheet No. 6, we multiplied line A, last year's limit, by line D, ratio of change, and agreed the resulting amount to line E, this year's limit.

Finding: No exceptions were noted as a result of our procedures.

3. We compared the current year information presented in the accompanying Appropriations Limit Worksheet No. 6 to the other worksheets described in No. 1 above.

Finding: No exceptions were noted as a result of our procedures.

4. We compared the prior year appropriations limit presented in the accompanying Appropriations Limit Worksheet No. 6 to the prior year appropriations limit adopted by the City Council for the prior year.

Finding: No exceptions were noted as a result of our procedures.

ATTACHMENT 4





To the Honorable Mayor and Members of the City Council
City of Solana Beach, California

We were not engaged to and did not perform an audit, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit Worksheet No. 6 (or other alternative computation). Accordingly, we do not express such an opinion. Had we performed additional procedures other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriations limit for the base year, as defined by the League publication entitled Article XIII B Appropriations Limitation Uniform Guidelines.

This report is intended solely for the use of the City Council and management of the City of Solana Beach, California, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Lance, Soll & Lughard, LLP

Brea, California
May 18, 2020

CITY OF SOLANA BEACH, CALIFORNIA
FISCAL YEAR 2019-2020
APPROPRIATIONS LIMIT CALCULATION

A. 2018-2019 APPROPRIATIONS LIMIT:	\$	37,108,434	
B. 2019-2020 CHANGE IN PER CAPITA PERSONAL INCOME:			3.85%
C. 2019-2020 CHANGE IN POPULATION:			0.52%
D. RATIO OF CHANGE (1.0385 x 1.0052):	X	<u>1.0439002</u>	
E. 2019-2020 APPROPRIATIONS LIMIT: (\$37,108,434 x 1.0439002)	\$	<u>38,737,502</u>	



November 25, 2020

To the Honorable Mayor and Members of the City Council
City of Solana Beach, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Solana Beach, California (the City) for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 30, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in the notes to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during fiscal year 2019-2020. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management's estimates of its net pension liability and net other post-employment benefits liability are based on actuarial valuation specialist assumptions. We evaluated the key factors and assumptions used to develop the net pension liability and net other post-employment benefits liability in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

ATTACHMENT 5





To the Honorable Mayor and Members of the City Council
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Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 25, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis; the budgetary comparison schedules for the general fund and the Transnet fund; the schedules of proportionate shares of the net pension liabilities; the schedule of changes in net other post-employment benefits (OPEB) liability/(asset) and related ratios; the schedules of plan contributions; and the schedule of investment returns which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on combining and individual fund statements and schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in



To the Honorable Mayor and Members of the City Council
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the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on introductory or statistical sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

New Accounting Standards

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective for fiscal year 2019-2020 audit:

GASB Statement No. 95, Postponement of Effective Dates of Certain Authoritative Guidance.

GASB Statement No. 88, Certain Disclosure Related to Debt, including Direct Borrowing and Direct Placements.

The following pronouncements have been postponed as a temporary relieve to governments and other stakeholders in light of the COVID-19 pandemic and the new effective date are reflected in the following fiscal years.

The following Governmental Accounting Standards Board (GASB) pronouncements are effective in the following fiscal year audit and should be reviewed for proper implementation by management:

Fiscal year 2021

GASB Statement No. 84, Fiduciary Activities.

GASB Statement No. 90, Majority Equity Interests - an Amendment of GASB Statement Nos. 14 and 61.

Fiscal year 2022

GASB Statement No. 87, Leases.

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period.

Fiscal year 2023

GASB Statement No. 91, Conduit Debt Obligations.



To the Honorable Mayor and Members of the City Council
City of Solana Beach, California

Restriction on Use

This information is intended solely for the use of the City Council and management of the City of Solana Beach, California, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Lance, Soll & Lingham, LLP

Brea, California



STAFF REPORT CITY OF SOLANA BEACH

TO: Honorable Mayor and City Councilmembers
FROM: Gregory Wade, City Manager
MEETING DATE: December 9, 2020
ORIGINATING DEPT: City Manager
SUBJECT: **Rental Assistance Program Update and Council Consideration of Resolution 2020-151 Authorizing the City Manager to Take Any Necessary Action to Meet State CARES Act Coronavirus Relief Fund (CRF) Deadline and Reporting Requirements**

BACKGROUND:

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into place. Included in the CARES Act is the Coronavirus Relief Fund (CRF) that provided \$150 billion dollars directly to states, counties, and local municipalities with populations over 500,000. The CRF was created to provide relief from the economic impacts caused by the Coronavirus (COVID-19) pandemic. The City has received \$170,860 from the State CARES Act CRF award. All the funds must be expended by December 31, 2020.

On October 28, 2020, Council allocated \$61,976 of the State CRF award to fund a Rental Assistance Grant Program for those economically impacted by the COVID pandemic. In addition, Council allocated \$60,475 of Community Development Block Grant Coronavirus Relief (CDBG-CV) Funds, administered by the County, toward the same program such that total funding for the Rental Assistance Grant Program is \$122,451. While the Rental Assistance Grant Program has been allocated funding from two sources, the monies from each source have different reporting deadlines and must be considered independently from one another. Only the State CARES Act CRF funding must be expended by December 31, 2020.

The Rental Assistance Grant Program, managed by the Community Resource Center (CRC), launched on November 16, 2020 and the application period closed on November 30, 2020. The goal is to fund at least 24 household applications from the CARES Act CRF allocation prior to the December 31, 2020 CARES Act deadline. Pursuant to State CARES Act CRF award requirements, any funds not expended by December 31, 2020

CITY COUNCIL ACTION:

must be returned to the State. In an effort to ensure all award money remains with the City, however, the City could also use the CARES Act CRF funds to reimburse the General Fund for other eligible expenditures incurred by the City. In this way, the City would meet the deadline for expending the funds and then allow the City to reallocate the same amount from the General Fund to continue to be used toward the Rental Assistance Grant Program without the time constraints of the State CARES Act CRF funds.

This item is before the City Council to provide an update on the Rental Assistance Grant Program and for Council to consider approving Resolution 2020 – 151 authorizing the City Manager to take appropriate action to meet the State CARES Act CRF funding deadline and reporting requirements.

DISCUSSION:

The CRC received 30 applications by the November 30, 2020 deadline, which is fewer than the number of households who could be served by the total amount of funding available in the program. Of those 30 applications, some might not meet eligibility requirements. At the time of writing this report, the CRC is reviewing the applications and requesting any missing documents to verify applicant eligibility. In order to comply with the CARES Act CRF deadlines, 24 eligible household applications need to be reviewed and payments to property owners made by December 31st. The remaining households may be reviewed after that date and funded by the CDBG-CV portion of the funding, because the City has a year to expend the CDBG-CV funds.

If there are not 24 eligible household applications that can be funded by December 31, 2020, then the City will need to take alternative measures in order to retain and make us of the entire CARES Act CRF award. Pursuant to the Cares Act CRF eligible expenditure criteria, all public safety personnel are presumed as responding to the COVID-19 response and their payroll costs are eligible expenditures. As such, cities only need to show payroll expenditures to meet this expenditure criterion and use the funds for this purpose. The City has already incurred public safety personnel expenditures that far exceed the State CRF award but are simply covering those costs with the General Fund. By reimbursing the General Fund with CARES Act funds for public safety personnel payroll expenses that are equal to any amount the City may be unable to expend on the Rental Assistance Grant Program per Council's previous expenditure direction, the City will ensure that all CARES Act funds remain in the City and do not need to be returned to the State.

As part of this process, the amount allocated to the public safety personnel payroll reimbursement would free up the same amount in the General Fund to be applied toward the Rental Assistance Grant Program, allowing for a more flexible timeline that ensures CRC has ample time to receive and review additional applications and to process checks to property owners. The net effect of taking such an action will not affect the total amount spent from the General Fund. It will simply give the City and CRC additional time to

administer the Rental Assistance Grant Program, keeping with City Council's original intent. This alternative would only be used in the event the City has not expended the entire State CAREs Act CRF award. Therefore, Staff is recommending that Council give the City Manager the authority to take necessary actions, if needed, to retain every dollar of the State CAREs Act CRF award by allocating the funding as described above.

In addition to the CARES Act CRF deadline timing issue, the City will need to make a determination about how to increase the number of applicants for the Rental Assistance Grant Program so that the full \$122,451 available goes to households in need. After administration costs are subtracted, there is enough money available to fund approximately 46 households each with a \$2,500 rental assistance grant. As previously stated, the CRC only received 30 applications by the initial November 30, 2020 deadline and all of those applications may not be eligible. Therefore, Staff is also seeking direction from Council whether to increase the amount of funding to those households who have already applied for the program and/or to extend the application deadline. If the application deadline is extended, Staff recommends it be opened indefinitely until the funds are expended on a first-come-first-served basis. Staff and the CRC will make another strong push to spread the word about the program and provide additional outreach to the community. The initial time frame for the application window was extremely tight, but that was necessary due to the State CARES Act timeframe for expending the funds by December 31, 2020. If the application window is re-opened and extended, Staff and the CRC will continue to reach out to local non-profits and apartment complexes in the community to attract additional interest in the program.

CEQA COMPLIANCE STATEMENT:

The discussion and/or expenditure of CARES Act CRF Funds is not a project as defined by the California Environmental Quality Act (CEQA).

FISCAL IMPACT:

If granted the authority by Council, the City Manager may determine that up to \$61,976 of CARES Act CRF funds should be applied to the General Fund to reimburse the City for COVID-related public safety payroll expenditures that have already been made and the same dollar amount would then be allocated from the General Fund toward the Rental Assistance Grant Program.

WORK PLAN:

N/A

OPTIONS:

- Approve Department recommendation.

- Do not approve Department recommendation.
- Provide alternative direction.

DEPARTMENT RECOMMENDATION:

Staff recommends that the City Council provide direction on the continuation of the Rental Assistance Grant Program, including the application timeframe and/or grant amount(s) and approve Resolution 2020-151:

1. Authorizing the City Manager to reimburse the General Fund for eligible COVID related expenses using State CARES Act CRF, as necessary, to meet State and Federal expenditure reporting deadlines.
2. Authorizing an appropriation equal to any action taken by City Manager, pursuant to the item above, to the Rental Assistance Grant Program from the General Fund.
3. Authorize the City Treasurer to amend the FY 2020/2021 Adopted Budget accordingly.

CITY MANAGER'S RECOMMENDATION:

Approve Department Recommendation



Gregory Wade, City Manager

Attachments:

1. Resolution 2020-151

RESOLUTION 2020-151

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOLANA BEACH, CALIFORNIA, AUTHORIZING THE CITY MANAGER TO REIMBURSE THE GENERAL FUND USING CARES ACT CRF FUNDS FOR COVID-RELATED EXPENSES, AS NECESSARY, TO MEET STATE AND FEDERAL EXPENDITURE REPORTING DEADLINES

WHEREAS, on March 4, 2020, Governor Gavin Newsom proclaimed a State of Emergency to exist in California as a result of the threat of the novel coronavirus and the disease it causes, known as COVID-19; and

WHEREAS, on March 13, 2020, a federal emergency was issued as a result of the rise in COVID-19 cases; and

WHEREAS, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress and signed into law on March 27, 2020; and

WHEREAS, the State has received an allocation from the Coronavirus Relief Fund (CRF) established under Title V, Section 5001 of the CARES Act; and

WHEREAS, CRF funding may only be used to cover costs that are necessary expenditures incurred due to the public health emergency with respect to the COVID-19 between March 1, 2020 and December 30, 2020; such costs to be referred to herein as "Eligible Expenditures;" and

WHEREAS, Solana Beach was awarded \$170,860 from the State's CARES Act CRF allocation, to be used to for Eligible Expenditures; and

WHEREAS, on October 28, 2020, the City Council authorized the use of \$61,976 of the CARES Act CRF funds designated for Economic Initiatives toward a Rental Assistance Grant Program administered by the Community Resource Center, and authorized the City Manager to execute the Memorandum of Understanding with the Community Resource Center for use of the CARES Act CRF funds and take any all actions needed to effectuate the Agreement; and

WHEREAS, the amount allocated toward the Rental Assistance Grant Program might not be expended by the December 31, 2020 deadline and the City has already made other COVID-related expenditures that qualify reimbursement from CARES Act CRF funds.

NOW, THEREFORE, the City Council of the City of Solana Beach, California, does resolve as follows:

1. That the above recitations are true and correct.
2. That the City Council authorizes the City Manager to reimburse the General Fund

using CARES Act CRF funds for COVID-related expenses, as necessary, to meet State and Federal expenditure reporting deadlines.

3. That the City Council authorizes an appropriation equal to any action taken by the City Manager, pursuant to item 2 above, to the Rental Assistance Grant Program from the General Fund.
4. That the City authorizes the City Treasurer to amend the FY 2020/2021 Adopted Budget accordingly.

PASSED AND ADOPTED this 9th day of December, 2020 at a meeting of the City Council of the City of Solana Beach, California by the following vote:

AYES: Councilmembers –
NOES: Councilmembers –
ABSENT: Councilmembers –
ABSTAIN: Councilmembers –

LESA HEEBNER, Mayor

APPROVED AS TO FORM:

ATTEST:

JOHANNA N. CANLAS, City Attorney

ANGELA IVEY, City Clerk